

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



## **HI SUN TECHNOLOGY (CHINA) LIMITED**

**高陽科技(中國)有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 818)**

### **(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: SUBSCRIPTION OF NEW SHARES OF VBILL (CAYMAN) BY THE INVESTOR;**

**AND**

### **(2) MAJOR TRANSACTION: GRANT OF PUT OPTION BY VBILL (CAYMAN) TO THE INVESTOR**

#### **THE SUBSCRIPTION AGREEMENT AND THE GRANT OF PUT OPTION**

On 12 February 2019 (after trading hours), the Company, the Management Shareholders, the Investor, VBill (Cayman) and VBill OPCO entered into the Subscription Agreement pursuant to which, among other things, the Investor has conditionally agreed to subscribe for, and VBill (Cayman) has conditionally agreed to allot and issue, 1,263 VBill Shares, representing approximately 11.21% of the issued VBill Shares at First Capital Increase Completion at the First Capital Increase Subscription Price. The final subscription price payable by the Investor and the final number of VBill Shares to be allotted and issued to the Investor may be subject to adjustment at the Second Capital Increase Completion as detailed in the section headed “PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” in this announcement.

Immediately before the First Capital Increase Completion, VBill (Cayman) will be owned as to 80.04% by the Company, 9.96% by Shen Holdco, 4.80% by Li Holdco, 3.20% by Xue Holdco and 2.00% by Ge Holdco. Immediately after the First Capital Increase Completion, VBill (Cayman) will be owned as to approximately 71.07% by the Company, approximately 11.21% by the Investor, approximately 8.84% by Shen Holdco, approximately 4.26% by Li Holdco, approximately 2.84% by Xue Holdco and approximately 1.78% by Ge Holdco. Immediately upon the Second Capital Increase Completion and assuming the number of VBill Shares has to be adjusted, the Company’s shareholding in VBill (Cayman) may be diluted to the largest possible extent of approximately 68.03% (assuming the Investor has subscribed for 15% of the issued VBill Shares on a fully diluted basis).

\* For identification purpose only

The Company will be deemed to have disposed of a maximum of approximately 12.01% of VBill (Cayman) from 80.04% to 68.03% after completion of the transactions contemplated under the Subscription Agreement, but VBill (Cayman) will remain to be a subsidiary of the Company.

Upon First Capital Increase Completion, the parties will enter into the Shareholders' Agreement, pursuant to which, among other things, VBill (Cayman) will grant the Put Option to the Investor, the exercise of which is not at the discretion of VBill (Cayman), to repurchase, redeem and/or cancel all the VBill Shares held by the Investor subject to the terms and conditions of the Shareholders' Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **(i) The Subscription Agreement and the Deemed Disposal**

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Listing Rules in respect of the Deemed Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. However, as the grant of Put Option constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules, the Company will convene the SGM for the Shareholders to consider, and if appropriate, approve the transactions contemplated in the Transaction Documents.

Due to the relationship between the parties disclosed in this announcement, each of Shen, Li, Xue and Ge (i.e. the Management Shareholders, together with Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco which is respectively an associate of Shen, Li, Xue and Ge) is a connected person of the Company at subsidiary level. The entering into of the Subscription Agreement between the Company and the Management Shareholders, and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

### **(ii) The Put Option**

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Listing Rules in respect of the grant and exercise of the Put Option (the exercise of which is not at the discretion of the Company) exceeds 25% but all applicable percentage ratios are less than 75%, the grant and the exercise of the Put Option constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will convene the SGM for the Shareholders to consider, and if appropriate, approve the grant of the Put Option.

## **GENERAL**

The SGM will be convened for the purposes of, among other matters, considering, and if thought fit, approving the transactions contemplated in the Transaction Documents (including the grant of the Put Option). A circular containing, among other things, (i) details of the Subscription Agreement, the Put Option and the contractual arrangements; (ii) a letter of advice from the independent financial adviser in relation to the duration and annual cap of the New JIM Control Documents and the VBill Control Documents, (iii) other information of VBill (Cayman) Group and the Group and (iv) the notice convening the SGM and a form of proxy will be despatched to the Shareholders on or before 30 April 2019 as more time is required for preparing the information to be included in the circular.

**Completion of the Subscription Agreement, the Deemed Disposal, the grant of Put Option and other transactions contemplated under the Subscription Agreement and the ancillary agreements thereto may or may not proceed as they are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

### **(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION**

The Board wishes to announce that on 12 February 2019 (after trading hours), the Company, the Management Shareholders, the Investor, VBill (Cayman) and VBill OPCO entered into the Subscription Agreement. The principal terms of the Subscription Agreement are set out below.

### **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT**

#### **Date**

12 February 2019

#### **Parties**

- (i) the Company
- (ii) Shen, Li, Xue and Ge (i.e. the Management Shareholders)
- (iii) the Investor
- (iv) VBill (Cayman)
- (v) VBill OPCO

## **Relationship between the parties**

Shen is a director of VBill (Cayman), a director and the chairman of the board of directors of VBill OPCO and a director of certain subsidiaries of VBill OPCO. As at the date of this announcement, Shen holds 9.96% equity interest in VBill OPCO. Shen is the sole director and sole shareholder of Shen Holdco which is a special purpose vehicle wholly-owned by Shen for holding the VBill Shares for Shen.

Li is the chief executive officer of VBill OPCO and the supervisor of a subsidiary of VBill OPCO. As at the date of this announcement, Li holds 4.80% equity interest in VBill OPCO. Li is the sole director and sole shareholder of Li Holdco which is a special purpose vehicle wholly-owned by Li for holding the VBill Shares for Li.

Xue is a director of VBill OPCO and a director of certain subsidiaries of VBill OPCO. As at the date of this announcement, Xue holds 3.20% equity interest in VBill OPCO. Xue is the sole director and sole shareholder of Xue Holdco which is a special purpose vehicle wholly-owned by Xue for holding the VBill Shares for Xue.

Ge is a director of VBill OPCO and a supervisor of certain subsidiaries of VBill OPCO. As at the date of this announcement, Ge holds 2.00% equity interest in VBill OPCO. Ge is the sole director and sole shareholder of Ge Holdco which is a special purpose vehicle wholly-owned by Ge for holding the VBill Shares for Ge.

Each of Shen, Li, Xue, Ge, Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco is a connected person of the Company at subsidiary level.

As at the date of the Subscription Agreement, VBill (Cayman) is owned as to 49.87% by Shen Holdco, 24.06% by Li Holdco, 16.04% by Xue Holdco and 10.03% by Ge Holdco and is a special purpose vehicle for indirectly holding the WFOE, which in turn will control Chongqing JIM and the VBill Group through the arrangements set out below. Immediately before the First Capital Increase Completion, VBill (Cayman) will be owned as to 80.04% by the Company, 9.96% by Shen Holdco, 4.80% by Li Holdco, 3.20% by Xue Holdco and 2.00% by Ge Holdco.

Under the Existing ESOP, Shen, Li and Guo (the Proposed Grantees under the ESOP Restructuring) have been granted options to contribute to the registered capital of VBill OPCO at the subscription price of RMB12.51 for every RMB1.00 in the registered capital of VBill OPCO. If the said options are exercised in full, the aggregate percentage of the enlarged registered capital attributable to Shen, Li and Guo are approximately 6%, 3% and 3% respectively (assuming VBill OPCO's registered capital remains unchanged from the date of grant of the said options up to and including the date of exercise of such options in full). As at the date of this announcement, none of the Proposed Grantees has exercised any options and hence such options remain outstanding. The Existing ESOP and all the said outstanding options will be cancelled upon completion of the ESOP Restructuring as detailed in the section headed "PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – Existing ESOP" of this announcement.

Under the Existing JIM Control Documents, a contractual arrangement has been made which allows Shanghai JIM to exercise control and enjoy all economic benefits generated from Chongqing JIM and its subsidiaries (including VBill OPCO and its subsidiaries). As at the date of this announcement, Chongqing JIM is accounted for as a wholly-owned subsidiary of the Group, while VBill OPCO is accounted for as an 80.04% owned subsidiary of the Group. Through the New Control Documents to be executed at or before First Capital Increase Completion, VBill (Cayman) (through the WFOE) will indirectly exert management control and enjoy all economic benefits generated from Chongqing JIM and the VBill Group.

The Investor is a *besloten vennootschap* incorporated in the Netherlands. The principal business of the Investor is investment holding and to date, the Investor has not conducted any business other than in relation to the transactions described in this announcement. The Investor is ultimately owned by the EQT MM Asia Fund and certain MM employee co-investment partnerships, which is part of the EQT group of private investment funds advised by EQT Partners. EQT is a leading investment firm with more than Euro 50 billion in raised capital across 28 funds. EQT funds have portfolio companies in Europe, Asia and the United States of America with total sales of more than Euro 19 billion and approximately 110,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the relationship between the parties disclosed above, all the parties to the Subscription Agreement, including the Investor, and their ultimate beneficial owners, are Independent Third Parties.

### **Subject matter**

Pursuant to the Subscription Agreement, the Investor shall be entitled to subscribe for, and be allotted, an aggregate of up to 15% of the issued VBill Shares (on a fully diluted basis immediately after Second Capital Increase Completion) at the Maximum Subscription Price of RMB588,000,000. The subscription of the VBill Shares shall be completed in two tranches, being the First Capital Subscription and the Second Capital Subscription as detailed below.

### **The First Capital Subscription**

Subject to and in accordance with the terms and conditions of the Subscription Agreement, on the First Capital Increase Completion Date:

- (i) VBill (Cayman) shall, and each of the Controlling Group Members shall procure that VBill (Cayman) shall, allot and issue to the Investor the Subscription Shares (i.e. 1,263 VBill Shares) credited as fully paid, together with all benefits, rights and obligations attaching thereto at First Capital Increase Completion; and
- (ii) the Investor shall subscribe for the Subscription Shares (i.e. 1,263 VBill Shares) and shall pay the First Capital Increase Subscription Price to VBill (Cayman) in accordance with the provisions under the Subscription Agreement.

The Subscription Shares shall be allotted and issued by VBill (Cayman) on the First Capital Increase Completion Date free from all encumbrances, and together with all rights attaching thereto upon allotment and issue and at any time thereafter, including all rights to any dividend or other distribution declared, made or payable by VBill (Cayman) by reference to a record date falling on or after the First Capital Increase Completion Date.

### ***Consideration for the First Capital Subscription***

The First Capital Increase Subscription Price payable by the Investor to VBill (Cayman) for the First Capital Subscription shall be RMB378,000,000, and shall be payable by the Investor or its designee to VBill (Cayman)'s designated bank account by telegraphic transfer in immediately available funds in US\$ equivalent of the First Capital Increase Subscription Price at the Agreed Exchange Rate.

### ***Conditions to First Capital Increase Completion***

First Capital Increase Completion is conditional on the following conditions being satisfied or waived (where applicable) by the Investor:

- (1) the passing by the Shareholders at the SGM of each of the relevant resolutions to approve the entry by the Company, VBill OPCO, VBill (Cayman) and WFOE (as applicable) into the transactions contemplated in the Transaction Documents;
- (2) completion of the Restructuring in accordance with the Subscription Agreement;
- (3) each of the warranties given to the Investor under the Subscription Agreement being true, accurate and not misleading in all material respects as at the First Capital Increase Completion;
- (4) each of the undertakings relevant to the First Capital Increase Completion given under the Subscription Agreement having been complied with in all material respects from the date of the Subscription Agreement up to the First Capital Increase Completion Date;
- (5) the application in relation to the registration of the Agreement of Pledge having been submitted to SAFE;
- (6) Chongqing JIM Contracts having been executed by Chongqing JIM and the relevant members of the Group, in form and substance satisfactory to the Investor (not to be unreasonably rejected); and
- (7) no Material Adverse Change having occurred from the date of the Subscription Agreement until the First Capital Increase Completion Date.

The Investor may waive any condition set out above except the condition set out in paragraph (1) above which is not capable of being waived by any party.

If any condition is either not waived or satisfied, as the case may be, by 12:00 pm, Hong Kong time on the Longstop Date, the Subscription Agreement shall automatically terminate with immediate effect save in respect of the provisions relating to confidentiality, costs and taxes, notices, governing law and other miscellaneous provisions (“**Surviving Provisions**”) and no party under the Subscription Agreement shall have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a party’s accrued rights and obligations at the date of termination.

### ***The Restructuring***

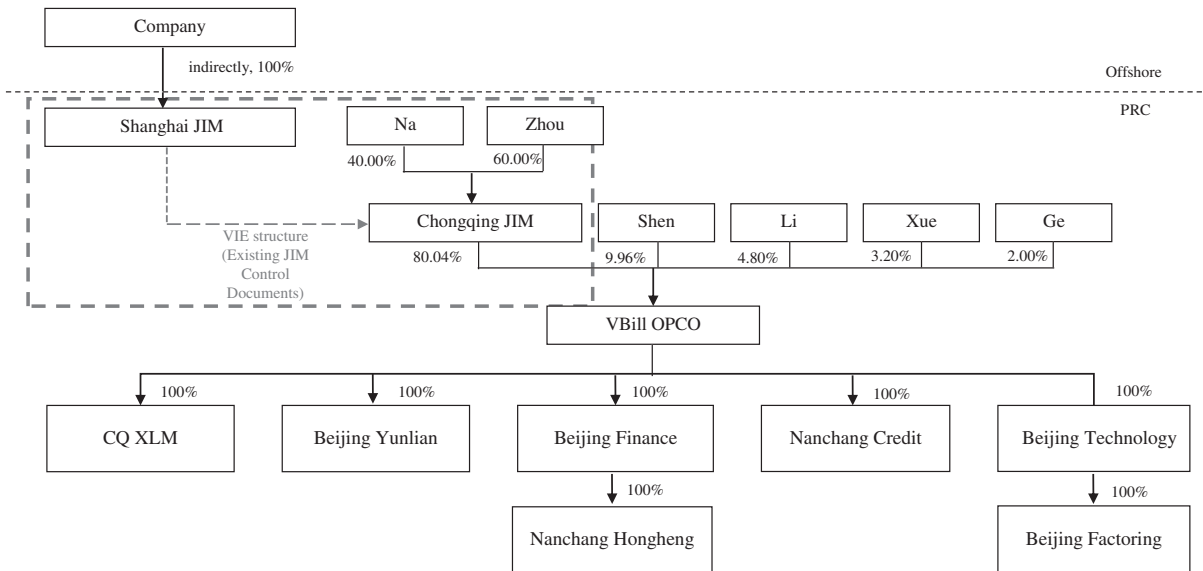
As one of the conditions precedent to the First Capital Increase Completion, the Restructuring will be implemented as soon as reasonably practicable and be completed on or before the Longstop Date.

The Restructuring involves the following major steps to be taken:

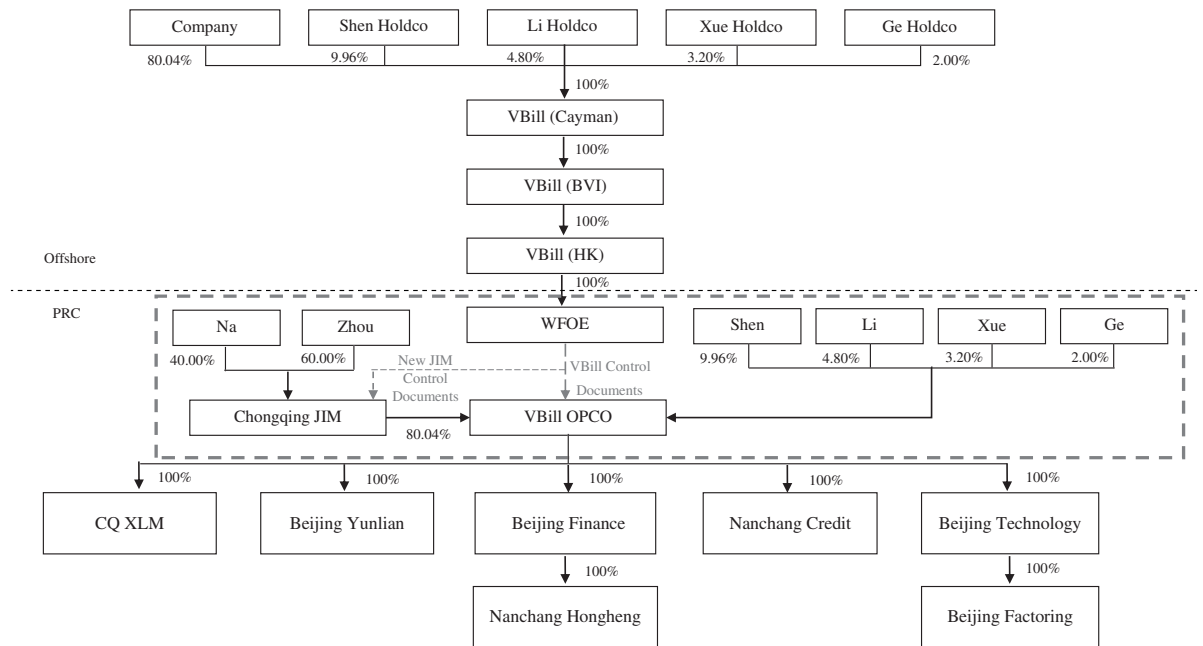
- (a) incorporation of Shen Holdco, Li Holdco, Xue Holdco, Ge Holdco by the respective Management Shareholder;
- (b) incorporation of VBill (Cayman) by the Management Shareholders;
- (c) incorporation of VBill (BVI) by VBill (Cayman);
- (d) incorporation of VBill (HK) by VBill (BVI);
- (e) completion of registration under Circular 37 by the Management Shareholders;
- (f) subscription of VBill Shares by the Company or its affiliate and/or transfer of VBill Shares from the Management Shareholders Holdcos to the Company or its affiliate at nominal consideration (or such consideration agreed between VBill (Cayman) and the Investor);
- (g) incorporation of the WFOE by VBill (HK);
- (h) termination of the Existing JIM Control Documents at First Capital Increase Completion;
- (i) execution of the New Control Documents at First Capital Increase Completion;
- (j) execution of the Agreement of Pledge at First Capital Increase Completion;
- (k) termination of the 2014 Share Option Agreement; and
- (l) transfer of 100% equity interest in Hunan Yunrong and its subsidiaries held by Chongqing JIM to the Company or a party designated by the Company at a consideration decided by the Company.

As at the date of this announcement, the steps listed in paragraphs (a) to (e) are completed.

The following diagram shows the simplified corporate structure of the Group using the Existing JIM Control Documents to control Chongqing JIM and VBill Group as at the date of the Subscription Agreement and before the Restructuring:



The following diagram shows the shareholding and corporate structure of VBill (Cayman) Group immediately after completion of the Restructuring:





As a part of the Restructuring, the existing contractual arrangements under the Existing JIM Control Documents will be terminated, while the New Control Documents will be executed in order for VBill (Cayman), indirectly through the WFOE, to exert 100% of management control over, and enjoy all the economic benefits of Chongqing JIM and VBill OPCO. Details of the new contractual arrangements are set out in the section headed “THE CONTRACTUAL ARRANGEMENTS” of this announcement.

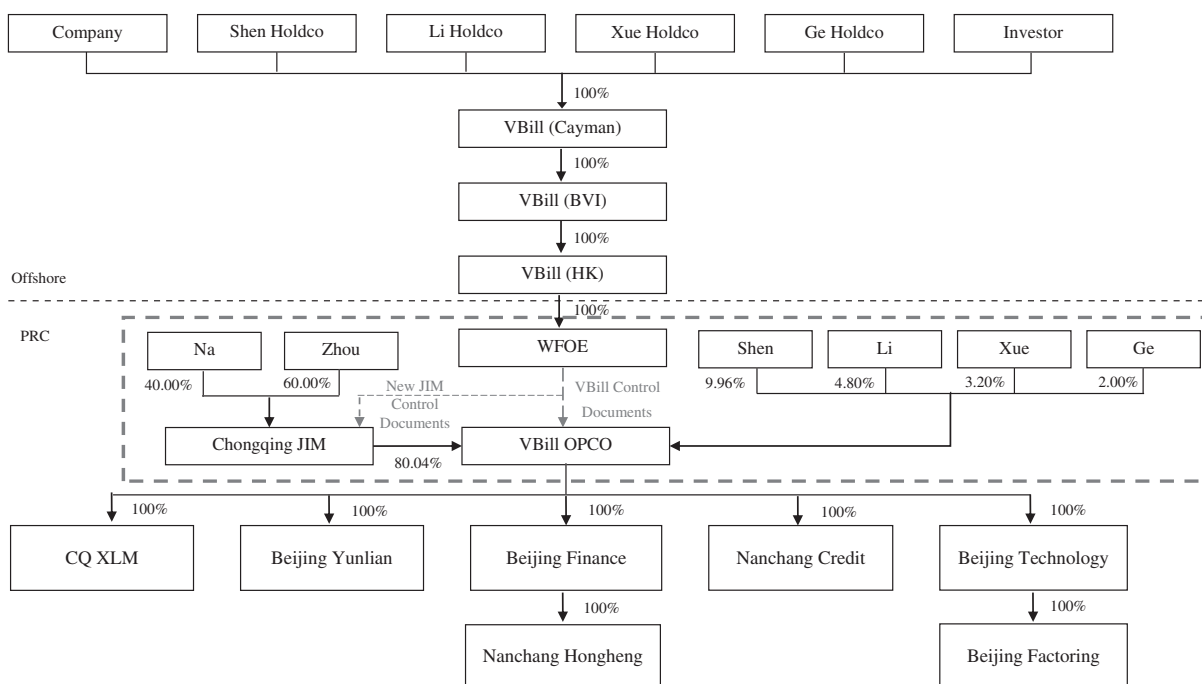
***First Capital Increase Completion***

The First Capital Increase Completion shall take place on the date that is 10 Business Days after the date of the issue of the notice of satisfaction (or waiver, if applicable) of the last of the above conditions (not being later than the Longstop Date) (the “**First Capital Increase Completion Date**”).

The below table shows the issued VBill Shares held by the following persons in the following shareholding percentage (a) immediately before First Capital Increase Completion and (b) immediately after the First Capital Increase Completion but before the Second Capital Increase Completion:

	<b>Immediately before First Capital Increase Completion</b>		<b>Immediately after First Capital Increase Completion but before the Second Capital Increase Completion</b>	
	<i>No. of VBill Shares</i>	<i>Approximate shareholding (%)</i>	<i>No. of VBill Shares</i>	<i>Approximate shareholding (%)</i>
The Company	8,004	80.04	8,004	71.07
Shen Holdco	996	9.96	996	8.84
Li Holdco	480	4.80	480	4.26
Xue Holdco	320	3.20	320	2.84
Ge Holdco	200	2.00	200	1.78
The Investor	–	–	1,263	11.21
	<hr/>	<hr/>	<hr/>	<hr/>
Total	10,000	100	11,263	100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The following diagram shows the shareholding and corporate structure of VBill (Cayman) Group immediately after First Capital Increase Completion but before the Second Capital Increase Completion:



### **Termination**

If the First Capital Increase Completion does not take place on the First Capital Increase Completion Date because any party (the “**Defaulting Party**”) fails to comply with any of its obligations under the Subscription Agreement, the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is the Investor) may, by notice in writing to the Defaulting Party:

- (a) proceed to the First Capital Increase Completion to the extent reasonably practicable;
- (b) postpone the First Capital Increase Completion Date to the extent reasonably practicable; or
- (c) terminate the Subscription Agreement.

If the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is the Investor) decides to claim against the Defaulting Party for loss and damages suffered as a result of the breach, the Defaulting Party shall only be liable for such reasonable costs and expense incurred by the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is the Investor) as finally determined by an arbitration tribunal for an amount up to US\$3,000,000.

If the Subscription Agreement is terminated, each party's further rights and obligations cease immediately on termination save in respect of the Surviving Provisions and no party will have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a party's accrued rights and obligations at the date of termination.

## **The Second Capital Subscription**

### ***Consideration for the Second Capital Subscription***

The consideration for the Second Capital Subscription shall be determined as follows:

- (a) if the Actual Net Profit Figure is equal to or greater than the Target Net Profit Figure, the subscription price for the Second Capital Subscription (the “**Second Capital Increase Subscription Price**”) shall be the amount equal to:

A – B,

where:

A = the Maximum Subscription Price; and

B = the First Capital Increase Subscription Price; or

- (b) if the Actual Net Profit Figure is less than the Target Net Profit Figure, the Second Capital Increase subscription price shall be the amount equal to:

$(A \times 14.0 \times 10.0\%) - B$ ,

where:

A = the Actual Net Profit Figure;

B = the First Capital Increase Subscription Price,

provided that, if pursuant to the calculations set out in paragraphs (a) and (b) above, the Second Capital Increase Subscription Price is determined to be less than RMB0 (being a negative figure), VBill (Cayman) shall issue such additional number of new VBill Shares to the Investor (the “**Additional Subscription Shares**”) on the Second Capital Increase Completion Date, such that the total percentage of VBill Shares held by the Investor on a fully diluted basis immediately after the Second Capital Increase Completion equals the Final Shareholding Percentage but in any event shall not exceed 15% of the issued VBill Shares on a fully diluted basis, where:

“**Final Shareholding Percentage**” = First Capital Increase Subscription Price/(Actual Net Profit Figure x 14.0) x 100%

In any event, the sum of the First Capital Subscription Price and the Second Capital Subscription Price shall not exceed the Maximum Subscription Price, i.e. RMB588,000,000.

### ***Second Capital Increase Completion***

If the Second Capital Increase Subscription Price is not determined to be less than RMB0, the Second Capital Subscription Price shall be payable by the Investor or its designee to VBill (Cayman)'s designated bank account by telegraphic transfer in immediately available funds in US\$ equivalent of the Second Capital Increase Subscription Price at the Agreed Exchange Rate on the Second Capital Increase Completion Date.

If the Second Capital Increase Subscription Price is determined to be less than RMB0, the Additional Subscription Shares shall be allotted and issued by VBill (Cayman) on the Second Capital Increase Completion Date free from all encumbrances, together with all rights attaching thereto upon allotment and issue and at any time thereafter, including all rights to any dividend or other distribution declared, made or payable by VBill (Cayman) by reference to a record date falling on or after the Second Capital Increase Completion Date.

The Second Capital Increase Completion shall take place on a date no later than the later of (a) 15 Business Days after the First Capital Increase Completion and (b) 15 Business Days after the date on which the audited consolidated financial statements of VBill OPCO for the year ended 31 December 2018 is delivered to the Investor (or such other date as agreed among the parties to the Subscription Agreement) (the "**Second Capital Increase Completion Date**").

### ***Termination***

If the Second Capital Increase Completion does not take place on the Second Capital Increase Completion Date because any party (the Defaulting Party) fails to comply with any of its obligations in connection with the Second Capital Increase Completion:

- (1) the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) may, by notice in writing to the Defaulting Party:
  - (a) proceed to Second Capital Increase Completion to the extent reasonably practicable;
  - (b) postpone the Second Capital Increase Completion Date to the extent reasonably practicable; or
  - (c) terminate the Subscription Agreement; and
- (2) VBill (Cayman) (if the Defaulting Party is the Investor) may, by notice in writing to the Defaulting Party:
  - (a) proceed to Second Capital Increase Completion to the extent reasonably practicable;
  - (b) postpone the Second Capital Increase Completion Date to the extent reasonably practicable; or

- (c) (without prejudice to any rights of VBill (Cayman) under applicable laws in any way including its rights to claim for damages in respect of the Investor's breach of the Subscription Agreement) unwind all Transaction Documents (except the New Control Documents), in which case the Investor shall transfer all the Subscription Shares to VBill (Cayman) for cancellation or redemption at the price of the First Capital Increase Subscription Price, and remove all director(s) of VBill (Cayman) Group Companies nominated by the Investor (and the Investor shall cooperate with VBill (Cayman) to procure the removal or dismissal of such director(s)); and

in each case, if the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is the Investor) decides to claim against the Defaulting Party for loss and damages suffered as a result of the breach, the Defaulting Party shall only be liable for such reasonable costs and expense incurred by the Investor (if the Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is the Investor) as finally determined by an arbitration tribunal for an amount up to US\$3,000,000.

If the Subscription Agreement is terminated, each party's further rights and obligations cease immediately on termination save in respect of the Surviving Provisions and no party will have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a party's accrued rights and obligations at the date of termination.

Assuming the maximum possible number of Additional Subscription Shares are allotted and issued to the Investor at the Second Capital Increase Completion which is capped at 15% of the total issued VBill Shares on a fully diluted basis, immediately after the Second Capital Increase Completion, the issued VBill Shares will be held by the following persons in the following shareholding percentage:

	Immediately before		Immediately after		Immediately after	
	First Capital Increase Completion		First Capital Increase Completion		Second Capital	
	<i>No. of</i>	<i>Approximate</i>	<i>No. of</i>	<i>Approximate</i>	<i>Increase Completion</i>	
	<i>VBill Shares</i>	<i>shareholding (%)</i>	<i>VBill Shares</i>	<i>shareholding (%)</i>	<i>(assuming the maximum</i>	
					<i>Additional Subscriptions</i>	
					<i>Shares are issued and allotted)</i>	
					<i>No. of</i>	<i>Approximate</i>
					<i>VBill Shares</i>	<i>shareholding (%)</i>
The Company	8,004	80.04	8,004	71.07	8,004	68.03
Shen Holdco	996	9.96	996	8.84	996	8.47
Li Holdco	480	4.80	480	4.26	480	4.08
Xue Holdco	320	3.20	320	2.84	320	2.72
Ge Holdco	200	2.00	200	1.78	200	1.70
The Investor	-	-	1,263	11.21	1,765	15.00
Total	<u>10,000</u>	<u>100</u>	<u>11,263</u>	<u>100</u>	<u>11,765</u>	<u>100</u>

As illustrated above, under the Subscription Agreement, the Company's interest in VBill (Cayman) Group may be diluted from 80.04% to approximately 68.03% to a maximum extent, resulting in a Deemed Disposal of a maximum of approximately 12.01% interest in VBill (Cayman) Group upon Second Capital Increase Completion.

### **Existing ESOP**

All parties to the Subscription Agreement agree and acknowledge that:

(a) VBill (Cayman) shall take all actions and do all things to adopt a new share option scheme at VBill (Cayman) level relating to the VBill Shares, such that upon the full exercise of all the share options relating to the VBill Shares (the "**ESOP Shares**") granted to the Proposed Grantees pursuant to such new share option scheme, the Proposed Grantees will together hold such number of VBill Shares to be issued by VBill (Cayman) which in aggregate represent approximately 10.8% of the issued VBill Shares on a fully diluted basis immediately after the issuance of all ESOP Shares; and

(b) conditional upon paragraph (a) above, the Existing ESOP will be cancelled;

(together, the "**ESOP Restructuring**").

### ***Limitation of liability***

The aggregate amount of liability of the Controlling Group, VBill OPCO and VBill (Cayman) (as applicable) under the Subscription Agreement is subject to (amongst others) the following limitations.

(1) The aggregate amount of liability of the Company, the Management Shareholders, VBill OPCO and VBill (Cayman) in respect of all Warranty Claims and Indemnity Claims shall be limited to the sum of the First Capital Increase Subscription Price and the Second Capital Increase Subscription Price. Subject always to the foregoing limitation, the aggregate amount of liability of:

(a) Shen in respect of his liabilities under Warranty Claims, Indemnity Claims and the liability under the guarantee provided by the Management Shareholders in the section under "(2) PUT OPTION – Guarantee" below which is not applicable to the Company, which is referred to as the "**Guarantee**" shall be limited to RMB585,000,000;

(b) Li in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB282,000,000;

(c) Xue in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB188,000,000;

(d) Ge in respect of her liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB118,000,000; and

(e) the Company in respect of its liabilities under Warranty Claims and Indemnity Claims shall be limited to RMB588,000,000,

each of the above paragraphs (a) to (e) shall apply if the Proposed Grantees have not exercised the respective share options granted to each of them after the completion of the ESOP Restructuring;

- (f) Shen in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB588,000,000;
- (g) Li in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB438,000,000;
- (h) Xue in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB171,000,000;
- (i) Ge in respect of her liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB107,000,000; and
- (j) the Company in respect of its liabilities under Warranty Claims and Indemnity Claims shall be limited to RMB588,000,000,

each of the above paragraphs (f) to (j) shall apply when each of the Proposed Grantees has exercised all the respective share options granted to each of them after completion of the ESOP Restructuring and that all of the Proposed Grantees have been allotted and issued their respective ESOP Shares.

- (2) Notwithstanding the limitation of liability set out in (1) above, for each liability under the Warranty Claim and Indemnity Claim to which the Management Shareholders are severally liable, each Management Shareholder shall only be liable to the Investor for an amount pro-rated as between the Management Shareholders to his/her respective percentage shareholding in VBill (Cayman) immediately before the First Capital Increase Completion.
- (3) None of the Management Shareholders' personal assets other than the equity securities in VBill (Cayman) held by the Management Shareholders shall be subject to the liability.
- (4) The Controlling Group shall not be liable in respect of a Warranty Claim unless:
  - (a) the amount that would otherwise be recoverable from the Controlling Group in respect of that single Warranty Claim exceeds RMB500,000; and
  - (b) the aggregate amount of the liability exceeds 1% of the sum of the First Capital Increase Subscription Price and the Second Capital Increase Subscription Price, in which case (subject always to (2) above) the Management Shareholders, VBill OPCO and VBill (Cayman) shall jointly and severally and the Company shall separately be liable for the full amount of the relevant Warranty Claim and not just the excess.
- (5) The Controlling Group shall not be liable for a Warranty Claim (except certain claims for tax liability) unless the Investor has notified him/her/it in writing of such Warranty Claim stating reasonable details within 18 months after the Second Capital Increase Completion.

- (6) A claim for tax liability under the Subscription Agreement shall survive to the earlier of (i) a period of 7 years from the Second Capital Increase Completion Date, or (ii) the completion of the Qualified IPO.
- (7) An Indemnity Claim shall survive to the earlier of (i) a period of 5 years from the Second Capital Increase Completion Date, or (ii) the completion of the Qualified IPO.

### **Basis of consideration**

The subscription price payable by the Investor for the VBill Shares is arrived at after arm's length negotiation between the Company, the Investor and the Management Shareholders on normal commercial terms, having considered, among other factors, the business prospects and financial performance of VBill (Cayman) Group. The multiplier is set at 14.0 of the Actual Net Profit Figure or the Target Net Profit Figure (if the Actual Net Profit Figure is greater than the Target Net Profit Figure, i.e. RMB420,000,000).

## **(2) MAJOR TRANSACTION**

### **GRANT OF THE PUT OPTION**

#### **Shareholders' Agreement**

At the First Capital Increase Completion, the Management Shareholders, the Management Shareholders Holdcos, the Company, the Investor, VBill (Cayman), WFOE and VBill OPCO will enter into the Shareholders' Agreement in respect of the rights and obligations of each VBill (Cayman) Shareholder in respect of the securities in VBill (Cayman) (including the grant of the Put Option), and the management and operation of VBill (Cayman) Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the relationship between the parties disclosed in the paragraph headed "PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – Relationship between the parties", all the parties to the Shareholders' Agreement and their ultimate beneficial owners are Independent Third Parties.

Principal terms of in the Shareholders' Agreement are summarised below.

#### ***Rights of the Investor for a breach of non-compete undertakings***

If:

- (1) a Management Shareholder commits a breach of any of his/her undertakings not to engage in competing businesses as provided under the Shareholders' Agreement and the Defaulting Management Shareholder fails to remedy each such material breach within 20 Business Days of receiving the notice from the Investor to remedy such breach(es); or (ii) such breach(es) are not capable of remedy and has caused material loss to the Investor, and such breach is a wilful breach of the Shareholders' Agreement ("**Breach of Non-compete Undertakings Event**"); and



- (2) the Investor owns or controls any VBill Shares at the time a Breach of Non-compete Undertakings Event occurs,

then the Investor may serve a notice on the defaulting Management Shareholder (the “**Transfer Notice**”) requiring him/her to either (a) sell, on the date specified by the Investor, all or some of the VBill Shares held by the Defaulting Management Shareholder to the Investor; or (b) buy, on the date specified by the Investor, all or some of the VBill Shares held by the Investor (in either case such VBill Shares are referred to as the “**Transfer Shares**”).

The price for the Transfer Shares is the amount in cash (i) in the case of (a), equal to 80% of the Fair Market Value; or (ii) in the case of (b), equal to 120% of the Fair Market Value, or such other price agreed in writing between the defaulting Management Shareholder and the Investor.

### ***Exit rights of the Investor***

1. The Company, the Management Shareholders and the Investor intend to explore in good faith:
  - (a) a Qualified IPO on or before the date falling 3 years after the Second Capital Increase Completion Date, save that if it is not possible or commercially feasible to implement a Qualified IPO, the time limit for the consummation of such Qualified IPO shall be extended to the date falling 5 years after the Second Capital Increase Completion Date with the consent of the parties; or
  - (b) if an opportunity arises, a trade sale by the Investor of 100% of its VBill Shares to another person which is not an affiliate of the Investor.

and the completion of a Qualified IPO or completion of the trade sale by the Investor specified above shall each be referred to as an “**Exit**”.

In the event of any Exit, the Shareholders’ Agreement may be either terminated or amended in order to comply with applicable laws in connection with such Exit.

For the purpose of the Subscription Agreement and Shareholders’ Agreement, “**Qualified IPO**” shall mean the listing of shares of VBill (Cayman) or any other VBill (Cayman) Group Company on the New York Stock Exchange, the NASDAQ Stock Exchange, the Stock Exchange (or such other stock exchange agreed by the Investor) and with an actual or expected post-money market capitalisation of VBill (Cayman) or such other VBill (Cayman) Group Company immediately after closing of its initial public offering of no less than the amount in US\$ which will make up a return of 12% IRR on each of the First Capital Increase Subscription Price calculated from the First Capital Increase Completion Date and the Second Capital Increase Subscription Price calculated from the Second Capital Increase Completion Date, or any other amount agreed among the Investor, VBill (Cayman) and the Company in writing.

2. If VBill (Cayman), any VBill (Cayman) Group Company or any exit vehicle conducting a Qualified IPO involves the listing or quotation of any securities on a stock exchange or trading system in any jurisdiction where the listing of 100% of the securities is not a mandatory requirement for an IPO, the entity being listed shall procure that either (i) all securities held by the Investor in any member of VBill (Cayman) Group or the entity being listed are included in the IPO and registered and/or listed for trading (as applicable) at the IPO, or (ii) the Investor has been provided with registration rights pursuant to a registration rights agreement in customary form entered into between VBill (Cayman), the Management Shareholders, Management Shareholders Holdcos and the Investor before the IPO.
3. If at any time and from time to time after the date of the Shareholders' Agreement, there is (i) any merger, consolidation or reorganisation of VBill (Cayman) with or into another corporation (other than a merger or consolidation in which VBill (Cayman) is the continuing corporation but including without limitation any reorganisation for the purposes of effecting a Qualified IPO in which the VBill Shares are exchanged for shares in another corporation); or (ii) any sale or transfer of all or substantially all of the assets of VBill (Cayman), then in each such case, the Investor shall be entitled to receive the same (or as equivalent as practicable) class and number of shares or other securities or property to which the Investor is entitled to receive immediately prior to the effective date of such event.

### ***Put Option***

Parties to the Shareholders' Agreement shall agree that:

- (1) if the Exit has not been implemented on or before the date falling 3 years after the First Capital Increase Completion Date, at any time within the 2 year period after the date falling 3 years after the First Capital Increase Completion Date; or
- (2) (for as long as the Investor owns or controls any VBill Shares) at any time within the 5 year period after the First Capital Increase Completion Date, if the Payment Business License or all ICP License which is necessary for VBill (Cayman) Group to operate its business is being revoked resulting from one or more actual breach or violation of any applicable law by VBill (Cayman) Group Company; or
- (3) (for as long as the Investor owns or controls any VBill Shares) at any time within the 5 year period after the First Capital Increase Completion Date after any VBill (Cayman) Shareholder other than the Investor commits a breach of any of its obligations under the Shareholders' Agreement relating to:
  - (a) directors and corporate governance of VBill (Cayman) Group;
  - (b) VBill (Cayman) Group's business;
  - (c) information rights of the Investor;

- (d) access rights of the Investor to premises and management of VBill (Cayman) Group;
- (e) transfer of VBill Shares; or
- (f) capital increase of VBill (Cayman),

and (i) if such material breach(es) are capable of remedy, and such defaulting VBill (Cayman) Shareholder fails to remedy each such material breach within 20 Business Days; or (ii) if such breach(es) are not capable of remedy and has caused substantial loss to the Investor as a result of such breach(es), and such breach is a wilful breach of the Shareholders' Agreement;

then Investor will have the right to exercise an option (the "**Put Option**"), by delivering a notice in writing to VBill (Cayman) (the "**Put Notice**"), to require VBill (Cayman), subject to applicable law, to repurchase, redeem and/or cancel all (but not some only) of the VBill Shares held by the Investor at that time (such VBill Shares being the "**Relevant Investor's Shares**") at an aggregate cash consideration in US\$ determined by the following formulae (the "**Put Price**"):

$$A \times (B/C) - D,$$

where:

A = an amount in US\$ which will make up an IRR (in US\$ terms) of 8.0% on the US\$ equivalent of the First Capital Increase Subscription Price (calculated from the First Capital Increase Completion Date and converted from RMB into US\$ on the Agreed Exchange Rate as of such date) and the Second Capital Increase Subscription Price (calculated from the Second Capital Increase Completion Date and converted from RMB into US\$ on the Agreed Exchange Rate as of such date), until the Put Option Completion Date (defined below);

B = the aggregate number of the Relevant Investor's Shares;

C = (i) (if the Second Capital Increase Subscription Price is determined to be less than RMB0 and VBill (Cayman) issues the Additional Subscription Shares to the Investor) the aggregate number of VBill Shares held by the Investor immediately after the Second Capital Increase Completion; or (ii) (in all other circumstances) the aggregate number of VBill Shares held by the Investor as of the date of the Shareholders' Agreement;

in each case, taking into account the effect of any share split, share consolidation, share dividend or analogous restructuring of the issued share capital of VBill (Cayman) from time to time; and

D = the aggregate amount actually paid by Management Shareholders, the Company, VBill (Cayman) and VBill OPCO to the Investor under a Warranty Claim or an Indemnity Claim and any cash dividends declared and paid by VBill (Cayman) and actually received by the Investor (less any taxes, costs and expenses incurred by the Investor in receipt of such dividends)

provided that under all circumstances, the Put Price shall not exceed the maximum amount (“**Maximum Put Price Amount**”) calculated by the following formula:

$$A * B * C$$

where:

A is RMB588,000,000; B is the Agreed Exchange Rate; C is  $1.08^3$ .

If the Put Price amount is greater than the Maximum Put Price Amount, the Put Price amount shall be deemed to be equal to the Maximum Put Price Amount.

If the Investor has delivered a Put Notice to VBill (Cayman), completion of the repurchase, redemption and/or cancellation of all the Relevant Investor’s Shares shall take place on a Business Day which falls within 60 Business Days after the date of the Put Notice, as elected by VBill (Cayman) (the “**Put Option Completion Date**”) and on the Put Option Completion Date:

- (x) the Investor shall deliver to VBill (Cayman) the original share certificate representing the Relevant Investor’s Shares; and
- (y) VBill (Cayman) shall pay an amount in cash in US\$ equal to the Put Price, by way of wire transfer of immediately available funds to a bank account nominated by the Investor.

Under the above formula, the maximum amount of Put Price payable by VBill (Cayman) under the Put Option is approximately RMB740.7 million.

It is expected that the Put Price will be funded by the internal resources of VBill (Cayman) Group.

#### ***Basis of determining the Put Price***

The Put Price is arrived at after arm’s length negotiation between the Company, the Investor and the Management Shareholders on normal commercial terms.

#### ***Reasons for and benefits of grant of the Put Option***

It is the intention of the shareholders of VBill (Cayman) to achieve a Qualified IPO within three years after Second Capital Increase Completion Date. However, this remains a preliminary plan at present and no concrete proposal or timing in relation to a Qualified IPO has been concluded. The Directors are of the view that the introduction of the Investor as a strategic investor of VBill (Cayman) will be beneficial to the Group in terms of funding to VBill (Cayman) Group and future funding activities. Based on the Directors’ view on the future prospects of VBill (Cayman), the Directors consider that in the event a Qualified IPO has not occurred as planned, the Put Option may also enable VBill (Cayman) to repurchase the Investor’s VBill Shares at a reasonable cost.

### ***Security provided in favour of the Investor relating to the Put Option***

- (1) If VBill (Cayman)'s payment obligations has been triggered under the Put Option provisions, VBill OPCO will indemnify (and keep indemnified) the Investor on demand against any loss, liability or cost incurred by the Investor as a result of failure by VBill (Cayman) to perform any of its payment obligations.
- (2) To further ensure the payment of the Put Price and related obligations of VBill (Cayman) under the Shareholders' Agreement, VBill (Cayman), the WFOE and the Investor shall enter into the Agreement of Pledge at the First Capital Increase Completion, pursuant to which (among other things):
  - (i) the WFOE shall agree to pledge, by way of a first priority pledge, to the Investor the assets of the WFOE, which comprise all of the WFOE's rights and interest, present and future, actual or contingent, in connection with the VBill Exclusive Option Agreement and the VBill Master Exclusive Service Agreement (and such other agreement entered into or to be entered into between the WFOE and a party to the said VBill Control Documents) within the period from which the Agreement of Pledge takes effect until all of the Secured Obligations have been discharged under the Shareholders' Agreement, including the WFOE's right to receive all proceeds in respect of the above and all cash, receivables, commissions, revenues and other property at any time howsoever receivable or distributable in respect of the above; and
  - (ii) the WFOE agrees to provide a joint and several guarantee in favour of the Investor in order to secure the performance of all present and future moneys owed by, obligations and liabilities of VBill (Cayman) under or in respect of the Put Option, including but not limited to the payment of the Put Price by VBill (Cayman) ("**Secured Obligations**").

The Agreement of Pledge shall take effect on the date on which its registration with the People's Bank of China Credit Reference Centre and SAFE is completed.

### ***Restrictions on transfer of VBill Shares***

- (1) Subject to paragraph (4) below, for a period of one year after the date of the Shareholders' Agreement (the "**Lock-Up Period**"), none of the Management Shareholder Holdcos nor the Investor may transfer any of its/his/her interest in the VBill Shares without the consent of the Investor and the Company (in case of transfer by any of the Management Shareholder Holdcos) or the Management Shareholder Holdcos (in case of transfer by the Investor) respectively.
- (2) None of VBill (Cayman) Shareholders shall, without the prior written consent of VBill (Cayman), directly or indirectly, transfer any equity securities of VBill (Cayman) to any competitor (as defined under the Shareholders' Agreement) of VBill (Cayman).

- (3) The Investor shall not require the consent of any of the other VBill (Cayman) Shareholders or VBill (Cayman) to transfer any of its interest in the VBill Shares to a financial investor holding not more than 5% shareholding interest in a company whose main business line is payment processing in the PRC.
- (4) Notwithstanding the restrictions set out in paragraphs (1) to (2) above, the Company, each Management Shareholder Holdco or the Investor may freely transfer all or some of its interest in the VBill Shares:
  - (a) (in the case of the Investor) to one or more of its affiliates;
  - (b) (in the case of the Company or a Management Shareholder Holdco) to a person that is 100% owned or controlled by it, a person that owns or controls 100% of it, or a person that is under 100% common ownership or control with it; and
  - (c) pursuant to any equity restructuring or establishment of offshore structure that is approved by the Company and the Investor in writing; or

the Investor may, at any time on or prior to the date falling 3 months after the date of the Subscription Agreement and without restriction, freely transfer the indirect ownership in such number of its VBill Shares up to an aggregate consideration amount equal to US\$30 million (or its equivalent in RMB) to any co-investor.

(each a “**Permitted Transfer**”).

### ***Right of First Refusal***

Following the expiry of the Lock-Up Period, where a VBill (Cayman) Shareholder (the “**ROFR Trigger Shareholder**”) intends to transfer of all or some of its VBill Shares (the “**ROFR Shares**”) to a Third Party Purchaser other than a Permitted Transfer, it shall provide a notice (the “**ROFR Trigger Notice**”) to the other VBill (Cayman) Shareholders (the “**ROFR Recipient Shareholder**”) of such intent to transfer the ROFR Shares (the “**Disposal of VBill Shares**”). A ROFR Trigger Notice is, once given, irrevocable and shall set out, among other things, the sale price (“**ROFR Offer Price**”) (the “**ROFR Offer**”):

Each ROFR Recipient Shareholder shall have the right, exercisable upon a notice (the “**ROFR Acceptance Notice**”) at any time within 30 Business Days from the date of the ROFR Trigger Notice (the “**ROFR Acceptance Period**”), to accept the ROFR Offer and purchase such percentage of the ROFR Shares in proportion to its shareholding in VBill (Cayman) on a fully diluted basis as of the date of the ROFR Acceptance Notice, based on the terms and conditions set out in ROFR Trigger Notice. A ROFR Acceptance Notice, once given, will be irrevocable.

If one or more ROFR Recipient Shareholders accept the ROFR Offer within the ROFR Acceptance Period, the ROFR Trigger Shareholder and the ROFR Recipient Shareholders which accept the ROFR Offer shall be bound to purchase the ROFR Shares.

A definitive sale and purchase agreement will be entered into with a Third Party Purchaser on the condition that the Disposal of VBill Shares is at a price that is equal to or greater than the ROFR Offer Price, and on payment terms not more favourable than those set out in the ROFR Trigger Notice.

***Tag-Along Right of the Investor***

At any time prior to the expiration of the ROFR Acceptance Period, where the Company or a Management Shareholder Holdco is the ROFR Trigger Shareholder, and the Investor has not exercised and will not exercise its right of first refusal with respect to any or all of the ROFR Shares set out under the above section headed “Right of First Refusal”, the Investor (the “**Tag Trigger Shareholder**”) shall have the right to serve on the ROFR Trigger Shareholder a notice (the “**Tag Notice**”) to request the ROFR Trigger Shareholder to procure that the Third Party Purchaser buys such number of the VBill Shares (the “**Tagged Shares**”) held by the Tag Trigger Shareholder to be determined by the following formula:

$A \times B/C$ ,

where:

A = the aggregate number of VBill Shares held by the Tag Trigger Shareholder as of the date of the Tag Notice;

B = the aggregate number of ROFR Shares; and

C = the total number of VBill Shares held by the ROFR Trigger Shareholder as of the date of the Tag Notice.

The consideration for each Tagged Share shall be in cash and no less favourable than that which is being paid for the VBill Shares of the ROFR Trigger Shareholder, and also on the same terms as the proposed Disposal of VBill Shares by the ROFR Trigger Shareholder to the Third Party Purchaser.

## ***Capital Increase***

If VBill (Cayman) proposes to issue any New Securities, all VBill (Cayman) Shareholders may, by serving a notice in writing to VBill (Cayman), exercise its right to subscribe for such number New Securities proposed to be issued by VBill (Cayman) on a pro rata basis based on its shareholding in VBill (Cayman) on a fully diluted basis as at the date of the notice given by VBill (Cayman) to each VBill (Cayman) Shareholder (which specifies the terms of the proposed issue of New Securities), and on the same terms and conditions as set out in the said notice.

“**New Securities**” means any shares of capital stock or voting securities of VBill (Cayman), any other equity or equity-linked securities issued by VBill (Cayman) or options, warrants or other rights to acquire from VBill (Cayman), or other obligation of VBill (Cayman) to issue the foregoing, excluding:

- (i) any VBill Shares and other securities issued or issuable pursuant to any existing share option (including Existing ESOP) which has already been issued as of the date of the Shareholders Agreement but has not vested or been exercised;
- (ii) any VBill Shares and any other securities issued or issuable pursuant to VBill (Cayman)’s employee stock option or similar plan to be adopted by the board of VBill (Cayman) with the prior written consent of the Investor;
- (iii) any securities of VBill (Cayman) issued in connection with any share split, share dividend or other similar event in which all VBill (Cayman) Shareholders are entitled to participate on a pro rata basis; or
- (iv) any VBill Shares issued in connection with or pursuant to a Qualified IPO.

## ***Anti-Dilution***

In the event that within one year after the Second Capital Increase Completion Date, VBill (Cayman) proposes to issue any New Securities for a consideration or deemed consideration per VBill Share (the “**Down Round Consideration Per Share**”) less than the then effective Investor Issuance Price (the “**Additional Issuance**”), then VBill (Cayman) shall, simultaneous with and on the same date as the date of closing of the Additional Issuance, issue such additional number of new VBill Shares (together, the “**Additional Issuance Shares**”) to the Investor at nil or nominal consideration as determined by the following formula:

$$(A/B) - C$$

where:

A = an amount equal to the sum of the First Capital Increase Subscription Price and the Second Capital Increase Subscription Price;

B = the Down Round Consideration Per Share; and



C = the number of VBill Shares owned by the Investor as of the date of the Shareholders' Agreement (taking into account the effect of any share split, share consolidation, share dividend or analogous restructuring of the issued share capital of VBill (Cayman) from time to time, up to and including the date of closing of the Additional Issuance).

provided that immediately after closing of the anti-dilution adjustment pursuant to above, the aggregate number of VBill Shares owned or controlled by the Investor (including the Additional Issuance Shares) shall not exceed 15% of all the issued VBill Shares on a fully diluted basis at that time (taking into account the effect of any share split, share consolidation, share dividend or analogous restructuring of the issued share capital of VBill (Cayman) from time to time).

For the purpose of this "Anti-Dilution" section:

"Investor Issuance Price" means A/B,

where:

A = the sum of the First Capital Increase Subscription Price and the Second Capital Increase Subscription Price; and

B = the aggregate number of VBill Shares issued to the Investor by VBill (Cayman) under the Subscription Agreement, and shall be adjusted for share dividends, share splits, share consolidations, recapitalisations or analogous restructuring of the issued share capital of VBill (Cayman) from time to time.

### ***Guarantee***

Each Management Shareholder (the "Guarantor") guarantees to the Investor the due and punctual performance of each obligation of his/her relevant holding company (i.e. Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco) contained in the Shareholders' Agreement and each Guarantor's obligations are primary obligations.

In addition, each Guarantor agrees to indemnify (and keep indemnified) the Investor on demand against any loss, liability or cost incurred by the Investor as a result of any obligation of his/her relevant holding company being or becoming void, voidable or unenforceable.

### ***Limitation of liability***

Notwithstanding anything contained in the Shareholders' Agreement to the contrary, the aggregate amount of liability of:

- (a) Shen in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB585,000,000;
- (b) Li in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB282,000,000;

- (c) Xue in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB188,000,000; and
- (d) Ge in respect of her liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB118,000,000;

each of the above paragraphs (a) to (d) assuming that the Proposed Grantees has not exercised the respective share options granted to each of them after the completion of the ESOP Restructuring;

- (e) Shen in respect of his liabilities under all Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB588,000,000;
- (f) Li in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB438,000,000;
- (g) Xue in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB171,000,000; and
- (h) Ge in respect of her liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB107,000,000;

each of the above paragraphs (e) to (h) shall apply when each of the Proposed Grantees has exercised all the respective share options granted to each of them after completion of the ESOP Restructuring and that all of the Proposed Grantees have been allotted and issued their respective ESOP Shares.

## **INFORMATION OF VBILL (CAYMAN) GROUP**

### **VBill (Cayman) Group Companies**

VBill (Cayman) is an exempted company incorporated in the Cayman Islands on 5 December 2018 with limited liability. As at the date of this announcement, 10,000 VBill Shares have been issued. VBill (Cayman) is an investment holding company.

VBill (BVI) is a company incorporated in BVI on 21 December 2018 with limited liability with authorised share capital of US\$50,000 of par value US1.00 each share. VBill (BVI) shall become a direct wholly-owned subsidiary of VBill (Cayman). VBill (BVI) is an investment holding company.

VBill (HK) is a company incorporated in Hong Kong on 8 January 2019 with limited liability and shall become a direct wholly-owned subsidiary of VBill (BVI). VBill (HK) is an investment holding company.

WFOE will be a wholly foreign owned enterprise incorporated in the PRC. The WFOE will be directly wholly-owned by VBill (HK) after the Restructuring and immediately before the First Capital Increase Completion.

Chongqing JIM is company incorporated under the laws of the PRC with limited liability on 4 June 2002. As at the date of this announcement, its registered capital is RMB10,000,000 which has been fully paid up. Its registered shareholders are Zhou (60%) and Na (40%).

Chongqing JIM holds 80.04% equity interest in VBill OPCO, while VBill OPCO holds the ICP License. Since 28 May 2010, a contractual arrangement was adopted by the Company in the above businesses as value-added telecommunication business has been restrictive to foreign direct investment under the PRC law (being that foreign shareholding must not exceed 50%). The contractual arrangement has been made between Chongqing JIM, Zhou and Na and Shanghai JIM (a wholly-foreign owned enterprise which is an indirect wholly-owned subsidiary of the Group), which allows the Group, through Shanghai JIM and the Existing JIM Control Documents, to exercise full control and enjoy all the economic benefits generated from Chongqing JIM. The contractual arrangements also allow the Company to control and enjoy economic benefits generated from VBill OPCO through Chongqing JIM's 80.04% equity interest in VBill OPCO. As a result, Chongqing JIM and its subsidiaries (being Hunan Yunrong and VBill OPCO, and their respective subsidiaries) are accounted for as subsidiaries of the Company. Further details of the Existing JIM Control Documents are disclosed in the Company's annual report.

Pursuant to the Subscription Agreement, Chongqing JIM will transfer its 100% equity interest in Hunan Yunrong to the Company or a party designated by the Company as part of the Restructuring. Therefore, Hunan Yunrong and its subsidiaries will not be the subject of the Deemed Disposal.

The VBill Group is principally engaged in (i) payment processing; (ii) consumer financing and (iii) supply chain financing.

VBill OPCO is a company incorporated under the laws of the PRC with limited liability on 29 July 2011 and is principally engaged in the provision of face-to-face payment processing solutions for consumers and small sized merchants in the PRC. As at the date of this announcement, its registered capital is RMB199,900,000 which has been fully paid up by Chongqing JIM (80.04%), Shen (9.96%), Li (4.80%), Xue (3.20%) and Ge (2.00%). As disclosed in the announcement of the Company dated 15 January 2018 and the circular of the Company dated 19 January 2018, a share option scheme which complies with Chapter 17 of the Listing Rules has been adopted, under which (as disclosed in the paragraph headed "PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – Relationship between the parties" above) Shen, Li and Guo have been granted options to subscribe for a total of 12% of the enlarged registered capital of VBill OPCO (on a fully diluted basis assuming its registered capital remains unchanged from the date of grant to the date of exercise of all options in full). As of the date of this announcement, all such options remain outstanding and in effect, however, the said share option scheme and the outstanding options will be cancelled upon completion of ESOP Restructuring.

As at the date of this announcement, VBill OPCO has 7 wholly-owned subsidiaries, being:

- (1) 北京隨信雲鏈科技有限公司 (unofficial English translation being Beijing Sui Xin Yunlian Technology Co. Ltd. (“**Beijing Yunlian**”), which is principally engaged in the provision of supply chain financial services and technology for financial institutions and merchants in the PRC.
- (2) 隨行付(北京)金融信息服務有限公司 (unofficial English translation being VBill (Beijing) Financial Information Service Co. Ltd. (“**Beijing Finance**”)) which is principally engaged in the provision of financial information services such as customer referral services and credit checks services in the PRC.
- (3) 南昌市宏恒技術開發有限公司 (unofficial English translation being Nanchang Hongheng Technology Development Co., Ltd. (“**Nanchang Hongheng**”)) which is principally engaged in the development of finance related technology in the PRC.
- (4) 南昌隨行付網絡小額貸款有限公司 (unofficial English translation being Nanchang VBill Internet Micro-Credit Co. Ltd. (“**Nanchang Credit**”)) which is principally engaged in online and offline small loan business in the PRC.
- (5) 北京銀企融合技術開發有限公司 (unofficial English translation being Beijing Bank & Enterprise Integration Technology Development Co. Ltd. (“**Beijing Technology**”)) which is principally engaged in the provision of payment related system integrated services in the PRC.
- (6) 北京隨行付商業保理有限公司 (unofficial English translation being Beijing VBill Commercial Factoring Co. Ltd. (“**Beijing Factoring**”)) which is principally engaged in the provision of commercial factoring services in the PRC.
- (7) 重慶鑫聯隨行付科技有限公司 (unofficial English translation being Chongqing Xinlian Technology Co. Ltd.” (“**CQ XLM**”)) which is newly incorporated and will principally be engaged in recommending payment or financial products to customers and merchants in the PRC.

### **Financial information of VBill (Cayman) Group**

VBill (Cayman), VBill (BVI) and VBill (HK) are companies newly incorporated in December 2018 or January 2019 at nominal consideration and have not started any business. Therefore, no financial information is available for the said companies.

Certain audited financial information of Chongqing JIM for the two years ended 31 December 2016 and 2017 and prepared in accordance with PRC GAAP are as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	34,641	33,184
Profit before tax	3,052	2,041
Profit after tax	3,052	2,041

The unaudited total asset value and net liability value of Chongqing JIM as at 30 November 2018 is approximately RMB214,475,000 and RMB9,448,000 respectively.

### **Subsequent arrangements relating to Chongqing JIM**

Pursuant to the Subscription Agreement, the parties agree that:

- (a) all the profits and losses generated by Chongqing JIM arising from and including the date of incorporation of Chongqing JIM shall be allocated to and enjoyed by the Company; and
- (b) any assets (excluding any shares or equity in VBill OPCO held by Chongqing JIM from time to time), obligation or liability of Chongqing JIM arising from and including the date of incorporation of Chongqing JIM shall be borne and incurred by the Company,

provided that the parties agree and acknowledge, and undertake to do all things and take all actions to ensure that, any profit, loss, obligation and/or liability of Chongqing JIM generated or arising after the First Capital Increase Completion Date under the express direction of, or expressly approved and authorised by, each of the Investor and the Management Shareholders and agreed by the Company after the First Capital Increase Completion Date shall be allocated to, enjoyed by and/or borne by (as applicable) VBill (Cayman) Group.

- (c) the Company undertakes to procure that all indebtedness, loans or borrowings advanced to Chongqing JIM from the Group will be settled, eliminated, cancelled or waived by the Group within two (2) years from the Second Capital Increase Completion Date, at the cost of the Company and without any residual liability on VBill (Cayman) Group.

Certain audited consolidated financial information of VBill OPCO for the two years ended 31 December 2016 and 2017 and prepared in accordance with HKFRS are as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2016</b>
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Revenue	1,702,219	885,700
Profit before tax	224,557	149,905
Profit after tax	190,104	133,463

The consolidated unaudited total asset value and net asset value of VBill OPCO as at 30 November 2018 is approximately RMB2,474,392,000 and RMB910,629,000 respectively.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company and its subsidiaries are principally engaged in provision of payment processing solutions, provision of financial solutions, sales of electronic power meters and solutions, sales of information security chips and solutions and provision of platform operation solutions.

## **REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL AND THE GRANT OF THE PUT OPTION**

As disclosed in the annual report of the Company for the year ended 31 December 2017, the payment processing solutions business segment of the Group (i.e. the business segment that will be carried out by VBill (Cayman) Group) has continued to grow with the accumulated number of active domestic merchants reaching 2.5 million and the annual transaction volume exceeding RMB1,100 billion. The VBill Group has also commenced its internet payment business in the second half of 2017 which has achieved an annual transaction size of over RMB13 billion. The VBill Group has launched the “smart payment platform”, an integration of various payment methods, such as “UnionPay QuickPass”, “WeChat Pay”, “Alipay” and bank cards, and various terminals ranging from traditional POS, MPOS to APP Cashier, card accepting facilities, easy codescanning terminals. In June 2017, the VBill Group successfully passed the review of the People’s Bank of China, and renewed the licenses for bank card acquiring, internet payment and mobile payment until June 2022. While the VBill Group was advancing the early settlement services based on merchants, the VBill Group obtained the “internet micro-lending license” in September 2017, allowing it to commence lending business for online merchants and individuals.

The Directors are of the view that the proposed issue of the Subscription Shares by VBill (Cayman) to the Investor offers a good opportunity to VBill (Cayman) Group as it will provide funding for further expansion of VBill (Cayman) Group's business, thereby reinforcing VBill (Cayman) Group's comprehensive strength and growth potential. Besides, the introduction of the Investor is expected to bring strategic benefit to VBill (Cayman) Group. Through establishing and enhancing the cooperative relationship between the Company and the Investor, whose ultimate beneficial owner is a reputable private fund, such relationship is expected to benefit the VBill (Cayman) Group as it would allow the VBill (Cayman) Group to leverage on the experience and reputation of such reputable private fund to further develop its business network and to create future funding opportunity.

## **APPROVAL OF THE BOARD**

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement (including the ancillary agreements to the Subscription Agreement) are fair and reasonable and are on normal commercial terms or better, and the entering into of the Subscription Agreement and the Deemed Disposal contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

## **SIDE LETTER**

On the date of the Subscription Agreement, the Investor and the Management Shareholders also entered into the Side Letter to agree on the key terms in relation to the Investor's earn-out and the exit bonus of the Management Shareholders under certain circumstances. If the actual pre-money valuation of VBill (Cayman) Group in Qualified IPO is less than VBill (Cayman) pre-money valuation (which is calculated based on an expected IRR of 25% to the Investor up to 4.5 years after the First Capital Increase Completion Date), the Management Shareholders shall in aggregate transfer a maximum of up to 3% of interest in VBill (Cayman) held by them (the "**Adjustment Shares**") in VBill (Cayman) to the Investor (such event is referred to as the "**Investor's Earn-Out**"). On the other hand, in case there occurs a Qualified IPO and the Investor ceases to hold any VBill Shares within 5 years after the First Capital Increase Completion Date, the Investor shall pay to each Management Shareholder a bonus amount if the actual investment return in VBill (Cayman) of the Investor is greater than 25% (but capped at 35%) (such event is referred to as the "**Exit Bonus of Management Shareholders**"). The Exit Bonus of Management Shareholders will be equal to 20-30% of the Investor's actual investment return (capped at an IRR of 35%) in excess of the amount achieving an IRR of 25%. The Investor has to pay the entire Exit Bonus of Management Shareholders if the Investor ceases to hold any VBill Shares within 5 years after the date of closing of the Qualified IPO. The Investor has to pay the corresponding Exit Bonus of Management Shareholders if the Investor completes the sale of at least 80% of the VBill Shares within 5 years after the date of closing of the Qualified IPO, subject to adjustments upon the 100% sales of the VBill Shares.

If the Investor transfers any of its VBill Shares pursuant to the Shareholders' Agreement to a Third Party Purchaser (other than a Permitted Transfer) prior to the date of closing of the Qualified IPO, then the number of Adjustment Shares shall be further adjusted.

None of the members of VBill (Cayman) Group nor the Group is a party to the Side Letter.

## **FINANCIAL EFFECT OF THE DEEMED DISPOSAL AND USE OF PROCEEDS**

Upon the First Capital Increase Completion, the Group's interests in VBill OPCO will be diluted from 80.04% to approximately 71.07% but VBill OPCO will continue to be a subsidiary of the Group. Upon the Second Capital Increase Completion, the Group's interests in VBill OPCO will be further diluted from 71.07% to a maximum of 68.03%. The maximum gross proceeds from the Deemed Disposal will be RMB588,000,000, subject to adjustments under the Transaction Documents, which is intended to be applied as general working capital of VBill (Cayman) Group for overseas business expansion and additional resources on risk control technology input. In addition, the initial grant of the Put Option and the Deemed Disposal will be accounted for as equity transactions and is not expected to lead to any material gain or loss to the Group.

The expenses of the Group may also increase as a result of the Investor's Earn-Out and the Exit Bonus of the Management Shareholders, with a corresponding increase in total equity of the Group. Nevertheless, Shareholders should note that the exact financial effect of the Deemed Disposal, the grant of the Put Option, the Investor's Earn-Out and the Exit Bonus of Management Shareholders to the Group is subject to the review and approval of the auditors of the Company.

## **THE CONTRACTUAL ARRANGEMENTS**

As part of the Restructuring and a condition precedent to the First Capital Increase Completion, (i) the registered shareholders of Chongqing JIM, the WFOE and Chongqing JIM (as applicable) will enter into the New JIM Control Documents on the First Capital Increase Completion Date (upon which the Existing JIM Control Documents will be terminated); and (ii) the registered shareholders of VBill OPCO, the WFOE and VBill OPCO (as applicable) will enter into the VBill Control Documents on the First Capital Increase Completion Date.

Since each of Zhou and Na (registered shareholders of Chongqing JIM), Shen, Li, Xue and Ge (registered shareholders of VBill OPCO) are connected persons of the Company at subsidiary level, the transactions contemplated under the New JIM Control Documents and VBill Control Documents respectively will constitute connected transactions and continuing connected transactions under Chapter 14A of the Listing Rules. The Company will apply to the Stock Exchange for a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) fixing the term of the New JIM Control Documents and VBill Control Documents 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 (x) the services fees payable by Chongqing JIM to the WFOE and the amount of loans to be made available by the WFOE to Chongqing JIM (as contemplated under the New JIM Control Documents), and (y) the services fees payable by VBill OPCO to the WFOE and the amount of loans to be made available by the WFOE to VBill OPCO (as contemplated under the VBill Control Documents). The Company will appoint an independent financial adviser to advise the independent board committee to be constituted by the Board as to the relevant issues under Chapter 14A of the Listing Rules.



A summary of the terms of the New Control Documents, the background of the New Control Documents, the risk factors involved in adopting the contractual arrangements, together with other information required to be disclosed under the Listing Rules will be announced by the Company in separate announcement.

In view of the entering into of the VBill Control Documents, the covenants given by the Management Shareholders in favour of Chongqing JIM as contained in the 2014 Share Option Agreement are no longer applicable. Therefore, as part of the Restructuring, the 2014 Share Option Agreement will be terminated.

### **(3) IMPLICATIONS UNDER THE LISTING RULES**

#### **(i) The Subscription Agreement and the Deemed Disposal**

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Listing Rules in respect of the Deemed Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. However, as the grant of Put Option constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules, the Company will convene the SGM for the Shareholders to consider, and if appropriate, approve the transactions contemplated in the Transaction Documents.

Due to the relationship between the parties disclosed in this announcement, each of Shen, Li, Xue and Ge (i.e. the Management Shareholders, together with Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco which is respectively an associate of Shen, Li, Xue and Ge) is a connected person of the Company at subsidiary level. The entering into of the Subscription Agreement between the Company and the Management Shareholders, and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

#### **(ii) The Put Option**

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Listing Rules in respect of the grant and exercise of the Put Option (the exercise of which is not at the discretion of the Company) exceeds 25% but all applicable percentage ratios are less than 75%, the grant and the exercise of the Put Option constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will convene the SGM for the Shareholders to consider, and if appropriate, approve the grant of the Put Option.

#### (4) GENERAL

The SGM will be convened for the purposes of, among other matters, considering, and if thought fit, approving the transactions contemplated in the Transaction Documents (including the grant of the Put Option).

A circular containing, among other things, (i) details of the Subscription Agreement, the Put Option and the contractual arrangements; (ii) a letter of advice from the independent financial adviser in relation to the duration and annual cap of the New JIM Control Documents and the VBill Control Documents, (iii) other information of VBill (Cayman) Group and the Group and (iv) the notice convening the SGM and a form of proxy will be despatched to the Shareholders on or before 30 April 2019 as more time is required for preparing the information to be included in the circular.

**Completion of the Subscription Agreement, the Deemed Disposal, the grant of Put Option and other transactions contemplated under the Subscription Agreement and the ancillary agreements thereto may or may not proceed as they are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

#### DEFINITIONS

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

“2014 Share Option Agreement”	the options agreement dated 3 January 2014 entered into between VBill OPCO, Chongqing JIM and the Management Shareholders, further details of which are set out in the circular of the Company dated 28 January 2014
“Actual Net Profit Figure”	the actual consolidated net profit of VBill OPCO as set out in the audited consolidated financial information of VBill OPCO for the year ended 31 December 2018 as adjusted by adding back the fees, costs and expenses incurred by VBill in relation to the grant or exercise of share options pursuant to the Existing ESOP
“Additional Issuance”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Additional Issuance Shares”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Additional Subscription Shares”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement

“Adjustment Shares”	has the meaning given to it in the section headed “SIDE LETTER” of this announcement
“Agreed Exchange Rate”	RMB1.0:USD0.1475 (or USD1.0:RMB6.7819 (as applicable))
“Agreement of Pledge”	the agreement on pledge of receivables and guarantee to be entered into between EQT, VBill (Cayman) and the WFOE
“Beijing Factoring”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Beijing Finance”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Beijing Technology”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Beijing Yunlian”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Board”	the board of Directors
“Breach of Non-compete Undertakings Event”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday) on which banks in the Cayman Islands, the BVI, Bermuda, Hong Kong and the PRC are open for the transaction of normal business
“BVI”	the British Virgin Islands
“Chongqing JIM”	Chongqing JIM Mobile Business Co., Ltd (重慶結行移動商務有限公司)
“Chongqing JIM Contracts”	such subcontracting or service contracts to be entered into between Chongqing JIM and a member of the Group
“Circular 37”	the Notice on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles issued by SAFE with effect from July 14, 2014, and any applicable laws of the PRC in force from time to time which operate to restate, amend or repeal the aforesaid Circular 37 or any part thereof

“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange (Stock Code: 818)
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“contractual arrangements”	the contractual arrangements under the Existing JIM Control Documents and the New Control Documents, as the case may be, using the VIE structure
“Controlling Group” or “Controlling Group Members”	the Management Shareholders and the Company, and “Controlling Group Member” means any one of them
“CQ XLM”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Deemed Disposal”	the deemed disposal of a maximum of 12.01% issued share capital of VBill (Cayman) by the Company as contemplated under the Subscription Agreement
“Defaulting Party”	a party who is in default
“Director(s)”	the director(s) of the Company
“Disposal of VBill Shares”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Down Round Consideration Per Share”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“EQT”	EQT Holdings AB and/or the general partners and managers of the various EQT branded funds (as the context requires)

“EQT MM Asia Fund”	EQT Mid Market Asia III, comprising EQT Mid Market Asia III Limited Partnership, a limited partnership under the laws of England and Wales, having its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with Companies House under number LP017107, acting by its general partner, EQT Mid Market Asia III GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with the commercial register of the Chambers of Commerce under number 64683869, being the ultimate beneficial owner and controller of the Investor
“EQT Partners”	EQT Partners AB and certain of its subsidiaries which act as investment advisers to EQT
“ESOP Restructuring”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement
“ESOP Shares”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement
“Existing ESOP”	the share option scheme of VBill OPCO which was approved and adopted at the special general meeting of the Company held on 5 February 2018, the detailed terms and conditions of which are contained in the announcement of the Company dated 15 January 2018 and the circular of the Company dated 19 January 2018

“Existing JIM Control Documents”	the following contracts collectively: (i) the cooperation framework agreement dated 28 May 2010 by and among Shanghai JIM, Chongqing JIM, Zhou and Na, (ii) the management consulting service agreement dated 28 May 2010 by and between Shanghai JIM and Chongqing JIM, (iii) the intangible asset agreement dated 28 May 2010 by and between Shanghai JIM and Chongqing JIM, (iv) the technology license agreement dated 28 May 2010 by and between Shanghai JIM (as the licensor) and Chongqing JIM (as the licensee), (v) the technology license agreement dated 28 May 2010 by and between Chongqing JIM (as the licensor) and Shanghai JIM (as the licensee), (vi) the exclusive option agreement dated 28 May 2010 by and among Shanghai JIM, Chongqing JIM, Zhou and Na, (vii) the equity interest pledge agreement dated 28 May 2010 by and between Shanghai JIM and each of Zhou and Na, (viii) the loan agreement dated 28 May 2010 by and between Shanghai JIM and each of Zhou and Na respectively, (ix) the power of attorney issued by each of Zhou and Na to Shanghai JIM on 28 May 2010
“Exit”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Exit Bonus of Management Shareholders”	has the meaning given to it in the section headed “SIDE LETTER” of this announcement
“Fair Market Value”	the fair market value of the Transfer Shares as at the date of the Transfer Notice to be agreed between the Defaulting Management Shareholder and the Investor, failing which it shall be determined by an independent expert
“Final Shareholding Percentage”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement
“First Capital Increase Completion”	completion of the First Capital Subscription in accordance with the Subscription Agreement
“First Capital Increase Completion Date”	the date on which the First Capital Increase Completion takes place
“First Capital Increase Subscription Price”	the subscription price payable by the Investor for the Subscription Shares in the amount of RMB378,000,000
“First Capital Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the Subscription Agreement

“Ge”	Ms. Ge Xiaoxia, a PRC national
“Ge Holdco”	Just Pay Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Ge
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Guo”	Mr. Guo Yi, a PRC national
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards as applicable from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Yunrong”	湖南雲融信息技術有限公司 (unofficial English translation for identification purpose only, being Hunan Yunrong Information Technology Co., Ltd.), a company incorporated in the PRC with limited liability
“ICP Licence”	Internet Content Provider License (電信與信息服務業務經營許可證) issued by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) to permit websites based in PRC to operate in the PRC
“Indemnity Claims”	certain indemnities given in favour of the Investor under the Subscription Agreement which relates to (among other things) tax liability, the contractual arrangements under the Existing JIM Control Documents and the New Control Documents
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Investor”	ELECTRUM B.V., a <i>besloten vennootschap</i> incorporated in the Netherlands
“Investor Issuance Price”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Investor’s Earn-Out”	has the meaning given to it in the section headed “SIDE LETTER” of this announcement

“IRR”	the annual rate based on a 365-day period used to discount all the relevant cash flows to the First Capital Increase Completion Date such that the net present value of such aggregate cash flows equals zero, and all fees, costs, expenses and taxes incurred and paid by the Investor or its affiliates shall be taken into account when determining such internal rate of return
“JIM Confirmation and Guarantee Letter”	the confirmation and guarantee letter to be entered into by and among each registered shareholder of Chongqing JIM
“JIM Equity Interest Pledge Agreement”	the equity interest pledge agreement to be entered into by and among WFOE, Chongqing JIM and each registered shareholder of Chongqing JIM
“JIM Exclusive Option Agreement”	the exclusive option agreement to be entered into by and among WFOE, Chongqing JIM and each registered shareholder of Chongqing JIM
“JIM Master Exclusive Service Agreement”	the master exclusive service agreement to be entered into by and between WFOE and Chongqing JIM
“JIM Proxy Agreement and Power of Attorney”	the proxy agreement and power of attorney to be entered into by and among WFOE, Chongqing JIM and each registered shareholder of Chongqing JIM
“JIM Spousal Consent”	the spousal consent to be given by the spouse of each registered shareholder of Chongqing JIM (if applicable)
“Li”	Mr. Li Huimin, a PRC national
“Li Holdco”	Kapok Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Li
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-Up Period”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Longstop Date”	30 June 2019 (or such other date as may be agreed among the parties to the Subscription Agreement)
“Management Shareholders”	Shen, Li, Xue and Ge collectively
“Management Shareholders Holdcos”	Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco collectively



“Material Adverse Change”	any change, effect, event, occurrence or state of facts which results, or is likely to result, in a material adverse change to the financial, legal or business condition of the companies in the existing Group
“Maximum Put Price Amount”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Maximum Subscription Price”	the maximum aggregate subscription price payable by the Investor under the First Capital Subscription and the Second Capital Subscription, being RMB588,000,000
“Na”	Mr. Na Wei, a PRC national
“Nanchang Credit”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“Nanchang Hongheng”	has the meaning given to it in the section headed “INFORMATION OF VBILL (CAYMAN) GROUP” of this announcement
“New Control Documents”	collectively, the New JIM Control Documents and the VBill Control Documents
“New JIM Control Documents”	the following contracts collectively: (i) the JIM Master Exclusive Service Agreement, (ii) the JIM Business Cooperation Agreement, (iii) the JIM Exclusive Option Agreement, (iv) the JIM Proxy Agreement and Power of Attorney, (v) the JIM Equity Interest Pledge Agreement, (vi) the JIM Confirmation and Guarantee Letter, and (vii) the JIM Spousal Consent
“New Securities”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Payment Business License”	any payment business licence (支付業務許可證) held by any VBill (Cayman) Group Company from time to time in respect of any province of the PRC
“Permitted Transfer”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“PRC GAAP”	PRC Generally Accepted Accounting Principles

“Proposed Grantees”	Shen, Li and Guo, to whom certain options for subscription of equity interests in VBill OPCO were granted and outstanding under the Existing ESOP
“Put Notice”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Put Option”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Put Option Completion Date”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Put Price”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Qualified IPO”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Relevant Investor’s Shares”	has the meaning given to it under the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Restructuring”	the restructuring of the existing group of companies comprising Chongqing JIM, VBill OPCO and its subsidiaries before the First Capital Increase Completion, a summary of which is set out in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The First Capital Subscription” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“ROFR Acceptance Notice”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Acceptance Period”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Offer”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement

“ROFR Offer Price”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Recipient Shareholder”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Shares”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Trigger Notice”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“ROFR Trigger Shareholder”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“SAFE”	the State Administration of Foreign Exchange of the PRC ( 中華人民共和國國家外匯管理局 )
“Second Capital Increase Completion”	completion of the Second Capital Subscription in accordance with the Subscription Agreement
“Second Capital Increase Completion Date”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement
“Second Capital Increase Subscription Price”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The Second Capital Subscription” of this announcement
“Second Capital Subscription”	the allotment and issue of the Additional Subscription Shares by VBill (Cayman) to the Investor, or the payment of the Second Capital Increase Subscription Price by the Investor to VBill (Cayman) (as applicable) pursuant to the terms and conditions of the Subscription Agreement
“Secured Obligations”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement

“SGM”	a special general meeting to be convened for the purposes of, among other matters, considering, and if thought fit, approving the transactions contemplated in the Transaction Documents (including the grant of the Put Option)
“Shanghai JIM”	結行信息技術(上海)有限公司(unofficial English translation for identification purpose only, being JIM Information Technology (Shanghai) Co., Ltd.)
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into on the date of the First Capital Increase Completion by and among the Management Shareholders, the Management Shareholders Holdcos, the Company, the Investor, VBill (Cayman), WFOE and VBill OPCO
“Shen”	Mr. Shen Zheng, a PRC national
“Shen Holdco”	Delia and Grace Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Shen
“Side Letter”	a side letter in relation to Investor Earn-out and Exit Bonus of Management Shareholders dated 12 February 2019 and entered into between the Investor, the Management Shareholders Holdcos and the Management Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement entered into by and among VBill (Cayman), the Company, the Management Shareholders, the Investor and VBill OPCO on 12 February 2019 in relation to the subscription of VBill Shares by the Investor
“Subscription Shares”	the VBill Shares to be issued and allotted by VBill (Cayman) to the Investor at the First Capital Increase Completion pursuant to the Subscription Agreement
“Surviving Provisions”	has the meaning given to it in the section headed “(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT – The First Capital Subscription” of this announcement
“Tag Notice”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Tag Trigger Shareholder”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement

“Tagged Shares”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Target Net Profit Figure”	being the amount of RMB420,000,000
“Third Party Purchaser”	any prospective bona fide third party purchaser of the VBill Shares in an arm’s length transaction that is not an affiliate of such VBill (Cayman) Shareholder
“Transaction Documents”	the Subscription Agreement, the Shareholders’ Agreement, the Agreement of Pledge, the New Control Documents, and any other document or agreement in connection with the transaction contemplated therein
“Transfer Notice”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“Transfer Shares”	has the meaning given to it in the section headed “(2) MAJOR TRANSACTION – GRANT OF THE PUT OPTION – Shareholders’ Agreement” of this announcement
“VBill (BVI)”	VBill Technology Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of VBill (Cayman)
“VBill (Cayman)”	VBill Limited, a company incorporated in the Cayman Islands with limited liability
“VBill (Cayman) Group”	collectively VBill (Cayman), VBill (BVI), VBill (HK), WFOE, Chongqing JIM, VBill OPCO and their respective subsidiaries from time to time, and “VBill (Cayman) Group Company” shall mean any of them
“VBill (Cayman) Shareholders”	shareholders of VBill (Cayman) from time to time
“VBill (HK)”	VBill HK Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of VBill (BVI)
“VBill Business Cooperation Agreement”	the business cooperation agreement to be entered into by and among WFOE, VBill OPCO and each registered shareholder of VBill OPCO
“VBill Confirmation and Guarantee Letter”	the confirmation and guarantee letter to be executed by each registered shareholder of VBill OPCO

“VBill Control Documents”	the following contracts collectively: (i) the VBill Master Exclusive Service Agreement, (ii) the VBill Business Cooperation Agreement, (iii) the VBill Exclusive Option Agreement, (iv) the VBill Proxy Agreement and Power of Attorney, (v) the VBill Equity Interest Pledge Agreement, (vi) the VBill Confirmation and Guarantee Letter, and (vii) the VBill Spousal Consents
“VBill Equity Interest Pledge Agreement”	the equity interest pledge agreement to be entered into by and among WFOE, VBill OPCO and each registered shareholder of VBill OPCO
“VBill Exclusive Option Agreement”	the exclusive option agreement to be entered into by and among WFOE, VBill OPCO and each registered shareholder of VBill OPCO
“VBill Group”	VBill OPCO and its subsidiaries from time to time to be controlled by WFOE through the New Control Documents
“VBill Master Exclusive Service Agreement”	the master exclusive service agreement to be entered into by and between WFOE and VBill OPCO
“VBill OPCO”	隨行付支付有限公司 (unofficial English translation for identification purpose only, being VBill Payment Co. Ltd.), a limited liability company incorporated in the PRC which is accounted for as a 80.04% owned subsidiary of the Company as at the date of this announcement
“VBill Proxy Agreement and Power of Attorney”	the proxy agreement and power of attorney to be entered into by and among WFOE, VBill OPCO and each registered shareholder of VBill OPCO
“VBill Shares”	ordinary shares of par value US\$1 each in the capital of VBill (Cayman) issued and outstanding from time to time
“VBill Spousal Consents”	the spousal consent to be given by the spouse of each registered shareholder of VBill OPCO (if applicable)
“VIE”	variable interest entity, being an entity (the investee) in which the investor holds a controlling interest that is not based on the majority of voting rights
“Xue”	Mr. Xue Guangyu, a PRC national
“Xue Holdco”	Yuteng Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Xue

“US\$”	United States dollars, the lawful currency of the United States of America
“Warranty Claim”	a claim by the Investor in respect of certain representations and warranties given by VBill OPCO, VBill (Cayman), the Management Shareholders and the Company under the Subscription Agreement
“WFOE”	a wholly-foreign owned enterprise to be incorporated by and wholly-owned by VBill (HK) in accordance with the laws of the PRC
“Zhou”	Mr. Zhou Jianhong, a PRC national
“%”	per cent.

By order of the Board  
**HI SUN TECHNOLOGY (CHINA) LIMITED**  
**Li Wenjin**  
*Executive Director*

12 February 2019

*As at the date of this announcement, the Board consists of five executive Directors, namely, Mr. Cheung Yuk Fung, Mr. Kui Man Chun, Mr. Xu Wensheng, Mr. Li Wenjin and Mr. Xu Chang Jun; three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Chang Kai-Tzung, Richard.*

\* *For identification purposes only*