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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS: VIE RESTRUCTURING

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS – YUNRONG RESTRUCTURING

On 21 May 2019, after trading hours, the Group implemented the Yunrong Restructuring, where:

- (i) Zhang, Wei, Chongqing JIM and Hunan Yunrong entered into the Yunrong Equity Transfer Agreement;
- (ii) Beijing Hi Sunray, Zhang and Wei entered into the Yunrong Loan Agreement; and
- (iii) Beijing Hi Sunray, Hunan Yunrong, Zhang and Wei entered into the Yunrong Control Documents.

Pursuant to the Yunrong Equity Transfer Agreement, Chongqing JIM has agreed to transfer 100% of equity interest it held in Hunan Yunrong to Zhang (70%) and Wei (30%) at the respective consideration of RMB7 million and RMB3 million. Pursuant to the Yunrong Loan Agreement, Beijing Hi Sunray, as the lender, has agreed to lend to Zhang and Wei amounts of RMB7 million and RMB3 million for settlement of the consideration respectively payable by Zhang and Wei to Chongqing JIM under the Yunrong Equity Transfer Agreement.

* For identification purpose only

On the date of the Equity Transfer Completion, the Yunrong Control Documents shall take effect, so that Beijing Hi Sunray will contractually control 100% equity interest and the management of Hunan Yunrong. Immediately before the Yunrong Restructuring, Hunan Yunrong was a wholly-owned subsidiary of Chongqing JIM and was accounted for as a wholly-owned subsidiary of the Company. Given that pursuant to the Subscription Agreement, Hunan Yunrong will not be the subject of the Deemed Disposal, the Group implements the Yunrong Restructuring so that Hunan Yunrong is controlled by another wholly-owned subsidiary of the Group through the Yunrong Control Documents. Therefore, immediately before and after the Yunrong Restructuring, there is no change to the Group's effective interest in Hunan Yunrong and Hunan Yunrong continues to be accounted for as a wholly-owned subsidiary of the Company.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS – CHONGQING JIM VIE RESTRUCTURING

On 21 May 2019, after trading hours, the Group implemented the Chongqing JIM VIE Restructuring, where:

- (i) Chongqing JIM, VBill OPCO, Zhou, Na and each of the Management Shareholders entered into the Share Swap Agreement;
- (ii) WFOE, Chongqing JIM, Zhou, Na and each of the Management Shareholders entered into the New JIM Control Documents;
- (iii) the parties to the Existing JIM Control Documents entered into the Existing JIM VIE Termination Agreement; and
- (iv) the Company acquired 80.04% of VBill (Cayman) from the Management Shareholders Holdcos at nominal consideration.

Pursuant to the Share Swap Agreement, each of the Management Shareholders will transfer all the equity interests they respectively hold in VBill OPCO, representing an aggregate of 19.96% equity interest in VBill OPCO, to Chongqing JIM. As consideration for the transfer of VBill OPCO equity interests, Chongqing JIM will increase its registered capital in the amount of RMB526,300 (representing an aggregate of approximately 5.00% of its enlarged registered capital after the capital increase), which shall be registered under the names of the Management Shareholders, details of which are set out more particularly in this announcement.

On the date of the Share Swap Completion, the New JIM Control Documents will take effect, and the WFOE will contractually control 100% equity interest and the management of Chongqing JIM (and VBill OPCO).

Immediately after completion of the Chongqing JIM VIE Restructuring, the Group's effective interest in Chongqing JIM will decrease from 100% to 80.04%, but there is no change to the Group's effective interest in VBill OPCO, which is 80.04%.

IMPLICATIONS UNDER THE LISTING RULES

Yunrong Restructuring

Each of Zhang and Wei is a director of certain subsidiaries of the Company and hence each of Zhang and Wei is a connected person of the Company at subsidiary level. Therefore, the transactions contemplated under the Yunrong Restructuring constitute connected transactions and/or continuing connected transactions at subsidiary level 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.

Chongqing JIM VIE Restructuring and acquisition of VBill Shares

Each of the Management Shareholders (registered shareholders of VBill OPCO) and each of the Management Shareholders Holdcos is a connected person of the Company at subsidiary level. Each of Zhou and Na (registered shareholders of Chongqing JIM) is a director of certain insignificant subsidiaries of the Company. When the exception of Rule 14A.09 does not apply, each of Zhou and Na will become a connected person of the Company at subsidiary level. Therefore, the transactions contemplated under the Chongqing JIM VIE Restructuring constitute connected transactions and/or continuing connected transactions at subsidiary level 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.

APPLICATION FOR AND GRANT OF WAIVER

The Company has applied for, and the Stock Exchange has granted a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) fixing the term of the Yunrong Control Documents and New JIM 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 Hunan Yunrong to Beijing Hi Sunray and the amount of loans to be made available by Beijing Hi Sunray to Hunan Yunrong (as contemplated under the Yunrong Control Documents), and (y) 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). The waiver is subject to the conditions as set out more particularly in this announcement.

INTRODUCTION

Reference is made to the announcement (“**SA Announcement**”) of the Company dated 12 February 2019 as supplemented by the announcement (“**Supplemental Announcement**”) of the Company dated 21 May 2019. Unless otherwise defined herein, capitalised terms used herein shall have the same meaning as ascribed to them in the SA Announcement or the Supplemental Announcement, as the case may be.

As part of the Restructuring and a condition precedent to Completion, on 21 May 2019, after trading hours, the Group implemented the VIE restructuring (“**VIE Restructuring**”), which consists of (1) the restructuring concerning the group of companies comprising Hunan Yunrong and its subsidiaries (“**Yunrong Group**”) (“**Yunrong Restructuring**”); (2) the restructuring concerning Chongqing JIM, the VBill Group and VBill (Cayman) (“**Chongqing JIM VIE Restructuring**”). The principal terms of the relevant transaction agreements are as follows.

A. THE YUNRONG RESTRUCTURING

The Yunrong Restructuring involves (1) the signing of an agreement between Mr. Zhang Yonggang (“**Zhang**”), Mr. Wei Mingliang (“**Wei**”), Chongqing JIM and Hunan Yunrong for the transfer of the equity interests of Hunan Yunrong (“**Yunrong Equity Transfer Agreement**”), (2) the signing of an agreement between Zhang and Wei and 北京高陽聖思園信息技術有限公司 (unofficial English translation being Beijing Hi Sunray Information Technology Limited) (“**Beijing Hi Sunray**”) for the grant of a loan by Beijing Hi Sunray to Zhang and Wei (“**Yunrong Loan Agreement**”), and (3) the signing of a series of agreements by and among Beijing Hi Sunray, Hunan Yunrong and its registered shareholders (“**Yunrong Control Documents**”).

(1) Yunrong Equity Transfer Agreement

Date

21 May 2019

Parties

Purchasers: Zhang and Wei

Vendor: Chongqing JIM

Target: Hunan Yunrong

Subject matter and consideration

Pursuant to the Yunrong Equity Transfer Agreement, Chongqing JIM shall transfer 70% equity interest in Hunan Yunrong to Zhang at the cash consideration of RMB7 million and the remaining 30% equity interest in Hunan Yunrong to Wei at the cash consideration of RMB3 million.

The consideration is determined on various factors including but not limited to the audited net asset value of Hunan Yunrong as at 31 December 2018 (prepared in accordance with PRC GAAP) of approximately RMB8,377,000 and the amount of paid up registered capital of Hunan Yunrong of RMB10 million. The consideration for the transfer shall be payable by Zhang and Wei within 10 business days after completion of the Yunrong Equity Transfer Agreement (“**Equity Transfer Completion**”) by cash which is financed by a loan provided by the Group through Beijing Hi Sunray as detailed in the paragraph headed “(2) Yunrong Loan Agreement” below.

Conditions to completion

The Equity Transfer Completion is conditional upon the fulfilment or waiver (by Zhang and Wei, if applicable) of the following conditions:

- (a) all the representations and warranties given by Chongqing JIM under the Yunrong Equity Transfer Agreement remains true, accurate and complete as at the date of completion; and
- (b) Chongqing JIM has performed and complied with all the undertakings and obligations to be carried out by Chongqing JIM on or before the date of completion.

Completion

The Equity Transfer Completion will take place upon due registration with the competent administration for market of the equity transfer which is expected to take place within five business days after the satisfaction or waiver of all the above conditions, or on such other date to be agreed among the parties.

(2) Yunrong Loan Agreement

Date

21 May 2019

Parties

Borrowers: Zhang and Wei

Lender: Beijing Hi Sunray

Subject matter and consideration

In consideration of the entering into of the Yunrong Control Documents by Zhang, Wei and Beijing Hi Sunray which allows Beijing Hi Sunray to exert 100% control and enjoy all economic benefits from Hunan Yunrong, Beijing Hi Sunray has agreed to lend to Zhang and Wei amounts of RMB7 million and RMB3 million for settlement of the consideration respectively payable by Zhang and Wei to Chongqing JIM under the Yunrong Equity Transfer Agreement.

Beijing Hi Sunray shall remit the said loans to the bank accounts designated by Zhang and Wei respectively by telegraphic transfer within 10 business days from the date of the Equity Transfer Completion. Such amounts shall then be remitted by Zhang and Wei to the designated bank account of Chongqing JIM.

Repayment

The said loans are unsecured and shall mature after the third anniversary of the date of the Yunrong Loan Agreement. The loans are repayable within 30 days of the written request of Beijing Hi Sunray, or when Beijing Hi Sunray exercises its rights under the Yunrong Exclusive Option Agreement to acquire any or all equity interest in Hunan Yunrong (in such event, all monies received by Zhang and Wei (“**Proceeds**”) from the disposal of such equity interest shall be utilised to repay to Beijing Hi Sunray such sums owing by them under the Yunrong Loan Agreement), or under such other conditions specified under the Yunrong Loan Agreement.

If the amount of the Proceeds shall exceed the principal owing by Zhang (RMB7 million) and Wei (RMB3 million) to Beijing Hi Sunray, the amount in excess shall be treated as “interest” to the principals. If the amount of the Proceeds shall be less than the principals, then the loans under the Yunrong Loan Agreement shall be deemed as interest-free, provided that subject to the due performance by Zhang and Wei of all their obligations under the Yunrong Loan Agreement, Beijing Hi Sunray waives all its rights to recover any amount exceeding the Proceeds.

(3) Yunrong Control Documents

Date

21 May 2019

Parties and subject matter

The Yunrong Control Documents are executed by and among Beijing Hi Sunray, Hunan Yunrong, and the registered shareholders of Hunan Yunrong after the Equity Transfer Completion (as applicable).

The Yunrong Control Documents refer to the following documents collectively: (i) the Yunrong Master Exclusive Service Agreement; (ii) the Yunrong Business Cooperation Agreement; (iii) the Yunrong Exclusive Option Agreement; (iv) the Yunrong Proxy Agreement and Power of Attorney; (v) the Yunrong Equity Interest Pledge Agreement; (vi) the Yunrong Confirmation and Guarantee Letter and (vii) the Yunrong Spousal Consent, the details of which are set out in the section headed “THE NEW CONTROL DOCUMENTS” below.

Completion of the Yunrong Restructuring

Upon the Equity Transfer Completion, Zhang and Wei will become the registered shareholders of Hunan Yunrong respectively holding 70% and 30% of the equity interest in Hunan Yunrong. On the date of the Equity Transfer Completion, the Yunrong Control Documents will take effect and Beijing Hi Sunray will contractually control 100% equity interest and the management of Hunan Yunrong through the Yunrong Control Documents.

Immediately before and after the Yunrong Restructuring, there is no change to the Group's effective interest in Hunan Yunrong, and Hunan Yunrong is a wholly-owned subsidiary of the Company and its financial results are consolidated with the results of the Group. Immediately after the Yunrong Restructuring, Beijing Hi Sunray shall replace Shanghai JIM as the wholly-foreign owned enterprise of the Company designated to exert control over and enjoy all the economic benefits of Hunan Yunrong.

B. CHONGQING JIM VIE RESTRUCTURING

The Chongqing JIM VIE Restructuring involves (1) the signing of an agreement among the Management Shareholders, Chongqing JIM, VBill OPCO and Zhou and Na for the share swap of equity interest in Chongqing JIM and VBill OPCO ("**Share Swap Agreement**"), (2) the signing of a series of agreements by and among WFOE, Chongqing JIM and its registered shareholders ("**New JIM Control Documents**"), (3) the signing of an agreement among the parties to the Existing JIM Control Documents ("**Existing JIM VIE Termination Agreement**"), and (4) the acquisition of VBill Shares by the Company.

(1) Share Swap Agreement

Date

21 May 2019

Parties

1. Shen, Li, Xue and Ge (i.e. Management Shareholders) as vendors
2. Chongqing JIM as purchaser
3. VBill OPCO
4. Zhou and Na

Subject matter and consideration

Pursuant to the Share Swap Agreement, each of the Management Shareholders will transfer all the equity interests they respectively hold in VBill OPCO, representing an aggregate of 19.96% equity interest in VBill OPCO, to Chongqing JIM for an aggregate of approximately 5.00% of the enlarged registered capital of Chongqing JIM. As consideration for 19.96% equity interest of VBill OPCO, Chongqing JIM will increase its registered capital from RMB10,000,000 to RMB10,526,300 and the enlarged registered capital in the amount of RMB526,300 will be registered under the Management Shareholders. Details of the transactions contemplated under the Share Swap Agreement are as follows:

Name of Management Shareholder	Percentage of equity interest in VBill OPCO to be transferred to Chongqing JIM by the Management Shareholders	Amount of enlarged registered capital of Chongqing JIM as consideration for the VBill OPCO equity interest (RMB)	Percentage of enlarged registered capital of Chongqing JIM to be held by the Management Shareholder upon completion of the Share Swap Agreement (Approximate)
Shen	9.96%	262,500	2.50%
Li	4.80%	126,600	1.20%
Xue	3.20%	84,400	0.80%
Ge	2.00%	52,800	0.50%
Total	19.96%	526,300	5.00%

The transfer of VBill OPCO's equity interest to Chongqing JIM and the increase of the registered capital of Chongqing JIM to be held by the Management Shareholders as consideration for the transfer of VBill OPCO's equity interest are to be completed simultaneously.

The consideration for the equity transfer of the equity interest in VBill OPCO by the Management Shareholders to Chongqing JIM is calculated by reference to various factors including but not limited to the net asset value of VBill OPCO.

Effective Date

The Share Swap Agreement shall take effect on the day when the People's Bank Of China approves the Share Swap Agreement (the "Effective Date").

Completion

Within 30 days from the Effective Date, VBill OPCO and Chongqing JIM shall respectively complete the registrations with the competent administration for market regulation of the PRC relating to the arrangements and transactions contemplated under the Share Swap Agreement. Completion (“**Share Swap Completion**”) takes place on the day when Chongqing JIM is registered as the sole shareholder of VBill OPCO holding 100% equity interest of VBill OPCO and Zhou, Na, Shen, Li, Xue and Ge are registered as the shareholders of Chongqing JIM respectively holding 57.00%, 38.00%, 2.50%, 1.20%, 0.80% and 0.5% equity interest of Chongqing JIM in the system of the competent administration for market regulation.

(2) New JIM Control Documents

Date

21 May 2019

Parties and subject matter

The New JIM Control Documents are executed by and among the WFOE, Chongqing JIM, and the registered shareholders of Chongqing JIM after the Share Swap Completion (as applicable).

The New JIM Control Documents refer to the following documents collectively: (i) JIM Master Exclusive Service Agreement; (ii) JIM Business Cooperation Agreement; (iii) JIM Exclusive Option Agreement; (iv) JIM Proxy Agreement and Power of Attorney; (v) JIM Equity Interest Pledge Agreement; (vi) JIM Confirmation and Guarantee Letter and (vii) JIM Spousal Consent, the details of which are set out in the section headed “THE NEW CONTROL DOCUMENTS” below.

(3) Existing JIM VIE Termination Agreement

Date

21 May 2019

Parties

Shanghai JIM, Zhou, Na, Chongqing JIM

Subject matter

Pursuant to the Existing JIM VIE Termination Agreement, all the rights and responsibilities of the parties under the Existing JIM Control Documents shall cease and determine with effect from the date of the Share Swap Completion.

(4) Acquisition of VBill Shares by the Company

On 21 May 2019, the Company executed a set of instrument of transfer with each of the Management Shareholders Holdcos, pursuant to which the Management Shareholders Holdcos collectively transferred 8,004 VBill Shares (representing 80.04% of the issued VBill Shares) to the Company at nominal consideration of US\$1.00 for each VBill Share. Completion of the said transfers has taken place upon the execution of the instruments of transfer by the relevant parties.

Immediately before the acquisition of VBill Shares by the Company, VBill (Cayman) was owned as to 49.87% by Shen Holdco, 24.06% by Li Holdco, 16.04% by Xue Holdco and 10.03% by Ge Holdco. Immediately upon completion of the transfers, VBill (Cayman) is 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.

Completion of Chongqing JIM VIE Restructuring

On the date of the Share Swap Completion, the New JIM Control Documents will take effect, and the WFOE will contractually control 100% equity interest and the management of Chongqing JIM.

Immediately after completion of the Chongqing JIM VIE Restructuring, the Group's effective interest in Chongqing JIM will decrease from 100% to 80.04%, but there is no change to the Group's effective interest in VBill OPCO, which is 80.04%. Immediately after completion of the Chongqing JIM VIE Restructuring, both Chongqing JIM and VBill OPCO will be accounted for as 80.04% owned subsidiaries of the Company. Such transaction will be accounted for as equity transaction and the related gain or loss to the Group will be recognised within equity. Nevertheless, the exact financial effect of Chongqing JIM VIE Restructuring is subject to the review and approval of the auditors of the Company.

Relationship between the parties

The Yunrong Restructuring

As at the date of this announcement, immediately before the Chongqing JIM VIE Restructuring, Chongqing JIM is accounted for as a wholly-owned subsidiary of the Company which is contractually controlled and owned by the Group through the Existing JIM Control Documents. Immediately after the completion of the Chongqing JIM VIE Restructuring, Chongqing JIM will be accounted for as an 80.04% owned subsidiary of the Company.

Beijing Hi Sunray is an indirect wholly-owned subsidiary of the Company. It will be used as the wholly-foreign owned enterprise designated by the Company to contractually control the Yunrong Group.

Zhang, a PRC national, is a director of certain subsidiaries of the Company.

Wei, a PRC national, is a director of certain subsidiaries of the Company.

Since both Zhang and Wei are the directors of certain subsidiaries of the Company, each of Zhang and Wei is a connected person of the Company at subsidiary level.

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 Yunrong Equity Transfer Agreement, the Yunrong Loan Agreement and the Yunrong Control Documents and their ultimate beneficial owners are Independent Third Parties.

The Chongqing JIM VIE Restructuring

As at the date of this announcement and immediately before completion of the Chongqing JIM VIE Restructuring, Zhou and Na are the registered shareholders of Chongqing JIM holding 60% and 40% respectively. At present, Zhou and Na are also directors of certain insignificant subsidiaries of the Company. Each of Zhou and Na will become a connected person of the Company at subsidiary level when the exception of Rule 14A.09 does not apply.

As at the date of this announcement and immediately before completion of the Chongqing JIM VIE Restructuring:

- (1) 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. Shen holds 9.96% equity interest in VBill OPCO.
- (2) Li is the chief executive officer of VBill OPCO and the supervisor of a subsidiary of VBill OPCO. Li holds 4.80% equity interest in VBill OPCO.
- (3) Xue is a director of VBill OPCO and a director of certain subsidiaries of VBill OPCO. Xue holds 3.20% equity interest in VBill OPCO.
- (4) Ge is a director of VBill OPCO and a supervisor of certain subsidiaries of VBill OPCO. Ge holds 2.00% 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 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 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 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.

By virtue of the above, 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.

The WFOE (called 北京微碼數據科技有限公司, unofficial English translation being “Beijing Microcode Data Technology Co., Ltd.”) is a wholly-owned subsidiary of VBill (Cayman) and the wholly-owned foreign enterprise designated by VBill (Cayman) to control Chongqing JIM under the New JIM Control Documents.

As at the date of this announcement, VBill OPCO is an 80.04% owned subsidiary of the Company contractually controlled by the Company through the Existing JIM Control Documents.

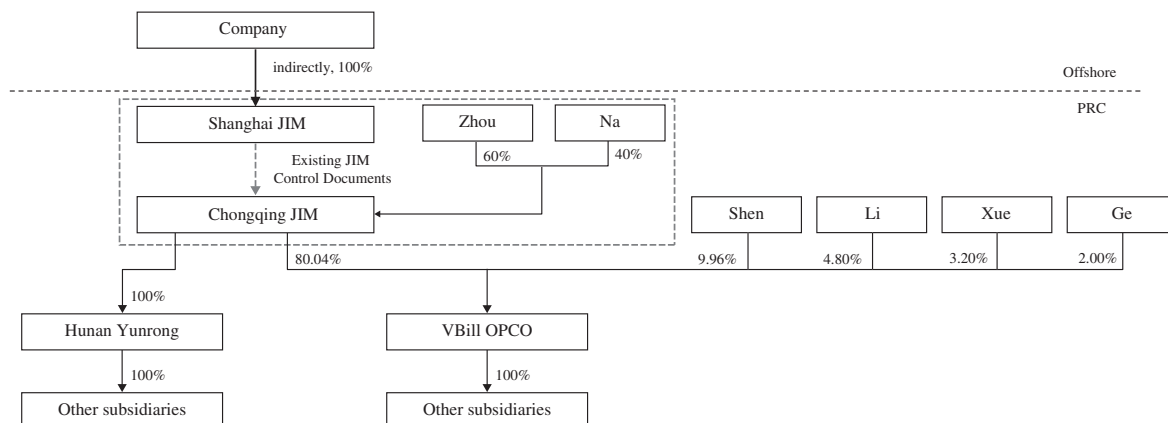
As at the date of this announcement, Shanghai JIM is an indirect wholly-owned subsidiary of the Company and the wholly-owned foreign enterprise designated by the Company to control Chongqing JIM, the Yunrong Group and the VBill Group through the Existing JIM Control Documents.

Immediately before acquisition of VBill Shares by the Company, VBill (Cayman) was owned by the Management Shareholders Holdcos. VBill (Cayman) is a special purpose vehicle for indirectly holding the WFOE, which in turn will control Chongqing JIM and the VBill Group through the New JIM Control Documents.

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 Share Swap Agreement, Existing JIM VIE Termination Agreement, New JIM Control Documents and transfer of VBill Shares, and their ultimate beneficial owners, are Independent Third Parties.

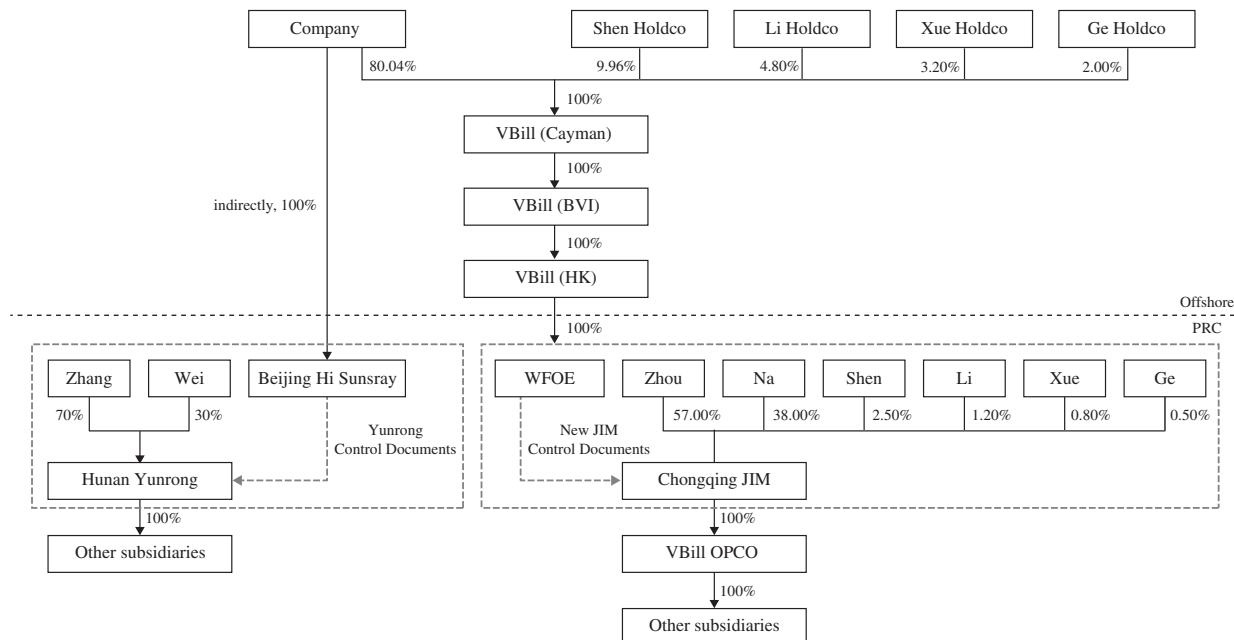
DIAGRAM OF THE VIE RESTRUCTURING AND THE VIE STRUCTURE

Immediately before the completion of the VIE Restructuring, Chongqing JIM, the Yunrong Group and the VBill Group are controlled by the Group under the Existing JIM Control Documents. A simplified corporate structure is as follows:



—————> denotes direct legal ownership in the equity interest
 - - - -> denotes contractual relationship under the Existing JIM Control Documents

Upon completion of the VIE Restructuring and immediately before the Completion, the Yunrong Group will be contractually controlled through Yunrong Control Documents, while Chongqing JIM and the VBill Group will be contractually controlled through the New JIM Control Documents. A simplified corporate structure will be as follows:



—————> denotes direct legal ownership in the equity interest
 - - - -> denotes contractual relationship under the Yunrong Control Documents and the New JIM Control Documents

NEW CONTROL DOCUMENTS

A summary of the terms of the Yunrong Control Documents and the New JIM Control Documents (collectively, the “**New Control Documents**”) are as follows.

A. Yunrong Control Documents

(1) *Yunrong Master Exclusive Service Agreement*

- Parties:**
- (i) Beijing Hi Sunray
 - (ii) Hunan Yunrong
- Term:** Effective on the date of the Equity Transfer Completion and shall remain effective except:
- (a) Beijing Hi Sunray shall have the right to terminate at any time with a written notice to Hunan Yunrong given 30 days in advance;
 - (b) terminated upon the transfer of all the equity interests of Hunan Yunrong to Beijing Hi Sunray and/or a third party designated by Beijing Hi Sunray pursuant to the Yunrong Exclusive Option Agreement;
 - (c) automatically terminated upon the event that it becomes permitted under PRC laws for Beijing Hi Sunray to directly hold the equity interests of Hunan Yunrong, and Beijing Hi Sunray or its designated party has obtained all the equity interests of Hunan Yunrong; while
 - (d) Hunan Yunrong shall have no right of termination.
- Subject:**
- 1. Hunan Yunrong has appointed and designated Beijing Hi Sunray as its exclusive service provider to provide the technical and business support services as follows:
 - (a) technology development and transfer, and technical consulting services;
 - (b) occupation and pre-occupation staff training services;
 - (c) public relation services;
 - (d) market investigation, research and consulting services;
 - (e) mid or short-term market development and market planning services;
 - (f) human resource management and internal information management;

- (g) network development, upgrade and daily maintenance;
 - (h) product research and development;
 - (i) sale services of self-produced products;
 - (j) licensing of software;
 - (k) intellectual property licenses;
 - (l) equipment or leasing;
 - (m) maintenance services in respect of computer software and hardware system, database and computer servers; and
 - (n) any other service as determined from time to time by Beijing Hi Sunray according to the need of business and capacity of Beijing Hi Sunray or other service providers designed by Beijing Hi Sunray.
2. Beijing Hi Sunray has agreed to (to the extent permissible under PRC law) provide financial support in the form of interest-free loan as permitted under PRC laws to Hunan Yunrong by separate agreements to be executed and performed by the parties. Each loan to be granted is for an infinite term until termination at the sole discretion of Beijing Hi Sunray. The loan will become due and payable under any of the following circumstances: (i) the winding-up or liquidation of Hunan Yunrong; (ii) the dissolution of Hunan Yunrong; (iii) Hunan Yunrong becoming insolvent, or (iv) any other circumstances at the sole discretion of Beijing Hi Sunray.

The loan from Beijing Hi Sunray is for the purpose of the operation of Hunan Yunrong or its subsidiaries. Such loans may be injected as working capital of Hunan Yunrong or its subsidiaries or as registered capital of Hunan Yunrong's subsidiaries.

3. Hunan Yunrong is prohibited from engaging in any business activities other than those falling within the scope permitted by its business license and business permit. Unless approved in writing by Beijing Hi Sunray, Hunan Yunrong shall not engage in any businesses in the PRC which compete with the businesses of Beijing Hi Sunray.

Fee: The service fee payable for the said services shall be equal to 100% of the audited consolidated net profits of Hunan Yunrong; notwithstanding the foregoing provision, Beijing Hi Sunray may adjust the service fee at its sole discretion and in accordance with the requirements of relevant governmental authorities, with reference to the working capital requirements of Hunan Yunrong.

(2) Yunrong Business Cooperation Agreement

- Parties:**
- (i) Beijing Hi Sunray
 - (ii) Hunan Yunrong
 - (iii) Zhang
 - (iv) Wei
- (where Zhang and Wei are the registered shareholders of Hunan Yunrong)
- Term:** Effective on the date of the Equity Transfer Completion and shall remain effective except:
- (a) Beijing Hi Sunray shall have the right to terminate at any time with a written notice to Hunan Yunrong, Zhang and Wei given 30 days in advance; or
 - (b) terminated upon the transfer of all the equity interests of Hunan Yunrong to Beijing Hi Sunray and/or a third person designated by Beijing Hi Sunray pursuant to the Yunrong Exclusive Option Agreement; while
 - (c) Hunan Yunrong and its registered shareholders shall have no right of termination.
- Subject:**
1. To ensure that Hunan Yunrong perform its obligations under the Yunrong Master Exclusive Service Agreement and/or other agreements entered into with Beijing Hi Sunray, Zhang and Wei and Hunan Yunrong have jointly and severally agreed and covenanted that, without obtaining Beijing Hi Sunray's prior written consent, Hunan Yunrong shall not, and Zhang and Wei shall cause Hunan Yunrong not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including without limitation:
 - (a) any activities not within its normal business scope;
 - (b) merger, reorganization, establishing an associated entity with any third party, acquired, controlled by any third party, or restructuring of its principal business or assets, or acquisition or investment in any other form;
 - (c) making any supplement, amendment or alternation to its articles of association and bylaws;

- (d) making distribution of dividend, rights and interests in equity interests or shareholding interest by any means, provided that upon Beijing Hi Sunray's written request, Hunan Yunrong shall immediately distribute part or all distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to Beijing Hi Sunray any such distribution;
 - (e) executing any material contract, except the contracts executed in the ordinary course of business;
 - (f) selling, transferring, mortgaging or disposing of in any manner, any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;
 - (g) dissolution, conducting liquidation and distributing the residual assets; or
 - (h) causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.
2. In addition, Hunan Yunrong and Zhang and Wei have agreed and covenanted to Beijing Hi Sunray that Hunan Yunrong shall, and Zhang and Wei shall cause Hunan Yunrong to:
- (a) accept suggestions raised by Beijing Hi Sunray over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Hunan Yunrong;
 - (b) maintain Hunan Yunrong's corporate existence in accordance with good financial and business standards and practices;
 - (c) maintain the asset value of Hunan Yunrong;
 - (d) provide Beijing Hi Sunray with information on Hunan Yunrong's business operations and financial condition at Beijing Hi Sunray's request;
 - (e) procure and maintain insurance in respect of Hunan Yunrong's assets and business from an insurance carrier, if requested by Beijing Hi Sunray;

- (f) immediately notify Beijing Hi Sunray of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Hunan Yunrong's assets, business or revenue;
 - (g) execute all necessary or appropriate documents and take all necessary or appropriate actions against all claims so as to maintain the ownership by Hunan Yunrong of all of its assets;
 - (h) give Beijing Hi Sunray the custody of Hunan Yunrong's important licenses and seals; and
 - (i) hold permits, licenses, authorizations, approvals that are necessary for the operation of its business and ensure their continuing effectiveness.
3. Zhang and Wei have made certain undertakings, including:
- (a) they will not engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Hunan Yunrong or its affiliated companies or to have any interest in such business;
 - (b) their actions or omissions shall not give rise to conflict of interest between themselves and Beijing Hi Sunray (including but not limited to the shareholders of Beijing Hi Sunray); and
 - (c) in the event of any such conflict, which shall be decided at the sole discretion of Beijing Hi Sunray, they will take any action as instructed by Beijing Hi Sunray to eliminate such conflict provided such action is compliant with PRC laws.

(3) Yunrong Exclusive Option Agreement

- Parties:**
- (i) Beijing Hi Sunsray
 - (ii) Hunan Yunrong
 - (iii) Zhang
 - (iv) Wei
- Term:** Effective on the date of the Equity Transfer Completion and shall remain effective except terminated:
- (a) by Beijing Hi Sunsray at any time with 30 days advance written notice to Hunan Yunrong, Zhang and Wei; or
 - (b) upon the transfer of all the Yunrong Equity Interests held by Zhang and Wei to Beijing Hi Sunsray and/or its designee pursuant to the Yunrong Exclusive Option Agreement.
- Subject:**
- 1. Beijing Hi Sunsray shall have the exclusive right to require Zhang and Wei to transfer any and all of the equity interests of Hunan Yunrong they hold (the “**Yunrong Equity Interests**”) to Beijing Hi Sunsray and/or a third party designated by Beijing Hi Sunsray, subject to Beijing Hi Sunsray’s specific requirements (the “**Yunrong Equity Interests Transfer Option**”).
 - 2. Beijing Hi Sunsray shall have the exclusive right to require Hunan Yunrong to transfer any and all of the assets owned by Hunan Yunrong (the “**Yunrong Assets**”) to Beijing Hi Sunsray and/or its designee, subject to Beijing Hi Sunsray’s specific requirements (the “**Yunrong Assets Transfer Option**”).
 - 3. Beijing Hi Sunsray shall have the right to exercise its Yunrong Equity Interests Transfer Option and/or its Yunrong Assets Transfer Option and to acquire the Yunrong Equity Interests in whole or in part and/or the Yunrong Assets in whole or in part without any limit at any time and from time to time.
- Covenants:** Each of Zhang and Wei has covenanted that they shall promptly donate any profit, interest, dividend or proceeds of liquidation received from Hunan Yunrong to Beijing Hi Sunsray or any other entity designated by Beijing Hi Sunsray to the extent permitted under applicable PRC laws.

- Consideration for the transfer:**
1. The total transfer price for the Yunrong Equity Interests and/or the Yunrong Assets shall be the lowest price allowed under PRC laws and administrative regulations at the time of the transfer (“**Yunrong Transfer Price**”). Where there is no lowest price under PRC laws and administrative regulations, the transfer price shall be the price determined by Beijing Hi Sunray. If the Yunrong Equity Interests and/or the Yunrong Assets are transferred in installments, the due transfer price for each installment shall be determined in accordance with the proportion of Yunrong Equity Interests and/or the Yunrong Assets under said transfer.
 2. Hunan Yunrong and/or Zhang and/or Wei shall transfer the Yunrong Transfer Price and affiliated benefits to Beijing Hi Sunray or the entity designated by Beijing Hi Sunray at nil consideration immediately after receiving the Yunrong Transfer Price and affiliated benefits.

(4) Yunrong Proxy Agreement and Power of Attorney

- Parties:**
- (i) Beijing Hi Sunray
 - (ii) Hunan Yunrong
 - (iii) Zhang
 - (iv) Wei

- Term:** Effective on the date of the Equity Transfer Completion and remain effective as long as Hunan Yunrong exists, unless:
1. Beijing Hi Sunray shall have the right to unilaterally terminate this agreement by issuing a written notice to Hunan Yunrong and its shareholders with 30 days prior written notice;
 2. automatically terminated in the event that Beijing Hi Sunray or its designated third party acquires all the equity interests of Hunan Yunrong in accordance with the Yunrong Exclusive Option Agreement; while
 3. Zhang, Wei and Hunan Yunrong shall not have the right to unilaterally terminate this agreement; Zhang and Wei have no right to revoke the appointment of the attorney appointed under this agreement.

Subject:

1. Each of Zhang and Wei has nominated and appointed Beijing Hi Sunray (as well as its successors, including a liquidator, if any, of Beijing Hi Sunray) as its attorney-in-fact to exercise such rights as a shareholder of Hunan Yunrong on his behalf, and any right conferred by relevant laws and regulations and the articles of association of Hunan Yunrong, including:
 - (a) to call and attend shareholders' meetings of Hunan Yunrong, and receive notices and materials with respect to the shareholders' meeting;
 - (b) to vote on, execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
 - (c) to sell, transfer, pledge or dispose of any or all of the equity interests of the Hunan Yunrong held by its shareholders;
 - (d) to manage and dispose of the assets of Hunan Yunrong;
 - (e) to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
 - (f) any other rights conferred by the articles of association of Hunan Yunrong and/or the relevant laws and regulations on its shareholders.
2. Each of Zhang and Wei has covenanted with and undertaken to Beijing Hi Sunray that, if he receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interests as a result of, or in connection with, his equity interests in Hunan Yunrong, he shall, to the extent permitted by applicable laws, remit all such monies or assets to Beijing Hi Sunray or the entity designated by Beijing Hi Sunray without any compensation, and shall bear any and all taxes and fees with respect thereto.

(5) Yunrong Equity Interest Pledge Agreement

- Parties:**
- (i) Beijing Hi Sunray (as pledgee)
 - (ii) Hunan Yunrong
 - (iii) Zhang (as pledgor)
 - (iv) Wei (as pledgor)
- Term:** The pledge shall be continuously valid for 50 years after such pledge is registered with the competent administration for market regulation, unless:
- (a) all the parties agree to terminate it;
 - (b) all the Yunrong Control Documents have expired or been terminated, or
 - (c) all the obligations of Zhang and Wei and Hunan Yunrong under the Yunrong Control Documents have been fulfilled to the satisfaction of Beijing Hi Sunray.

For purpose of equity interest pledge registration, the term of initial pledge registration shall be 50 years but Beijing Hi Sunray may at its sole discretion extend the term of the equity interest pledge registration.

Subject: Each of Zhang and Wei has agreed to pledge all of the equity interests of Hunan Yunrong that he owns, including any interest or dividend paid for such equity interests to Beijing Hi Sunray unconditionally and irrevocably, as a security for the performance of any and all obligations by them and Hunan Yunrong under the Yunrong Control Documents (other than Yunrong Equity Interest Pledge Agreement) at the initial registration amount of RMB10 million which is the estimated value of the obligations of Zhang, Wei and Hunan Yunrong under the Yunrong Control Documents for initial registration purpose.

Covenants: Each of the pledgors has covenanted to Beijing Hi Sunray, among other things, to take all necessary measures and execute all necessary documents to ensure that, upon his death, bankruptcy, divorce, incapacity or other circumstance that may affect his holding of the equity interests of Hunan Yunrong, any successor of him shall be deemed as a party to this agreement, and shall assume and undertake all rights and obligations under the terms of this agreement.

(6) Yunrong Confirmation and Guarantee Letter

Signed by: Zhang and Wei separately

Subject: Each of Zhang and Wei has confirmed and guaranteed that, among other things:

1. his successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interests of Hunan Yunrong held by him upon his death, incapacity, bankruptcy, divorce or any circumstances that may affect his ability to exercise his shareholder's rights in Hunan Yunrong, will not carry out any act that may affect or hinder the fulfillment of his obligations under each of the Yunrong Control Documents;
2. he will unwind the Yunrong Control Documents and transfer all of the equity interests of Hunan Yunrong held by him to Beijing Hi Sunray or any party designated by Beijing Hi Sunray as soon as the applicable PRC laws allow Beijing Hi Sunray to operate the business operated by Hunan Yunrong by way of directly holding equity interests, and that subject to applicable PRC laws, he must donate immediately without compensation to Beijing Hi Sunray or the entity designated by Beijing Hi Sunray any consideration he has received from Beijing Hi Sunray during its acquisition of the equity interests of Hunan Yunrong; and
3. he will not directly or indirectly engage in, own or acquire any business that competes or might compete with the business of Hunan Yunrong or its affiliated companies or to have any interest in such business; and none of his actions or omissions will give rise to conflict of interest between himself and Beijing Hi Sunray (including but not limited to the shareholders of Beijing Hi Sunray); in the event of any such conflict, he will take any action as instructed by Beijing Hi Sunray to eliminate such conflict provided such action is compliant with PRC laws.

(7) *Yunrong Spousal Consent*

Signed by: Ms. Li Qi, the spouse of Zhang

Subject: Ms. Li Qi, as the spouse of Zhang, has covenanted, among other things, not to take any action with the intent to interfere with the arrangements under the Yunrong Control Documents, including making any claim that such equity interests in Hunan Yunrong constitute property or community property between herself and Zhang and waives all her rights to such equity interests that may be granted to her according to any applicable laws.

Ms. Li Qi has further confirmed that none of herself, her successor, guardian, creditor or any other person that may be entitled to assume rights and interests in the equity interests of Hunan Yunrong held by Zhang upon his/her death, incapacity, bankruptcy, divorce or any circumstances that may affect his ability to exercise his shareholder's rights in Hunan Yunrong will carry out any act that may affect or hinder the fulfillment of Zhang's obligations under the Yunrong Control Documents.

B. New JIM Control Documents

(1) *JIM Master Exclusive Service Agreement*

Parties: (i) WFOE
(ii) Chongqing JIM

Term: Effective on the date of the Share Swap Completion and shall remain effective except:

- (a) the WFOE shall have the right to terminate at any time with a written notice to Chongqing JIM given 30 days in advance;
- (b) terminated upon the transfer of all the equity interests of Chongqing JIM to the WFOE and/or a third party designated by the WFOE pursuant to the JIM Exclusive Option Agreement;
- (c) automatically terminated upon the event that it becomes permitted under PRC laws for the WFOE to directly hold the equity interests of Chongqing JIM, and the WFOE or its designated party has obtained all the equity interests of Chongqing JIM; while
- (d) Chongqing JIM shall have no right of termination.

Subject:

1. Chongqing JIM has appointed and designated the WFOE as its exclusive service provider to provide the technical and business support services as follows:
 - (a) technology development and transfer, and technical consulting services;
 - (b) occupation and pre-occupation staff training services;
 - (c) public relation services;
 - (d) market investigation, research and consulting services;
 - (e) mid or short-term market development and market planning services;
 - (f) human resource management and internal information management;
 - (g) network development, upgrade and daily maintenance;
 - (h) product research and development;
 - (i) sale services of self-produced products;
 - (j) licensing of software;
 - (k) intellectual property licenses;
 - (l) equipment or leasing;
 - (m) maintenance services in respect of computer software and hardware system, database and computer servers; and
 - (n) any other service as determined from time to time by the WFOE according to the need of business and capacity of the WFOE or other service providers designed by the WFOE.

2. WFOE has agreed to (to the extent permissible under PRC law) provide financial support in the form of interest-free loan as permitted by PRC laws to Chongqing JIM by separate agreements to be executed and performed by the parties. Each loan to be granted is for an infinite term until termination at the sole discretion of WFOE. The loan will become due and payable under any of the following circumstances: (i) the winding-up or liquidation of Chongqing JIM; (ii) the dissolution of Chongqing JIM (iii) Chongqing JIM becoming insolvent, or (iv) any other circumstances at the sole discretion of WFOE.

The loan from WFOE is for the purpose of the operation of Chongqing JIM or its subsidiaries. Such loans may be injected as the working capital of Chongqing JIM or its subsidiaries or as registered capital of Chongqing JIM's subsidiaries.

3. Chongqing JIM is prohibited from engaging in any business activities other than those falling within the scope permitted by its business license and business permit. Unless approved in writing by WFOE, Chongqing JIM shall not engage in any businesses in the PRC which compete with the businesses of WFOE.

Fee: The service fee payable for the said services shall be equal to 100% of the audited consolidated net profits of Chongqing JIM; notwithstanding the foregoing provision, the WFOE may adjust the service fee at its sole discretion and in accordance with the requirements of relevant governmental authorities, with reference to the working capital requirements of Chongqing JIM.

(2) JIM Business Cooperation Agreement

- Parties:**
- (i) WFOE
 - (ii) Chongqing JIM
 - (iii) Zhou
 - (iv) Na
 - (v) Shen
 - (vi) Li
 - (vii) Xue
 - (viii) Ge

(where Zhou, Na, Shen, Li, Xue and Ge are hereafter referred to as the “**Chongqing JIM Shareholders**”)

Term: Effective on the date of the Share Swap Completion and shall remain effective except:

- (a) the WFOE shall have the right to terminate at any time with a written notice to Chongqing JIM and the Chongqing JIM Shareholders given 30 days in advance; or
- (b) terminated upon the transfer of all the equity interests of Chongqing JIM to the WFOE and/or a third person designated by the WFOE pursuant to the JIM Exclusive Option Agreement; while
- (c) Chongqing JIM and the Chongqing JIM Shareholders shall have no right of termination.

Subject: 1. To ensure that Chongqing JIM perform its obligations under the JIM Master Exclusive Service Agreement and/or other agreements entered into with the WFOE, the Chongqing JIM Shareholders and Chongqing JIM have jointly and severally agreed and covenanted that, without obtaining the WFOE's prior written consent, Chongqing JIM shall not, and the Chongqing JIM Shareholders shall cause Chongqing JIM not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including without limitation:

- (a) any activities not within its normal business scope;
- (b) merger, reorganization, establishing an associated entity with any third party, acquired, controlled by any third party, or restructuring of its principal business or assets, or acquisition or investment in any other form;
- (c) making any supplement, amendment or alternation to its articles of association and bylaws;
- (d) making distribution of dividend, rights and interests in equity interests or shareholding interest by any means, provided that upon the WFOE's written request, Chongqing JIM shall immediately distribute part or all distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE any such distribution;
- (e) executing any material contract, except the contracts executed in the ordinary course of business;
- (f) selling, transferring, mortgaging or disposing of in any manner, any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;

- (g) dissolution, conducting liquidation and distributing the residual assets; or
 - (h) causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.
2. In addition, Chongqing JIM and the Chongqing JIM Shareholders have agreed and covenanted to the WFOE that Chongqing JIM shall, and the Chongqing JIM Shareholders shall cause Chongqing JIM to:
- (a) accept suggestions raised by the WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Chongqing JIM;
 - (b) maintain Chongqing JIM's corporate existence in accordance with good financial and business standards and practices;
 - (c) maintain the asset value of Chongqing JIM;
 - (d) provide the WFOE with information on Chongqing JIM's business operations and financial condition at WFOE's request;
 - (e) procure and maintain insurance in respect of Chongqing JIM's assets and business from an insurance carrier, if requested by WFOE;
 - (f) immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Chongqing JIM's assets, business or revenue;
 - (g) execute all necessary or appropriate documents and take all necessary or appropriate actions against all claims so as to maintain the ownership by Chongqing JIM of all of its assets;
 - (h) give the WFOE the custody of Chongqing JIM's important licenses and seals; and
 - (i) hold permits, licenses, authorizations, approvals that are necessary for the operation of its business and ensure their continuing effectiveness.

3. The Chongqing JIM Shareholders have made certain undertakings, including:
 - (a) they will not engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Chongqing JIM or its affiliated companies or to have any interest in such business;
 - (b) their actions or omissions shall not give rise to conflict of interest between themselves and the WFOE (including but not limited to the shareholders of the WFOE); and
 - (c) in the event of any such conflict, which shall be decided at the sole discretion of the WFOE, they will take any action as instructed by the WFOE to eliminate such conflict provided such action is compliant with PRC laws.

(3) *JIM Exclusive Option Agreement*

- Parties:**
- (i) WFOE
 - (ii) Chongqing JIM
 - (iii) the Chongqing JIM Shareholders
- Term:** Effective on the date of the Share Swap Completion and shall remain effective except terminated:
- (a) by the WFOE at any time with 30 days advance written notice to Chongqing JIM and the Chongqing JIM Shareholders; or
 - (b) upon the transfer of all the JIM Equity Interests held by the Chongqing JIM Shareholders to the WFOE and/or its designee pursuant to the JIM Exclusive Option Agreement.

- Subject:**
1. The WFOE shall have the exclusive right to require the Chongqing JIM Shareholders to transfer any and all of the equity interests of Chongqing JIM they hold (the “**JIM Equity Interests**”) to the WFOE and/or a third party designated by the WFOE, subject to the WFOE’s specific requirements (the “**JIM Equity Interests Transfer Option**”).
 2. The WFOE shall have the exclusive right to require Chongqing JIM to transfer any and all of the assets owned by Chongqing JIM (the “**JIM Assets**”) to the WFOE and/or its designee, subject to the WFOE’s specific requirements (the “**JIM Assets Transfer Option**”).
 3. WFOE shall have the right to exercise its JIM Equity Interests Transfer Option and/or its JIM Assets Transfer Option and to acquire the JIM Equity Interests in whole or in part and/or the JIM Assets in whole or in part without any limit at any time and from time to time.

Covenants: Each of the Chongqing JIM Shareholders has covenanted that they shall promptly donate any profit, interest, dividend or proceeds of liquidation received from Chongqing JIM to the WFOE or any other entity designated by the WFOE to the extent permitted under applicable PRC laws.

- Consideration for the transfer:**
1. The total transfer price for the JIM Equity Interests and/or the JIM Assets shall be the lowest price allowed under PRC laws and administrative regulations at the time of said transfer (“**JIM Transfer Price**”). Where there is no lowest price under PRC laws and administrative regulations, the transfer price shall be the price determined by the WFOE. If the JIM Equity Interests and/or the JIM Assets are transferred in installments, the due transfer price for each installment shall be determined in accordance with the proportion of JIM Equity Interests and/or the JIM Assets under the transfer.
 2. Chongqing JIM and the Chongqing JIM Shareholders shall transfer the JIM Transfer Price and affiliated benefits to the WFOE or the entity designated by the WFOE at nil consideration immediately after receiving the JIM Transfer Price and affiliated benefits.

(4) JIM Proxy Agreement and Power of Attorney

- Parties:**
- (i) WFOE
 - (ii) Chongqing JIM
 - (iii) the Chongqing JIM Shareholders
- Term:** Effective on the date of the Share Swap Completion and remain effective as long as Chongqing JIM exists, unless:
- 1. the WFOE shall have the right to unilaterally terminate this agreement by issuing a written notice to Chongqing JIM and the Chongqing JIM Shareholders with 30 days prior written notice;
 - 2. automatically terminated in the event that the WFOE or its designated third party acquires all the equity interests of Chongqing JIM in accordance with the JIM Exclusive Option Agreement; while
 - 3. the Chongqing JIM Shareholders and Chongqing JIM shall not have the right to unilaterally terminate this agreement; the Chongqing JIM Shareholders have no right to revoke the appointment of the attorney appointed under this agreement.
- Subject:**
- 1. Each of the Chongqing JIM Shareholders has nominated and appointed the WFOE (as well as its successors, including a liquidator, if any, of the WFOE) as its attorney-in-fact to exercise such rights as a shareholder of Chongqing JIM on his behalf, and any right conferred by relevant laws and regulations and the articles of association of Chongqing JIM, including:
 - (a) to call and attend shareholders' meetings of Chongqing JIM, and receive notices and materials with respect to the shareholders meeting;
 - (b) to vote on, execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
 - (c) to sell, transfer, pledge or dispose of any or all of the equity interests of the Chongqing JIM held by its shareholders;
 - (d) to manage and dispose of the assets of Chongqing JIM;

- (e) to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
 - (f) any other rights conferred by the articles of association of Chongqing JIM and/or the relevant laws and regulations on its shareholders.
2. Each of the Chongqing JIM Shareholders has covenanted with and undertaken to the WFOE that, if he receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interests as a result of, or in connection with, his equity interests in Chongqing JIM, he shall, to the extent permitted by applicable laws, remit all such monies or assets to the WFOE or the entity designated by the WFOE without any compensation, and shall bear any and all taxes and fees with respect thereto.

(5) JIM Equity Interest Pledge Agreement

- Parties:**
- (i) WFOE (as pledgee)
 - (ii) Chongqing JIM
 - (iii) the Chongqing JIM Shareholders (each as a pledgor)
- Term:** The pledge shall be continuously valid for 50 years after such pledge is registered with the competent administration for market regulation, unless:
- (a) all the parties agree to terminate it;
 - (b) all the New JIM Control Documents have expired or been terminated, or
 - (c) all the obligations of the Chongqing JIM Shareholders and Chongqing JIM under the New JIM Control Documents have been fulfilled to the satisfaction of the WFOE.

For purpose of equity interest pledge registration, the term of initial pledge registration shall be 50 years but the WFOE may at its sole discretion extend the term of the equity interest pledge registration.

Subject: Each of the Chongqing JIM Shareholders has agreed to pledge all of the equity interests of Chongqing JIM that he owns, including any interest or dividend paid for such equity interests to the WFOE unconditionally and irrevocably, as a security for the performance of any and all obligations by them and Chongqing JIM under the New JIM Control Documents (other than JIM Equity Interest Pledge Agreement) at the initial registration amount of RMB50,000,000 which is the estimated value of the obligations of the Chongqing JIM Shareholders and Chongqing JIM under the New JIM Control Documents for initial registration purpose.

Covenants: Each of the pledgors has covenanted to the WFOE, among other things, to take all necessary measures and execute all necessary documents to ensure that, upon his death, bankruptcy, divorce, incapacity or other circumstance that may affect his holding of the equity interests of Chongqing JIM, any successor of him shall be deemed as a party to this agreement, and shall assume and undertake all rights and obligations under the terms of this agreement.

(6) *JIM Confirmation and Guarantee Letter*

Signed by: The Chongqing JIM Shareholders separately

Subject: Each of the Chongqing JIM Shareholders has confirmed and guaranteed that, among other things:

1. his successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interests of Chongqing JIM held by him upon his death, incapacity, bankruptcy, divorce or any circumstances that may affect his ability to exercise his shareholder's rights in Chongqing JIM, will not carry out any act that may affect or hinder the fulfillment of his obligations under each of the New JIM Control Documents;
2. he will unwind the New JIM Control Documents and transfer all of the equity interests of Chongqing JIM held by him to the WFOE or any party designated by the WFOE as soon as the applicable PRC laws allow the WFOE to operate the business operated by Chongqing JIM by way of directly holding equity interests, and that subject to applicable PRC laws, he must donate immediately without compensation to the WFOE or the entity designated by the WFOE any consideration he has received from the WFOE during its acquisition of the equity interests of Chongqing JIM; and

3. he will not directly or indirectly engage in, own or acquire any business that competes or might compete with the business of Chongqing JIM or its affiliated companies or to have any interest in such business; and none of his actions or omissions will give rise to conflict of interest between himself and the WFOE (including but not limited to the shareholders of the WFOE); in the event of any such conflict, he will take any action as instructed by the WFOE to eliminate such conflict provided such action is compliant with PRC laws.

(7) JIM Spousal Consent

Signed by: Each of the following persons separately:

Ms. Liu Dan (“**Ms. Liu**”), the spouse of Na

Ms. Wu Wenjing (“**Ms. Wu**”), the spouse of Shen

Ms. Yuan Binqiu (“**Ms. Yuan**”), the spouse of Li

Ms. Wang Chao (“**Ms. Wang**”), the spouse of Xue

Mr. Qin Daocen (“**Mr. Qin**”), the spouse of Ge

(Ms. Liu, Ms. Wu, Ms. Yuan, Ms. Wang and Mr. Qin are hereafter collectively referred to as the “**Spouses of the Chongqing JIM Shareholders**”)

Subject: All the Spouses of the Chongqing JIM Shareholders have covenanted, among other things, not to take any action with the intent to interfere with the arrangements under the New JIM Control Documents, including making any claim that such equity interests in Chongqing JIM constitute property or community property between themselves and the Chongqing JIM Shareholders and waives all their rights to such equity interests that may be granted to them according to any applicable laws.

All the Spouses of the Chongqing JIM Shareholders have further confirmed that none of themselves, their successors, guardians, creditors or any other person that may be entitled to assume rights and interests in the equity interests of Chongqing JIM held by the Chongqing JIM Shareholders upon their death, incapacity, bankruptcy, divorce or any circumstances that may affect their ability to exercise their shareholder’s rights in Chongqing JIM will carry out any act that may affect or hinder the fulfillment of Chongqing JIM Shareholders’ obligations under the New JIM Control Documents.

Information about Beijing Hi Sunray, WFOE, Hunan Yunrong and Chongqing JIM

Beijing Hi Sunray is a company established in the PRC with limited liability on 24 May 2000. As at the date of this announcement, it has a registered capital of HK\$160 million which has been fully paid up. Beijing Hi Sunray is an indirect wholly-owned subsidiary of the Company principally engaged in investment holding and provision of telecommunication solutions and related services.

The WFOE is a company incorporated under the laws of the PRC with limited liability on 22 February 2019. As at the date of this announcement, its registered capital is US\$5,000,000 which has not been fully paid up. Its registered shareholder is VBill (HK), which is an indirect wholly-owned subsidiary of VBill (Cayman).

Hunan Yunrong is a company established in the PRC with limited liability on 15 August 2014. As at the date of this announcement, it has a registered capital of RMB10 million which has been fully paid up. Hunan Yunrong and its subsidiaries are principally engaged in platform operation solutions business in the PRC.

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. Chongqing JIM is principally engaged in platform operation solutions business in the PRC.

VBill OPCO is the principal subsidiary of Chongqing JIM, and VBill OPCO is principally engaged in payment processing solutions business in the PRC.

Financial information of VBill (Cayman), Hunan Yunrong, Chongqing JIM and VBill OPCO

Please refer to the SA Announcement for the financial information of Chongqing JIM and VBill OPCO for the two years ended 31 December 2017.

VBill (Cayman) is a newly incorporated company and has not yet prepared financial statements.

Certain audited financial information of Hunan Yunrong for the two years ended 31 December 2018 prepared in accordance with PRC GAAP are as follows:

	For the year ended 31 December 2018 <i>RMB'000</i> audited	For the year ended 31 December 2017 <i>RMB'000</i> audited
Revenue	390	1,939
(Loss)/profit before tax	(901)	597
(Loss)/profit after tax	<u>(901)</u>	<u>597</u>

The audited total asset value and net asset value of Hunan Yunrong as at 31 December 2018 prepared in accordance with PRC GAAP is approximately RMB80,956,000 and RMB8,377,000 respectively.

Certain audited financial information of Chongqing JIM for the two years ended 31 December 2018 prepared in accordance with PRC GAAP are as follows:

	For the year ended 31 December 2018 <i>RMB'000</i> audited	For the year ended 31 December 2017 <i>RMB'000</i> audited
Revenue	40,908	34,641
Profit before tax	2,584	3,052
Profit after tax	<u>2,584</u>	<u>3,052</u>

The audited total asset value and net liability value of Chongqing JIM as at 31 December 2018 prepared in accordance with PRC GAAP is approximately RMB216,445,000 and RMB9,986,000 respectively.

REASONS FOR AND BENEFITS OF THE VIE RESTRUCTURING

The Group has been contractually controlling Chongqing JIM and the VBill Group since 2010 and the Yunrong Group since 2014 through the Existing JIM Control Documents. In 2015, the Management Shareholders have become shareholders of VBill OPCO directly holding 19.96% interest in VBill OPCO. Over years of development, VBill Group's business has grown at a significant pace. As disclosed in the SA Announcement, the Group proposed to introduce the Investor to VBill Group by entering into the Subscription Agreement to raise additional fund for VBill Group's further expansion.

As the Investor is a foreign investor for the purposes of PRC foreign investment laws and regulations, the Investor cannot directly invest in VBill Group. Instead, the Investor intends to become a shareholder of VBill (Cayman) which is the new holding company of VBill Group. Since the Yunrong Group is also a part of the companies under Chongqing JIM before the VIE Restructuring but the Yunrong Group is not the subject of the Investor's investment, a separate VIE structure needs to be established for the Yunrong Group.

The terms of the New JIM Control Documents and the Yunrong Control Documents are substantially the same with the Existing JIM Control Documents. The Group implemented the VIE Restructuring and entered into the New JIM Control Documents and the Yunrong Control Documents (i) to facilitate the introduction of the Investor as a new foreign investor in the VBill Group; (ii) to ensure that the documents relating to the contractual arrangement align with the latest regulatory requirements; (iii) to ensure the Group's effective interest in VBill Group remains to be 80.04% immediately after the VIE Restructuring; and (iv) to ensure the Group's effective interest in the Yunrong Group remains to be 100% immediately after the VIE Restructuring.

BACKGROUND OF CONTRACTUAL ARRANGEMENTS

Laws and regulations relating to the provision of value-added telecommunications services in the PRC

The Telecommunication Regulation of the People's Republic of China (中華人民共和國電信條例) ("**Telecom Regulations**"), promulgated by the PRC State Council on 25 September 2000 and most recently amended on 6 February 2016, is the primary governing law, and sets out the general framework for the provision of telecommunications services by domestic PRC companies. Under the Telecom Regulations, telecommunications service providers are required to obtain operating licenses prior to their commencement of operations.

The Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) ("**Measures**") issued by PRC State Council on 25 September 2000 and amended on 8 January 2011 regulates the provision of internet information services. Under the Measures, profitable internet information service providers must obtain the ICP License from the relevant authorities before engaging in the profitable internet information service business in the PRC.

According to the Regulations on the Administration of Foreign-invested Telecommunication Enterprises (2016 Amended) (外商投資電信企業管理規定(2016年修訂)) (“**FITE Regulations**”), (i) the ratio of investment by a foreign investor in a company providing value-added telecommunications services shall not exceed 50%, and (ii) a foreign investor who invests in a value-added telecommunications services company shall have a good track record and operational experience in providing value-added telecommunications business (the “**Qualification Requirement**”) in the PRC. In this regard, the PRC legal advisers of the Group (“**PRC Legal Adviser**”) had a consultation with an officer of the Bureau of Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (“**MIIT**”) on 29 March 2019. During the consultation, the officer of the MIIT confirmed that the PRC government has not promulgated any detailed rules, measures, guidelines or standard of reference as to what qualification requirements apply to foreign investors, in particular, what constitutes “good track record and operational experience” in providing the value-added telecommunications business. The Qualification Requirement is a general concept. In practice, officers of the MIIT would verify if such foreign investor has previously be engaged in telecommunications business outside the PRC, or whether such foreign investor has previously held any equity interest in PRC enterprises engaged in the telecommunications business.

According to the Guidance Catalogue of Industries for Foreign Investment (2017 revision) (外商投資產業指導目錄(2017年修訂)) and the Special Management Measures (Negative List) for the Access of Foreign Investment (2018) (外商投資准入特別管理措施(負面清單)(2018年版)), the foreign investment business is divided into four categories, namely “encouraged”, “restricted”, “permitted” and “prohibited”. Value-added telecommunications businesses are classified as industries where foreign investments are restricted, and the proportion of foreign investment shall not exceed 50% (except for e-commerce). As advised by the PRC Legal Adviser, in practice, the relevant government authority would investigate every layer of the shareholding structure of an entity up to and until the ultimate investor(s) are revealed to determine whether such entity is categorised as a “foreign investor”. Usually, such ultimate investor(s) are natural persons, publicly listed companies and PRC state owned or controlled companies.

According to the official website of the MIIT, if an existing ICP License holder shall invite foreign investment at any given time, such ICP License holder must disclose such intention and re-apply for the ICP License in accordance with the requirements of the FITE Regulations.

Reasons for adopting the VIE structure

The purpose for the Group to adopt the contractual arrangements is to enable the Group to engage in the value-added telecommunications business indirectly through Hunan Yunrong and Chongqing JIM (collectively as “**Operating Companies**”) which hold the ICP License in the PRC. Each of the Operating Companies is engaged in value-added telecommunications business and holds the ICP License. Due to the foreign ownership restrictions under the PRC laws as outlined above and based on the formal consultation with the officer of the MIIT by the PRC Legal Adviser on 29 March 2019, since the Group has not previously engaged in telecommunications business outside the PRC nor has it previously acquired any equity interest in a PRC enterprise engaged in telecommunications business, the Group would not be considered to possess the Qualification Requirement. As such, the Group would not be able to engage in the value-added telecommunications business in the PRC directly, regardless of the percentage shareholding interest (being less than 50% or otherwise) it holds in the operating entity, without first adopting a VIE structure. In the event that the Group hold any percentage shareholding interest in the Operating Companies, the application to re-apply for or renew the ICP License of the Operating Companies (and VBill OPCO) will not be approved.

As advised by the PRC Legal Adviser, due to the reasons elaborated above, it is necessary for the Group to enter into the New Control Documents in order to comply with the laws of the PRC in relation to the businesses of the Operating Companies, VBill OPCO and/or their respective subsidiaries.

As advised by the PRC Legal Adviser, the New Control Documents are in compliance with the articles of association of Beijing Hi Sunray, WFOE, Hunan Yunrong and Chongqing JIM and are not in violation of the PRC Contract Law, and would not be deemed as “concealing illegal intentions with a lawful form” and void under the PRC Contract Law. The New Control Documents are legally binding on and enforceable against each party in accordance with their terms and provisions under the PRC laws except that certain terms of the New Control Documents may not be enforceable under PRC laws as detailed below.

The PRC Legal Adviser confirmed that all possible actions or steps taken to enable it to reach its legal conclusions had been taken.

COMPLIANCE OF THE NEW CONTROL DOCUMENTS WITH PRC LAWS, RULES AND REGULATIONS

As at the date of this announcement, neither of the Group, nor any of the Operating Companies or any of their respective subsidiaries has encountered any interference or encumbrance from any governing bodies including the MIIT, the Beijing Bureau of Ministry of Industry and Information Technology, the Chongqing Bureau of Ministry of Industry and Information Technology and the Hunan Bureau of Ministry of Industry and Information Technology in operating the value-added telecommunication business under contractual arrangements.

DISPUTES RESOLUTIONS, SUCCESSION AND LIQUIDATION UNDER THE NEW CONTROL DOCUMENTS

Disputes resolutions

The New Control Documents contain a disputes resolution clause which stipulates that any dispute or claim shall be resolved by the parties in good faith through negotiations. If no resolution can be reached, the dispute shall be submitted to the Beijing Arbitration Commission for arbitration in Beijing in accordance with its rules of arbitration in effect at the time of application. The arbitral tribunal or the arbitrators shall have the authority to award any remedy or relief in accordance with the terms of the New Control Documents and applicable PRC laws, including provisional and permanent injunctive relief (such as injunctive relief with respect to the conduct of business or to compel the transfer of assets), specific performance of any obligation created thereunder, remedies over the equity interests or land assets of Hunan Yunrong or Chongqing JIM (as the case may be) and winding up orders against Hunan Yunrong or Chongqing JIM (as the case may be). The arbitral award shall be final and binding upon all parties. In addition, to the extent permitted under applicable PRC laws, each party shall have the right to seek interim injunctive relief or other interim relief from a court of competent jurisdiction in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances. The parties agreed that, subject to applicable laws, the courts of Hong Kong, the Cayman Islands (as regards New JIM Control Documents only), Bermuda, PRC and the places where the principal assets of Hunan Yunrong or Chongqing JIM (as the case may be) are located, shall all be deemed to have jurisdiction.

Succession

Under the New Control Documents, the operating entity (Hunan Yunrong or Chongqing JIM, as the case may be) and/or its registered shareholders shall not assign their rights or obligations thereunder to any third party without the prior written consent of Beijing Hi Sunray or WFOE (as the case may be). Further, the registered shareholders confirmed, represented and guaranteed that their successors, guardians, creditors, spouses or any other person that may be entitled to assume rights and interests in the equity interest of the relevant Operating Company held by them upon their death, incapacity, bankruptcy, divorce or any circumstances that may affect their ability to exercise their shareholder's rights in such Operating Company, will not affect or hinder the fulfilment of their obligations under each of the New Control Documents.

Our PRC Legal Adviser is of the view that if the relevant control documents are strictly observed by the relevant parties, (i) the death, incapacity, bankruptcy or divorce of any shareholders of the Operating Companies would not affect the validity of the New Control Documents, and (ii) the successors of such shareholders would be bound by the New Control Documents in respect of the equity interests of the relevant Operating Companies held by such shareholders.

In addition, the registered shareholders of the Operating Companies confirmed that, subject to requirement by Beijing Hi Sunray or the WFOE (as the case may be), they will unwind the New Control Documents and transfer all of the equity interests of the Operating Company held by them to Beijing Hi Sunray or WFOE (as the case may be) or its designee as soon as the applicable laws of the PRC allows it to operate the business operated by the Operating Company without the contractual arrangements, and they must donate any consideration they have received during its acquisition of the equity interests of the Operating Company to Beijing Hi Sunray or WFOE (as the case may be).

Furthermore, the spouses of the shareholders of the Operating Companies have undertaken not to take any action with the intent to interfere with such arrangements under the New Control Documents and they will waive any rights or entitlements to such equity interests of the Operating Companies, and undertook to be bound by the New Control Documents in the event that he/she for any reason obtains any equity interests held by his/her spouse in the Operating Companies.

Liquidation

According to the PRC Company Law (中華人民共和國公司法), a company shall be dissolved: (i) when the term of operation as specified in the company's articles of association expires or other reasons for dissolution as specified in the company's articles of association arise; (ii) if the shareholders' meeting or shareholders' general meeting resolves to dissolve the company; (iii) if dissolution is necessary as a result of the merger or split of the company; (iv) if its business licence has been revoked, or it is ordered to close down or is banned according to law; or (v) if it is ordered to be dissolved by the people's court in accordance with relevant article of the PRC Company Law. The assets of a company that remained after the company has paid the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the outstanding taxes, and all of the debts of the company, shall be distributed, in the case of a limited liability company, in proportion to the capital contributions of its shareholders and, in the case of a company limited by shares, in proportion to the shareholdings of its shareholders.

Under the New Control Documents, the registered shareholders of the Operating Companies have undertaken to promptly transfer, without any compensation, any proceeds of liquidation received from the Operating Companies to Beijing Hi Sunray or the WFOE (as the case may be) or its designee to the extent permitted under applicable PRC laws.

Conflict of interests

Li, who is a registered shareholder of Chongqing JIM, is also the senior management of the Group. The Company confirms that appropriate arrangements have been made to address the potential conflict of interests between the registered shareholders of the Operating Companies and the Group. Each of such registered shareholders has made relevant confirmations and the undertakings in New Control Documents as detailed above.

In addition, the registered shareholders have appointed Beijing Hi Sunray or the WFOE (as the case may be) and its successors, including a liquidator of Beijing Hi Sunray or the WFOE as their attorney-in-fact (“**Attorney**”) to exercise their rights as a shareholder of the relevant Operating Company in respect of their equity interests conferred by relevant laws and regulations and the articles of association of the relevant Operating Company. The Attorney has the right to appoint and replace any person(s) to perform any or all of its rights as the Attorney, but such Attorney shall not appoint any person who is related to the registered shareholders to avoid any conflict of interest.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER

According to Rule 14A.52 of the Listing Rules, the term of the New Control Documents must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Taking into account of indefinite terms of the New Control Documents, or the term of 50 years as stipulated under the JIM Equity Interest Pledge Agreement and Yunrong Equity Interest Pledge Agreement, Ballas Capital Limited (“**Independent Financial Adviser**”) has been appointed as the independent financial adviser of the Company to explain why the New Control Documents require a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

The Independent Financial Adviser is of the opinion that (i) a longer period without fixed term is required for the New Control Documents to allow the Group to enjoy the economic benefits under the contractual arrangements as long as the New Control Documents are effective; and (ii) it is a normal business practice for agreements of this type to be of such duration.

In arriving at its opinion, the Independent Financial Adviser has taken into account the following principal considerations:

- (1) as disclosed in the annual report of the Company for the year ended 31 December 2018, since 28 May 2010, the Company had entered into a contractual arrangement (i.e. the Existing JIM Control Documents) to allow the Group to conduct value-added telecommunication business which had been restrictive to foreign direct investment under the PRC law (being that foreign shareholding must not exceed 50%) through Chongqing JIM. As explained in the paragraph headed “REASONS FOR AND BENEFITS OF THE VIE RESTRUCTURING” in this announcement, the New Control Documents, which replaced the Existing JIM Control Documents, were entered into (i) to facilitate the introduction of the Investor as a new foreign investor in the VBill Group; (ii) to ensure that the documents relating to the contractual arrangement align with the latest regulatory requirements; (iii) to ensure the Group’s effective interest in VBill Group remains to be 80.04% immediately after the VIE Restructuring; and (iv) to ensure the Group’s effective interest in the Yunrong Group remains to be 100% immediately after the VIE Restructuring;

- (2) given that the primary purpose for the Group to enter into the New Control Documents, as explained in the paragraph headed “BACKGROUND OF CONTRACTUAL ARRANGEMENTS – Reasons for adopting the VIE structure”, is to enable the Group to engage in the value-added telecommunication business indirectly through Hunan Yunrong and Chongqing JIM in the PRC, not having a fixed term for the New Control Documents is to the benefits of the Group since without a fixed term, the Group would be able to enjoy the economic benefits under the contractual arrangements as long as the New Control Documents are effective; and
- (3) based on the research on variable-interest-entity structures adopted by companies listed on the Stock Exchange which enable the relevant listed company to obtain control over the operating businesses of the PRC companies in which foreign investment is restricted by relevant PRC laws and regulations during 2009 to 2018 conducted by the Independent Financial Adviser, it is noted that it is normal business practice for companies adopting contractual arrangements to enter into agreements of similar nature to the New Control Documents without a fixed term.

RISK FACTORS IN RELATION TO THE NEW CONTROL DOCUMENTS

There is no assurance that the New Control Documents could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the New Control Documents do not comply with applicable regulations

Our PRC Legal Adviser, based on their understanding of the relevant laws and regulations, are of the opinion that the New Control Documents are not in violation of the PRC Contract Law, that they would not be deemed as concealing illegal intentions with a lawful form and void under the PRC Contract Law, and that they constitute valid and binding obligations enforceable against each party to such agreements in accordance with their terms. However, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations especially in the area of value-added telecommunications business. For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in that area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the New Control Documents as our PRC Legal Adviser in the future.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft FIL and how it may impact the viability of the current corporate structure, corporate governance and business operations under the contractual arrangements

On 19 January 2015, the PRC Ministry of Commerce (“MOFCOM”) published the draft PRC Foreign Investment Law (中華人民共和國外國投資法(草案徵求意見稿)) (“Draft FIL”) and the Explanation on the draft PRC Foreign Investment Law (關於《中華人民共和國外國投資法(草案徵求意見稿)》的說明) for public review and comment, aiming to, upon its enactment, replace the three existing laws regulating foreign investment in China; namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The Draft FIL embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The Draft FIL is currently in draft form only. The Draft FIL, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the Draft FIL expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign invested enterprise or a foreign invested entity or “FIE”. The Draft FIL specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor, provided that the entity is “controlled” by PRC entities and/or citizens. In this connection, “foreign investors” refers to the following subjects making investments within the PRC: (i) natural persons without PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than the PRC; (iii) the governments of countries or regions other than the PRC and the departments or agencies thereunder; and (iv) international organizations. Domestic enterprises under the control of those mentioned in (i) to (iv) of the preceding sentence are deemed foreign investors. “Control” is broadly defined in the draft law to cover the following categories: (i) holding, directly or indirectly, not less than 50% of the shares, equities, share of voting rights or other similar rights of the subject entity; (ii) holding, directly or indirectly, less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision-making bodies, or having the voting power to exert material influence on the board, shareholders’ meetings or other equivalent decision-making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in the Catalog of Special Administrative Measures, which is classified into the Catalog of Prohibitions and the Catalog of Restrictions, which is to be separately issued by the State Council. Foreign investors are not permitted to invest in any sector set forth in the Catalog of Prohibitions. However, unless the underlying business of the FIE falls within the Catalog of Restrictions or Catalog of Prohibitions, which calls for market entry clearance by MOFCOM, prior approval from governmental authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the FIE.

The VIE structure (i.e. “**contractual arrangements**”) has been adopted by many PRC-based companies, including the Group, to obtain the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. Under the Draft FIL, VIEs that are controlled via contractual arrangements would also be deemed as FIEs if they are ultimately “controlled” by foreign investors. Therefore, for any company with a VIE structure in an industry category that is in the Catalog of Restrictions or Catalog of Prohibitions, the VIE structure may be deemed a domestic investment only if the ultimate controlling person(s) is/are of PRC nationality (either PRC companies or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationality, then the VIEs will be treated as FIEs, and any operation in the industry category in the Catalog of Restrictions or Catalog of Prohibitions without market entry clearance may be considered illegal.

It is uncertain whether the Group would be considered by the PRC government as ultimately controlled by Chinese parties or not. In addition, the Draft FIL does not indicate what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens. If the enacted version of the Foreign Investment Law and the final “catalog of special administrative measures” mandate further actions, such as MOFCOM market entry clearance or certain restructuring of the Group’s corporate structure and operations, to be completed by companies with an existing VIE structure like the Group, the Group face substantial uncertainties as to whether these actions can be timely completed, or at all, and the contractual arrangements adopted by the Group, in the worst-case scenario, may be regarded as invalid and illegal.

If the PRC regulatory authorities deny the validity, effectiveness and enforceability of the New Control Documents, the Group would lose control of the Operating Companies and their subsidiaries, and would be unable to consolidate the financial results of such entities, or properly safeguard or control the assets of such entities, which would, in turn, result in a material adverse effect on the Group’s business, financial condition and results of operations.

If the Group fails to comply with the finalized Foreign Investment Law if and when it becomes effective, the Group may be required to dispose of the businesses under the contractual arrangements or make necessary corporate structure adjustment so as to comply with the finalised Foreign Investment Law. In one of the worst scenarios, if the Group is not able to maintain a sustainable business after the disposal of the relevant businesses carried out by the Operating Companies and their respective subsidiaries, the Group may be delisted from the Stock Exchange.

While the MOFCOM solicited comments on this draft in early 2015, the Draft FIL is currently in draft form only, and substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation.

In addition, on 15 March 2019, the National People’s Congress of PRC published the Foreign Investment Law of the People’s Republic of China (中華人民共和國外商投資法) (“**FIL (2018)**”). FIL (2018) was drafted with the main focus on foreign investment promotion, foreign investment protection and foreign investment management. Comparing with the Draft FIL, FIL (2018) does not mention concepts including “De facto control” and “controlling PRC companies by contracts or trusts”, nor did it specify the regulation on controlling through contractual arrangements. FIL (2018) will take effective from 1 January 2020.

The Board will monitor the updates of the Draft FIL and discuss with the Company’s PRC legal advisers on a regular basis. The Company will disclose, as soon as possible: (i) updates of material changes to the Draft FIL as and when they occur; and (ii) a clear description and analysis of the final Foreign Investment Law as implemented, specific measures taken by the Company to fully comply with the final Foreign Investment Law supported by a PRC legal opinion and any material impact of the final Foreign Investment Law on the Company’s operations and financial position.

The New Control Documents may not be as effective as direct ownership in providing control over the Operating Companies

The Group relies on the contractual arrangements under the New Control Documents to operate the business of the Operating Companies. Such contractual arrangements may not be as effective in providing the Group with control over such entities as direct ownership. If Beijing Hi Sunray and the WFOE have direct ownership of the Operating Companies, they will be able to exercise their rights as a shareholder to effect changes in the board of directors of the Operating Companies, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the New Control Documents, the Group relies on the performance by the registered shareholders of the Operating Companies of their obligations under the New Control Documents to exercise control over the Operating Companies. Therefore, the contractual arrangements under the New Control Documents may not be as effective in ensuring Beijing Hi Sunray's and the WFOE's control over the Operating Companies as direct ownership would be.

The registered shareholders may potentially have a conflict of interests with the Group

The Group's control over the Operating Companies is based on the contractual arrangements under the New Control Documents. Therefore, conflict of interests of the registered shareholders of the Operating Companies will adversely affect the interests of the Company. However, under the New Control Documents, the registered shareholders will irrevocably appoint any person as designated by Beijing Hi Sunray or the WFOE (including its liquidator, if any) as their representative to exercise the voting rights of the shareholders. Therefore, it is unlikely that there will be potential conflict of interests between the Company and such registered shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the registered shareholders.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under any New Control Document was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust the income and expenses of Beijing Hi Sunray and/or the WFOE and/or the Operating Companies for PRC tax purposes, which could result in higher tax liabilities.

The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the Operating Companies or those of Beijing Hi Sunray or the WFOE increase significantly or if they are required to pay interest on late payments and other penalties.

Certain terms of the New Control Documents may not be enforceable under PRC laws

Our PRC Legal Adviser has advised that the provisions under the disputes resolutions clause in the New Control Documents setting forth that the arbitral body may (i) award injunctive relief over the shares or land assets of the Operating Companies, (ii) award winding up orders against the Operating Companies and (iii) that courts in Hong Kong, Bermuda and (in respect of the New JIM Control Documents only) the Cayman Islands may grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal may not be enforceable under the PRC laws. If certain provisions under this clause are not enforceable, the practical consequences for the Group are as follows:

1. If Beijing Hi Sunray or the WFOE intends to seek interim remedies in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances, it may seek the interim remedies before a PRC court pursuant to Article 101 and other relevant articles of the PRC Civil Procedure Law, and not before any courts in Hong Kong, Bermuda or the Cayman Islands.
2. The remedies awarded by arbitral tribunals including the Beijing Arbitration Commission will be limited to the remedies available to them under PRC law, which currently include:
 - (a) cessation of infringements;
 - (b) removal of obstacles;
 - (c) elimination of dangers;
 - (d) return of property;
 - (e) restoration to the original condition;
 - (f) repair, reworking or replacement;
 - (g) compensation for losses;
 - (h) payment of breach of contract damages;
 - (i) elimination of adverse effects and rehabilitation of reputation; and
 - (j) extension of apology.

Because a PRC arbitral tribunal cannot award legal remedies such as injunctive relief or winding up orders, Beijing Hi Sunray and the WFOE can only seek similar but not identical remedies from the Beijing Arbitration Commission under PRC law, such as cessation of infringements or return of property. Alternatively, Beijing Hi Sunray and the WFOE may seek remedies from a competent court, such as the People's Court of Shijingshan District, the First Intermediate People's Court of Beijing, the People's Court of Tianxin District of Changsha, the Intermediate People's Court of Changsha and in rare cases, the Higher People's Court of Beijing and the Higher People's Court of Hunan, including interim injunctive relief over the assets or shares of the Operating Companies and a winding up order against the Operating Companies.

3. Despite the fact that the disputes resolution clause provides that an arbitral body may award injunctive relief or winding up orders and that courts in Hong Kong, Bermuda and the Cayman Islands may grant interim remedies, and such provision may not be enforceable under PRC laws, the remaining provisions of the disputes resolution clause set out in the New Control Documents are legal, valid and binding on the parties thereto.

As a result, in the event that any of the Operating Companies or any of their registered shareholders breaches the terms of the New Control Documents, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the Operating Companies could be materially and adversely affected.

A substantial amount of costs and time may be involved in transferring the ownership of the Operating Companies to the Group under the Yunrong Exclusive Option Agreement and JIM Exclusive Option Agreement

In case Beijing Hi Sunray and the WFOE exercise their option to acquire all or part of the equity interests in the Operating Companies under the Yunrong Exclusive Option Agreement and JIM Exclusive Option Agreement, such acquisition may be subject to a minimum price limitation (such as an appraised value for the equity interests in the relevant entity) or other limitations as imposed by the applicable PRC laws. Further, a substantial amount of taxes, other necessary costs (if any), expenses and time may be involved in transferring the ownership of the Operating Companies, which may have a material adverse impact on the Group's business, prospects and results of operation.

The Group may bear economic risk which may arise from difficulties in the operation of the Operating Companies

As the primary beneficiary of the Operating Companies, the Group will bear economic risks which may arise from difficulties in the operation of their businesses. Beijing Hi Sunray and the WFOE will have to provide financial support in the event of financial difficulty of the Operating Companies. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the Operating Companies and the need to provide financial support to the Operating Companies.

The Company does not have any insurance which covers the risks relating to the New Control Documents and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the New Control Documents and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the New Control Documents in the future, such as those affecting the enforceability of the New Control Documents and the relevant agreements for the transactions contemplated thereunder and the operation of New Control Documents, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the New Control Documents.

There is a lack of clear guidance or interpretation on the Qualification Requirement under the ICP License, which may cast uncertainty to the Group when the foreign ownership restriction in value-added telecommunications is relaxed

As mentioned above, in respect of the Qualification Requirement for operating value-added telecommunications, there is no clear formal guideline and provision on what constitutes “a good track record” and “operational experience”.

Despite the lack of clear guidance or interpretation on the Qualification Requirement, the Company and VBill (Cayman) intends to acquire the entire equity interests in the Operating Companies when the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC. If the restriction on foreign ownership in companies providing value-added telecommunications services under the current PRC laws is lifted, the Group and/or VBill (Cayman) may still not be in a position to comply with the Qualification Requirement and not qualified to acquire the entire equity interests in the Operating Companies.

INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

The New Control Documents contain certain provisions to exercise effective control over and to safeguard the assets of the Operating Companies.

In addition to the internal control measures as provided in the New Control Documents, it is the intention of the Company, through Beijing Hi Sunray and the WFOE, to adopt additional internal control measures against the Operating Companies as appropriate, which may include but not limited to management control, financial control and legal review as follows:

- (a) the Group will delegate representatives (the “**Representatives**”) to the Operating Companies, mainly responsible for exercising management control of the Operating Companies; the Representatives will conduct reviews on the operations of the Operating Companies;
- (b) the Board and the Representatives shall identify major issues arising from the implementation of and compliance with the New Control Documents;
- (c) any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (d) the Representatives or other delegates of the Board shall meet with the registered shareholders or directors of the Operating Companies to investigate and report any suspicious matters to the Board;
- (e) the Board shall collect the management accounts and major operational data of the Operating Companies regularly for review which will be no less frequent than on a quarterly basis; the financial team of the Company will seek explanations from the senior management of the Operating Companies on any material fluctuations;

- (f) the Board will consult the Company's PRC legal advisers from time to time to check if there are any legal developments in the PRC affecting the arrangement contemplated under the New Control Documents (such as the development of the draft FIL), and the Board will determine if any modification or amendment are required to be made;
- (g) major issues arising from implementation and performance of the New Control Documents, if any, will be reviewed by the Board on a regular basis; the Board will determine, as part of its periodic review process, whether legal advisers and/or other professionals will need to be retained to assist the Group to deal with specific issues arising from the New Control Documents;
- (h) the Board will disclose the overall performance and compliance with the New Control Documents in its annual report to update the Shareholders and potential investors; and
- (i) the Company shall comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the continuing connected transactions contemplated under the New Control Documents.

CONSOLIDATION OF THE FINANCIAL RESULTS OF THE OPERATING COMPANIES

The Company has discussed with its auditors and confirms that the financial results of the Operating Companies are and will still be consolidated into the financial statements of the Group under the prevailing accounting principles upon entering into the New Control Documents.

On the basis of the aforesaid confirmation and pursuant to Rule 1.01 of the Listing Rules, the Company further confirms that Hunan Yunrong is and will remain to be a wholly-owned subsidiary of the Company, and Chongqing JIM will be a non-wholly owned subsidiary of the Company.

THE BOARD'S VIEW ON THE NEW CONTROL DOCUMENTS

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.

Based on the reasons stated above, the Board (including the independent non-executive Directors) is of the view that the New Control Documents are narrowly tailored to achieve Hunan Yunrong's and Chongqing JIM's business purpose and to minimise the potential conflicts with and are enforceable under the relevant PRC laws and regulations.

The Directors believe the New Control Documents are fundamental to the legal structure of the Operating Companies because they enable Beijing Hi Sunray and the WFOE to gain control over the Operating Companies and their subsidiaries under the legal framework of the PRC. Pursuant to the relevant provisions of the New Control Documents, the New Control Documents may be unwound as soon as the relevant PRC laws allow Beijing Hi Sunray or WFOE to register itself as the shareholder of the relevant Operating Company. The Directors further believe that save as disclosed, the New Control Documents are enforceable under the relevant PRC laws, and that the New Control Documents will provide a mechanism that enables Beijing Hi Sunray and the WFOE to exercise effective control over the Operating Companies.

The Directors (including the independent non-executive Directors) further believe that (i) the VIE Restructuring (including the New Control Documents) is an integral part of the transactions contemplated under the Subscription Agreement; (ii) the contractual arrangements established under the New Control Documents allow the Group to take full control and enjoy all the economic benefits of the Operating Companies; and (iii) a number of other companies use similar arrangements to accomplish the same purpose, and therefore, the contractual arrangements under the New Control Documents and the VIE Restructuring are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

The Board has approved the VIE Restructuring. None of the Directors had material interests in the VIE Restructuring. Therefore, no Director is required to abstain from voting on the resolutions of the Board approving the VIE Restructuring.

IMPLICATIONS UNDER THE LISTING RULES

Yunrong Restructuring

Each of Zhang and Wei is a director of certain subsidiaries of the Company and hence each of Zhang and Wei is a connected person of the Company at subsidiary level. Therefore, the transactions contemplated under the Yunrong Restructuring constitute connected transactions and/or continuing connected transactions at subsidiary level 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.

Chongqing JIM VIE Restructuring

Each of the Management Shareholders (registered shareholders of VBill OPCO) and each of the Management Shareholders Holdcos is a connected person of the Company at subsidiary level. Each of Zhou and Na (registered shareholders of Chongqing JIM) is a director of certain insignificant subsidiaries of the Company. When the exception of Rule 14A.09 does not apply, each of Zhou and Na will become a connected person of the Company at subsidiary level. Therefore, the transactions contemplated under the Chongqing JIM VIE Restructuring constitute connected transactions and/or continuing connected transactions at subsidiary level 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.

APPLICATION FOR AND CONDITIONS OF WAIVER

The Company has applied for, and the Stock Exchange has granted a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) fixing the term of the Yunrong Control Documents and New JIM 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 Hunan Yunrong to Beijing Hi Sunray and the amount of loans to be made available by Beijing Hi Sunray to Hunan Yunrong (as contemplated under the Yunrong Control Documents), and (y) 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).

The waiver is subject to the conditions as set out below.

- (i) *No Change without Independent non-executive Directors' Approval:* Save for any mandatory change required under applicable laws and regulations, no changes to the terms of any of the New Control Documents will be made without the approval of the independent non-executive Directors.
- (ii) *Economic Benefits Flexibility:* The New Control Documents shall continue to enable VBill (Cayman) and the Company to receive the economic benefits derived by the relevant Operating Company, i.e. Chongqing JIM or Hunan Yunrong, through (a) the potential right of the VBill (Cayman) Group and the Group (if and when so allowed under the applicable PRC laws) to acquire the entire equity interest in the relevant Operating Company at the lowest price permissible under the then applicable PRC laws, (b) the business structure under which the audited consolidated net profits generated by the relevant Operating Company is retained by the VBill (Cayman) Group and the Group (such that no annual caps shall be set on the amount of the services fees payable to the WFOE under the JIM Master Exclusive Service Agreement and the services fees payable to Beijing Hi Sunray under the Yunrong Master Exclusive Service Agreement), and (c) the right of the VBill (Cayman) Group and the Group to control the management and operation of, as well as, in substance, all of the voting rights of the relevant Operating Company.
- (iii) *Renewal and reproduction:* On the basis that the New Control Documents provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the relevant Operating Company, on the other hand, such framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business in the PRC as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing New Control Documents. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business that the Company may establish upon renewal and/or reproduction of the New Control Documents will be treated as the connected persons of the Company and transactions between these connected persons and the Company other than those under similar New Control Documents shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws and approvals from the relevant PRC authorities.

- (iv) *Ongoing Reporting and Approvals*: the Group will disclose details relating to the New Control Documents on an ongoing basis as follows:
- (a) The New Control Documents in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules;
 - (b) The independent non-executive Directors will review the New Control Documents annually and confirm in the Company's annual report for the relevant year that the transactions carried out during such year have been entered into (x) in the ordinary and usual course of business of the Group; (y) on normal commercial terms or better; and according to the New Control Documents on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
 - (c) The Company's auditors will carry out procedures annually on the transactions carried out pursuant to the New Control Documents and will provide a letter to the Directors with a copy to the Stock Exchange at least 10 business days before the bulk printing of the Company's annual report, confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (x) have not been approved by the Board; and (y) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions;
 - (d) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", Chongqing JIM, Hunan Yunrong and their respective subsidiaries (if any) will be treated as the Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of Chongqing JIM, Hunan Yunrong and their respective subsidiaries and their respective associates will be treated as the Company's connected persons. As such, the transactions between these connected persons and the Group (including for this purpose, Chongqing JIM, Hunan Yunrong and their respective subsidiaries, if any), other than those under the New Control Documents, shall comply with Chapter 14A of the Listing Rules; and
 - (e) Each of Chongqing JIM and Hunan Yunrong also undertakes that, during the term of the relevant New Control Documents, it will provide the Group's management and the Company's auditors with full access to its relevant records for the purpose of the Company's auditors' review on the continuing connected transactions.

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

21 May 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*