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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)**

**(1) DISCLOSEABLE TRANSACTION AND  
CONNECTED TRANSACTION:  
SUBSCRIPTION OF NEW SHARES OF VBILL (CAYMAN)  
BY THE INVESTOR;  
AND  
(2) DISCLOSEABLE TRANSACTION:  
GRANT OF PUT OPTION  
BY VBILL (CAYMAN) TO THE INVESTOR**

### **THE 2ND AMENDED SUBSCRIPTION AGREEMENT**

On 24 September 2019 (after trading hours), the Company, the Management Shareholders, the Investor, VBill (Cayman) and VBill OPCO entered into the second amendment and restatement agreement to amend and restate the Original Subscription Agreement. Pursuant to the 2nd Amended Subscription Agreement, the Investor has agreed to subscribe for new VBill Shares at the Subscription Price.

As at the date of the 2nd Amended Subscription Agreement, the Group is indirectly interested in 80.04% of VBill Group. Immediately upon Completion (assuming step 8(ii) of the Restructuring has not completed, i.e. 80.04% of VBill Group is held by Chongqing JIM), the Group's indirect interest in VBill Group will be diluted to approximately 68.83%. Immediately after Post-completion Allotment (i.e. step 8(ii) of the Restructuring has completed, i.e. 100% of VBill Group is held by Chongqing JIM), the Group's indirect interest in VBill Group will become approximately 71.07%.

\* For identification purpose only

## **THE AMENDED SHAREHOLDERS' AGREEMENT**

On 24 September 2019 (after trading hours), the Management Shareholders, the Management Shareholders Holdcos, the Company, the Investor, VBill (Cayman), WFOE, Chongqing JIM and VBill OPCO entered into an amendment and restatement agreement to amend and restate the Original Shareholders' Agreement. The Amended Shareholders' Agreement regulates and governs the rights and obligations of each VBill (Cayman) Shareholder in respect of the securities in VBill (Cayman) (including the grant of the Put Option), and the management and operation of VBill (Cayman) Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **(i) The 2nd Amended Subscription Agreement and the Deemed Disposal**

As certain applicable percentage ratios (as defined under the Listing Rules) under the Listing Rules in respect of the Deemed Disposal exceed 5% but all applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Due to the relationship between the parties, each of Shen, Li, Xue and Ge (i.e. the Management Shareholders, together with Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco which is respectively an associate of Shen, Li, Xue and Ge) is a connected person of the Company at subsidiary level. The 2nd Amended Subscription Agreement between the Company and the Management Shareholders, and the transactions contemplated thereunder (including the Amended Shareholders' Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

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

As certain applicable percentage ratios (as defined under the Listing Rules) under the Listing Rules in respect of the grant and exercise of the Put Option (the exercise of which is not at the discretion of the Company) exceed 5% but all applicable percentage ratios are less than 25%, the grant and the exercise of the Put Option constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the 2nd Amended Subscription Agreement, the Deemed Disposal, the grant of Put Option and other transactions contemplated under the 2nd Amended Subscription Agreement and the ancillary agreements thereto may or may not proceed as they are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

## **(1) BACKGROUND AND RESTATEMENT OF THE PREVIOUS TRANSACTION DOCUMENTS**

Reference is made to the announcements of the Company dated 12 February 2019, 21 May 2019 and 18 July 2019, and the circular of the Company dated 21 June 2019 in respect of the discloseable transaction and major transaction contemplated under the Original Subscription Agreement and the Original Shareholders' Agreement as well as certain VIE restructuring concern the group of companies comprising Hunan Yunrong, VBill OPCO and Chongqing JIM ("**VIE Restructuring**"). At the special general meeting of the Company held on 18 July 2019, the Shareholders passed the ordinary resolution to approve the Previous Transaction Documents. Pursuant to the Original Subscription Agreement, completion of the subscription by the Investor is conditional upon, among other matters, the completion of the Restructuring. As at the date of this announcement, the major outstanding step of the Restructuring is completion of the Share Swap Agreement ("**Share Swap Completion**"), and termination of the 2014 Share Option Agreement, which is to be effected on the Share Swap Completion.

Share Swap Completion is conditional upon approval from the People's Bank of China ("**PBOC**") of the Share Swap Agreement followed by the registration of the shareholding changes with the local Administration of Industry and Commerce of the PRC ("**AIC**"). The application for approval for the Share Swap Agreement was submitted to the PBOC in April 2019. After consultation with PBOC, the parties understand that the approval process is still underway and there is no definite timeframe for the approval. In light of the approval process of the PBOC, the parties intended to remove Share Swap Completion and termination of the 2014 Share Option Agreement (i.e. step 8(ii) of the Restructuring, detailed below) as conditions to completion of the subscription contemplated under the Original Subscription Agreement. To facilitate the removal of such condition, the parties also intended to make consequential changes to certain terms of the Previous Transaction Documents.

On 24 September 2019, the Previous Transaction Documents have been amended and restated by the relevant parties and such amended and/or restated agreements constitute new transactions for the Company under Chapter 14 and Chapter 14A of the Listing Rules. With effect from 24 September 2019, the 2nd Amended Subscription Agreement and the Amended Shareholders' Agreement shall take effect in substitution for the Previous Transaction Documents.

## **(2) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – THE SUBSCRIPTION**

The principal terms of the 2nd Amended Subscription Agreement are set out below.

### **Principal terms of the 2nd Amended Subscription Agreement**

#### **Date**

24 September 2019

## **Parties**

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

## **Relationship between the parties**

As at the date of this announcement:

- (i) Shen is a director of VBill (Cayman) and the WFOE, a director and the chairman of the board of directors of VBill OPCO and a director of certain subsidiaries of VBill OPCO. As at the date of this announcement, Shen holds 9.96% equity interest in VBill OPCO. Shen is the sole director and sole shareholder of Shen Holdco which is a special purpose vehicle wholly-owned by Shen for holding the VBill Shares for Shen.
- (ii) Li is the chief executive officer of VBill OPCO and the supervisor of a subsidiary of VBill OPCO. As at the date of this announcement, Li holds 4.80% equity interest in VBill OPCO. Li is the sole director and sole shareholder of Li Holdco which is a special purpose vehicle wholly-owned by Li for holding the VBill Shares for Li.
- (iii) Xue is a director of VBill OPCO and a director of certain subsidiaries of VBill OPCO. As at the date of this announcement, Xue holds 3.20% equity interest in VBill OPCO. Xue is the sole director and sole shareholder of Xue Holdco which is a special purpose vehicle wholly-owned by Xue for holding the VBill Shares for Xue.
- (iv) Ge is a director of VBill OPCO and a supervisor of certain subsidiaries of VBill OPCO. As at the date of this announcement, Ge holds 2.00% equity interest in VBill OPCO. Ge is the sole director and sole shareholder of Ge Holdco which is a special purpose vehicle wholly-owned by Ge for holding the VBill Shares for Ge.

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

The Management Shareholders, Chongqing JIM, VBill OPCO, Zhou and Na entered into the Share Swap Agreement for the share swap of equity interest in Chongqing JIM and VBill OPCO. Upon completion of the Share Swap Agreement, each of the Management Shareholders will cease to hold any direct interest in VBill OPCO, while each of Zhou, Na, Shen, Li, Xue and Ge will become a registered shareholder of Chongqing JIM, holding 57.00%, 38.00%, 2.50%, 1.20%, 0.80% and 0.50%, respectively, of Chongqing JIM.

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

Under the Existing JIM Control Documents, a contractual arrangement has been made which allows Shanghai JIM to exercise control and enjoy all economic benefits generated from Chongqing JIM and its subsidiaries (including VBill OPCO and its subsidiaries). As at the date of this announcement, Chongqing JIM is accounted for as a wholly-owned subsidiary of the Group, while VBill OPCO is accounted for as an 80.04% owned subsidiary of the Group. Before completion of the Share Swap Agreement and through the New JIM Control Documents (Pre-Swap), VBill (Cayman) (through the WFOE) indirectly exerts management control and enjoy all economic benefits generated from Chongqing JIM and the VBill Group. Upon completion of the Share Swap Agreement, the New JIM Control Documents will take effect, whereby VBill (Cayman) will continue exert management control and enjoy all economic benefits generated from Chongqing JIM and the VBill Group through WFOE.

The Investor is a *besloten vennootschap* incorporated in the Netherlands. The principal business of the Investor is investment holding and as of the date of this announcement, the Investor has not conducted any business other than in relation to the transactions described herein. The Investor is indirectly owned by the EQT MM Asia Fund and certain EQT employee co-investment partnerships, which is part of the EQT group of private investment funds advised by EQT Partners. EQT is a leading investment firm with more than Euro 61 billion in raised capital across 29 funds. EQT funds have portfolio companies in Europe, Asia and the United States of America with total sales of more than Euro 21 billion and approximately 127,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.

As at the date of this announcement, 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. Immediately before the Completion, VBill (Cayman) will be 100% owned by the Company. Immediately after the Completion (assuming 8(ii) of the Restructuring has not completed at Completion), VBill (Cayman) will be owned as to approximately 85.99% by the Company and approximately 14.01% by the Investor and will be a non-wholly owned subsidiary of the Company.

The WFOE is an indirect wholly-owned subsidiary of the VBill (Cayman) and is the wholly foreign owned enterprise designated by VBill (Cayman) to exert control over Chongqing JIM and the VBill OPCO through the New JIM Control Documents and New JIM Control Documents (Pre-Swap).

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 2nd Amended Subscription Agreement and Amended Shareholders' Agreement, including the Investor, and their ultimate beneficial owners, are Independent Third Parties.

### **Subject matter – The Subscription**

Pursuant to the 2nd Amended Subscription Agreement, the Investor shall subscribe for, and be allotted the Subscription Shares at Completion at the Subscription Price on the Completion Date.

In the event completion of the entire Restructuring (as disclosed under the paragraph headed "The Restructuring" below) has taken place as at Completion (i.e. 100% of VBill Group is held by Chongqing JIM), the Subscription Shares shall be 1,263 VBill Shares, which shall represent approximately 11.21% of the total number of issued Shares immediately after Completion on a fully diluted basis. In the event step 8(ii) of the Restructuring has not yet taken place (i.e. 80.04% of VBill Group is held by Chongqing JIM), the Subscription Shares shall be 1,304 VBill Shares, which shall represent approximately 14.01% of the total number of issued Shares immediately after Completion on a fully diluted basis.

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

The following table illustrates the shareholding percentages of various VBill (Cayman) Shareholders in the issued share capital of VBill (Cayman) immediately after Completion (in the event the entire Restructuring has completed as at Completion, i.e. 100% of VBill Group is held by Chongqing JIM):

Table 1:

<b>Name of VBill (Cayman) Shareholder</b>	<b>Number of VBill Shares held</b>	<b>Percentage shareholding</b>
Company	8,004	71.07%
Investor	1,263	11.21%
Ge Holdco	200	1.78%
Li Holdco	480	4.26%
Shen Holdco	996	8.84%
Xue Holdco	320	2.84%
<b>Total</b>	<b>11,263</b>	<b>100%</b>

*Note:* The VBill Shares to be allotted and issued to the Management Shareholders Holdcos will be allotted and issued at nominal consideration.



The following table illustrates the shareholding percentages of various VBill (Cayman) Shareholders in the issued share capital of the Company immediately after Completion (in the event step 8(ii) of the Restructuring has not completed as at Completion, i.e. 80.04% of VBill Group is held by Chongqing JIM):

Table 2:

Name of VBill (Cayman) Shareholder	Number of VBill Shares held	Percentage shareholding
Company	8,004	85.99%
Investor	1,304	14.01%
Ge Holdco	—	—
Li Holdco	—	—
Shen Holdco	—	—
Xue Holdco	—	—
<b>Total</b>	<b>9,308</b>	<b>100%</b>

The Company envisages that on the Completion Date, completion of the Share Swap Agreement will still be pending and therefore completion of step 8(ii) of the Restructuring is yet to take place. As a result, parties expect to proceed to Completion as contemplated under Table 2 above.

#### ***Consideration for the Subscription***

The Subscription Price payable by the Investor to VBill (Cayman) at Completion shall be RMB588,000,000, and shall be payable on the Completion Date by the Investor or its designee to VBill (Cayman)'s designated bank account by telegraphic transfer in immediately available funds in US\$ equivalent of the Subscription Price at the Agreed Exchange Rate.

#### ***Basis of consideration***

The Subscription Price is arrived at after arm's length negotiation between the Company, the Investor and the Management Shareholders on normal commercial terms, having considered, among other factors, the business prospects and financial performance of VBill (Cayman) Group. The multiplier is set at 14.0 of the target audited net profit figure of VBill OPCO for the year ended 31 December 2018 in the amount of RMB420,000,000.

#### ***Conditions to Completion***

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

- (1) if required by the Stock Exchange, the passing by the Shareholders at a general meeting of the Company of each of the relevant resolutions to approve the entry by the Company, VBill OPCO, VBill (Cayman) and WFOE (as applicable) into the transactions contemplated in the Transaction Documents;
- (2) completion of all the steps of the Restructuring except for step 8(ii);

- (3) each of the warranties given to the Investor under the 2nd Amended Subscription Agreement being true, accurate and not misleading in all material respects as at Completion;
- (4) each of the pre-completion undertakings given under the 2nd Amended Subscription Agreement having been complied with in all material respects from the date of the 2nd Amended Subscription Agreement up to the Completion Date;
- (5) the application in relation to the registration of the Agreement of Pledge having been submitted to SAFE;
- (6) the Chongqing JIM Contracts having been executed by Chongqing JIM and the relevant members of the Group, in form and substance satisfactory to the Investor (not to be unreasonably rejected); and
- (7) no material adverse change having occurred from the date of the 2nd Amended Subscription Agreement until the Completion Date.

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

If any condition is either not waived or satisfied, as the case may be, by 12:00 noon, Hong Kong time on the Longstop Date, the 2nd Amended Subscription Agreement shall automatically terminate with immediate effect save in respect of the provisions relating to confidentiality, costs and taxes, notices, governing law and other miscellaneous provisions (“**Surviving Provisions**”) and no party under the 2nd Amended Subscription Agreement shall have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a party’s accrued rights and obligations at the date of termination.

### ***The Restructuring***

As one of the conditions precedent to the Completion, the following steps (“**Restructuring**”) will be implemented as soon as reasonably practicable.

The Restructuring involves the following major steps to be taken:

1. incorporation of Shen Holdco, Li Holdco, Xue Holdco, Ge Holdco by the respective Management Shareholder;
2. incorporation of VBill (Cayman) by the Management Shareholders Holdcos;
3. incorporation of VBill (BVI) by VBill (Cayman);
4. incorporation of VBill (HK) by VBill (BVI);
5. completion of registration under Circular 37 by the Management Shareholders;
6. the Amendment to Agreement of Pledge having been duly executed by each of the parties thereto;
7. incorporation of the WFOE by VBill (HK);



8. implementation of the VIE restructuring involving Chongqing JIM, including:
  - (i) execution of the Share Swap Agreement, pursuant to which each of the Management Shareholders will subscribe the newly issued registered capital of Chongqing JIM by contributing the equity interest in VBill OPCO respectively held by each of the Management Shareholders so that after the completion of the transactions under the Share Swap Agreement, Chongqing JIM will hold 100% equity interest in VBill OPCO and Zhou, Na, Shen, Li, Xue and Ge will respectively hold 57.00%, 38.00%, 2.50%, 1.20%, 0.80% and 0.50% equity interest in Chongqing JIM;
  - (ii) completion of each transaction contemplated under the Share Swap Agreement (including but not limited to obtaining of approvals from the PBOC and completion of registrations with the competent local branch of the state administration for industry and commerce of the PRC) and termination of the 2014 Share Option Agreement simultaneously upon completion of the registrations;
  - (iii) execution of an agreement to terminate all the Existing JIM Control Documents, which shall take effect on the date of the New JIM Control Documents (Pre-Swap);
  - (iv) execution of the New JIM Control Documents (Pre-Swap) (to take effect upon signing and cease to be effective on the completion of the Share Swap) and completion of the equity interest pledge registration as contemplated under the Equity Interest Pledge Agreement (i.e. one of the New JIM Control Documents (Pre-Swap)); execution of New JIM Control Documents (to take effect on the completion of the Share Swap); and
  - (v) surrender or transfer of all the issued VBill Shares held by the Management Shareholders Holdcos to VBill (Cayman) at nil or a nominal consideration;
9. Transfer of 100% equity interest in Hunan Yunrong and its subsidiaries held by Chongqing JIM to the Company or a party designated by the Company at a consideration decided by the Company.

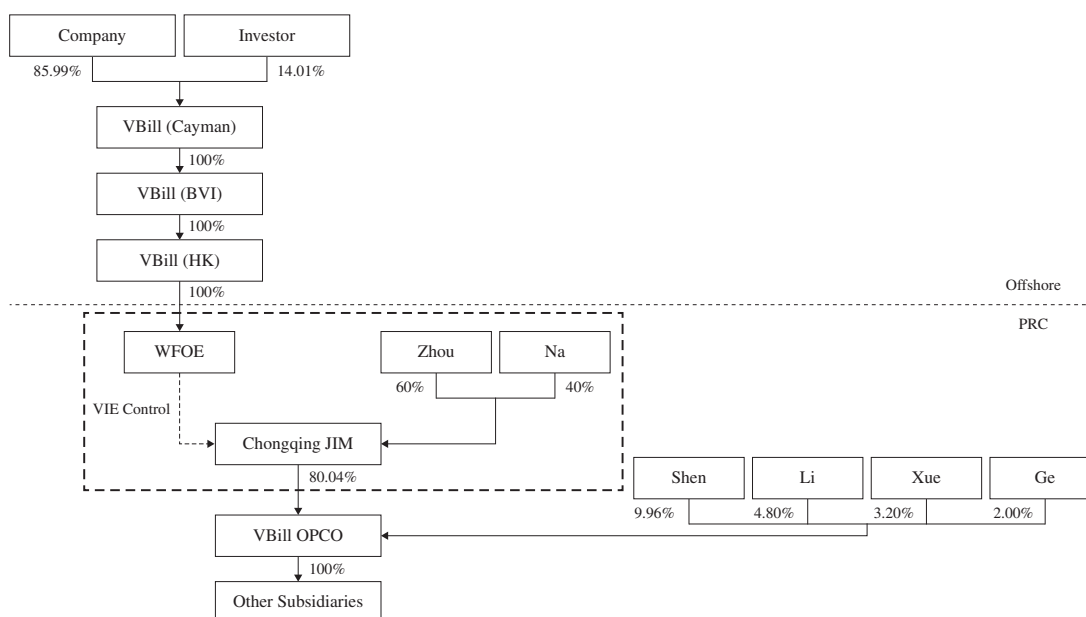
As at the date of this announcement, apart from step 6, 8(ii), (iii), (iv) and (v), all the above steps of Restructuring have been completed.

### ***Completion***

VBill (Cayman) shall, and each of the Controlling Group Members shall procure that VBill (Cayman) shall, deliver a written notice to the Investor on the date on which the last of the conditions as set out in the 2nd Amended Subscription Agreement (except step 8(ii) of the Restructuring) capable of being satisfied or waived ahead of Completion is satisfied or waived, if waiver is permitted.

Completion shall take place on the date that is 10 Business Days after the date of the Completion notice (not being later than the Longstop Date) or such other date as the parties so agreed in writing.

The chart below illustrates the ownership structure of the VBill (Cayman) Group Companies immediately upon Completion (in the event step 8(ii) of the Restructuring has not completed as at Completion):



—> Denotes direct legal ownership in the equity interest

- - - -> Denotes contractual relationship under the New JIM Control Documents (Pre-Swap)

### Share Swap Completion

The Controlling Group Members undertake to use their best efforts to procure completion of step 8(ii) of the Restructuring as soon as practicable. The Controlling Group Members undertake to supply all necessary documentation or information to the relevant AIC (including its online service platform) for registration within 5 Business Days upon obtaining approval of the Share Swap from the PBOC and complete registration of the change of shareholding structure of Chongqing JIM and VBill OPCO within 30 Business Days from the date of approval of the PBOC of the Share Swap Agreement (“**Share Swap Completion Date**”).

The Controlling Group Members also undertake that (i) the New JIM Control Documents (Pre-Swap) shall be terminated and the New JIM Control Documents shall take effect simultaneously on the Share Swap Completion Date; (ii) termination of the 2014 Share Option Agreement shall take effect on the Share Swap Completion Date; (iii) the application to the relevant AIC for the registration of the Equity Interest Pledge Agreement (one of the New JIM Control Documents) is submitted as soon as practicable within 5 Business Days of completion of the Chongqing JIM Share Swap (the “**Pledge Registration Application Date**”) and such registration shall be completed within 30 Business Days after the Pledge Registration Application Date (the “**Pledge Registration Completion Date**”), and that the application for the deregistration of the Equity Interest Pledge Agreement (one of the New JIM Control Documents (Pre-Swap)) is submitted to the relevant administration for industry and commerce on the Pledge Registration Completion Date.

### ***Post-completion Allotment***

In the event that Completion has taken place before the Pledge Registration Completion Date, VBill (Cayman) shall allot such number of new VBill Shares (collectively the “**Post-completion Allotment Shares**”) to the Company, the Investor and the Management Shareholders Holdcos as indicated below on the Pledge Registration Completion Date or such other date as agreed among the Company, the Investor, the Management Shareholders (“**Post-completion Allotment Date**”). The Post-completion Allotment Shares shall be issued and allotted by way of capitalisation issue of VBill (Cayman) to the Company, the Investor and the Management Shareholders Holdcos (as directed by the Company and/or the Investor).

The following table illustrates the shareholding percentages of various VBill (Cayman) Shareholders in the issued share capital of the Company immediately after the allotment of Post-completion Allotment Shares.

Table 3:

<b>Name of VBill (Cayman) Shareholder</b>	<b>Number of Post-completion Allotment Shares</b>	<b>Total number of VBill Shares held</b>	<b>Shareholding percentage</b>
Company	8,004	16,008	71.07%
Investor	1,222	2,526	11.21%
Ge Holdco	400	400	1.78%
Li Holdco	960	960	4.26%
Shen Holdco	1,992	1,992	8.84%
Xue Holdco	640	640	2.84%
<b>Total</b>	<b>13,218</b>	<b>22,526</b>	<b>100%</b>

### ***Share Swap Adjustment Allotment***

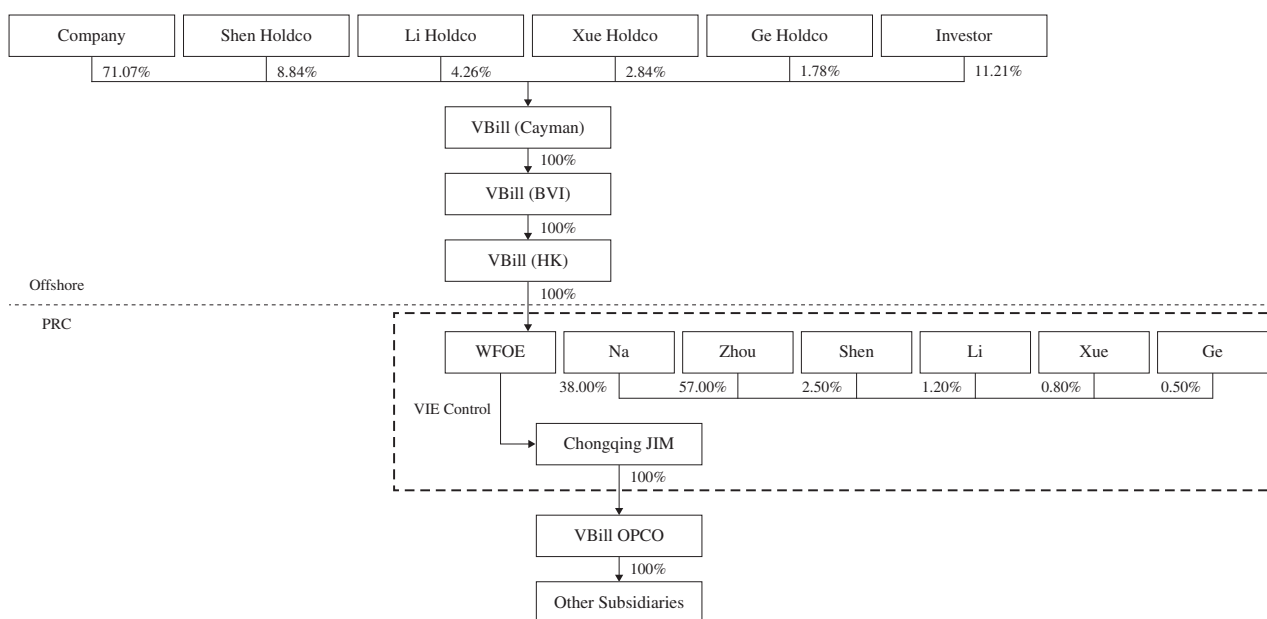
In the event that Completion has not taken place before the Pledge Registration Completion Date, VBill (Cayman) shall allot such number of new VBill Shares (collectively the “**Share Swap Adjustment Shares**”) to the Management Shareholders Holdcos as indicated below at nominal consideration on the Pledge Registration Completion Date or such other date as agreed between the Management Shareholders and the Company.

The following table illustrates the shareholding percentages of various VBill (Cayman) Shareholders in the issued share capital of the Company immediately after the allotment of the Share Swap Adjustment Shares:

Table 4:

Name of VBill (Cayman) Shareholder	Number of Share Swap Adjustment Shares	Total number of VBill Shares held	Shareholding percentage
Company	–	8,004	80.04%
Investor	–	–	–
Ge Holdco	200	200	2.00%
Li Holdco	480	480	4.80%
Shen Holdco	996	996	9.96%
Xue Holdco	320	320	3.20%
<b>Total</b>	<b>1,996</b>	<b>10,000</b>	<b>100%</b>

The chart below illustrates the ownership structure of the VBill (Cayman) Group Companies immediately upon Completion (assuming the entire Restructuring has been completed) or upon completion of the Post-completion Allotment:



—→ Denotes direct legal ownership in the equity interest

-----→ Denotes contractual relationship under the New JIM Control Documents

## ***Termination***

If Completion does not take place on the Completion Date because any party (the “**Defaulting Party**”) fails to comply with any of its obligations under the 2nd Amended Subscription Agreement (whether such failure amounts to a repudiatory breach or not), the Investor (if Defaulting Party is a Controlling Group Member or VBill (Cayman)) or VBill (Cayman) (if the Defaulting Party is Investor) may, by notice in writing to the Defaulting Party:

- (a) proceed to Completion to the extent reasonably practicable;
- (b) postpone the Completion Date to the extent reasonably practicable; or
- (c) terminate the 2nd Amended Subscription Agreement.

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

If the 2nd Amended Subscription Agreement is terminated pursuant to the above paragraph (c), each party’s further rights and obligations cease immediately on termination save in respect of the Surviving Provisions and no party will have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a party’s accrued rights and obligations at the date of termination.

## **Existing ESOP**

All parties to the 2nd Amended Subscription Agreement agree and acknowledge that:

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

## ***Limitation of liability***

The aggregate amount of liability of the Controlling Group, VBill OPCO and VBill (Cayman) (as applicable) under the 2nd Amended Subscription Agreement is subject to (amongst others) the following limitations.

- (1) The aggregate amount of liability of the Company, the Management Shareholders, VBill OPCO and VBill (Cayman) in respect of all Warranty Claims and Indemnity Claims shall be limited to the Subscription Price. Subject always to the foregoing limitation, the aggregate amount of liability of:
  - (a) Shen in respect of his liabilities under Warranty Claims, Indemnity Claims and the liability under the guarantee provided by the Management Shareholders in the section under “(2) PUT OPTION – Guarantee” below which is not applicable to the Company, which is referred to as the “**Guarantee**” shall be limited to RMB585,000,000;
  - (b) Li in respect of her liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB282,000,000;
  - (c) Xue in respect of his liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB188,000,000;
  - (d) Ge in respect of her liabilities under Warranty Claims, Indemnity Claims and the Guarantee shall be limited to RMB118,000,000; and
  - (e) the Company in respect of its liabilities under Warranty Claims and Indemnity Claims shall be limited to RMB588,000,000,

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

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

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



- (2) Notwithstanding the limitation of liability set out in (1) above, for each liability under the Warranty Claims and Indemnity Claims to which the Management Shareholders are severally liable, each Management Shareholder shall only be liable to the Investor for an amount pro-rated as between the Management Shareholders to his/her respective percentage shareholding in VBill (Cayman) immediately before Completion.
- (3) None of the Management Shareholders' personal assets other than the equity securities in VBill (Cayman) held by the Management Shareholders shall be subject to the liability.
- (4) The Controlling Group shall not be liable in respect of a Warranty Claim unless:
  - (a) the amount that would otherwise be recoverable from the Controlling Group in respect of that single Warranty Claim exceeds RMB500,000; and
  - (b) the aggregate amount of the liability exceeds 1% of the Subscription Price, in which case (subject always to (2) above) the Management Shareholders, VBill OPCO and VBill (Cayman) shall jointly and severally and the Company shall separately be liable for the full amount of the relevant Warranty Claim and not just the excess.
- (5) The Controlling Group shall not be liable for a Warranty Claim (except certain claims for tax liability) unless the Investor has notified him/her/it in writing of such Warranty Claim stating reasonable details including the nature of such Warranty Claim and the amount claimed within 18 months after the Completion.
- (6) A claim for tax liability shall survive to the earlier of (i) a period of 7 years from the Completion Date, or (ii) the completion of the Qualified IPO (as defined in the section under “(3) Discloseable Transaction – Grant of the Put Option – Exit rights of the Investor” in this announcement).
- (7) An Indemnity Claim shall survive to the earlier of (i) a period of 5 years from the Completion Date, or (ii) the completion of the Qualified IPO (as defined in the section under “(3) Discloseable Transaction – Grant of the Put Option – Exit rights of the Investor” in this announcement).

### (3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION

#### **Amended Shareholders' Agreement**

On 24 September 2019, the Management Shareholders, the Management Shareholders Holdcos, the Company, the Investor, VBill (Cayman), WFOE, Chongqing JIM and VBill OPCO entered into an amendment and restatement agreement to amend and restate the Original Shareholders' Agreement. The Amended Shareholders' Agreement regulates and governs the rights and obligations of each VBill (Cayman) Shareholder in respect of the securities in VBill (Cayman) (including the grant of the Put Option), and the management and operation of VBill (Cayman) Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the relationship between the parties disclosed in the paragraph headed "PRINCIPAL TERMS OF THE 2ND AMENDED SUBSCRIPTION AGREEMENT – Relationship between the parties" above, all the parties to the Amended Shareholders' Agreement and their ultimate beneficial owners are Independent Third Parties. Principal terms of the Amended Shareholders' Agreement are summarised below.

#### ***Effective date***

Other than the provisions relating to the effectiveness, termination, confidentiality, costs and taxes, notices, governing law and other miscellaneous provisions of the Amended Shareholders' Agreement, all other provisions of the Amended Shareholders' Agreement shall come into effect and become effective from the Completion Date and subject to Completion having taken place.

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

If:

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

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

The price for the Transfer Shares is the amount in cash (i) in the case of (a), equal to 80% of the fair market value of the Transfer Shares as at the date of the Transfer Notice (which is to be agreed between the defaulting Management Shareholder and the Investor, failing which it shall be determined by an independent expert) (“**Fair Market Value**”); or (ii) in the case of (b), equal to 120% of the Fair Market Value, or (iii) such other price agreed in writing between the defaulting Management Shareholder and the Investor.

***Exit rights of the Investor***

1. The parties to the Amended Shareholders’ Agreement intend to explore in good faith:
  - (a) a Qualified IPO on or before the date falling 3 years after the Completion Date, save that if it is not possible or commercially feasible to implement a Qualified IPO due to, *inter alia*, national policies and/or laws and major changes to applicable law not arising from the Company’s fault or gross negligence, the time limit for the consummation of such Qualified IPO shall be extended to the date falling 5 years after the Completion Date with the consent of the parties; or
  - (b) if an opportunity arises, a trade sale by the Investor of 100% of its VBill Shares to another person which is not an affiliate of the Investor,

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

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

A “Qualified IPO” shall mean the listing of 100% of the securities of VBill (Cayman) or any other VBill (Cayman) Group Company on the New York Stock Exchange, the NASDAQ Stock Exchange, the Stock Exchange, or such other internationally recognised stock exchange as agreed by the Investor in writing; and with an actual or expected post-money market capitalisation of VBill (Cayman) or such other VBill (Cayman) Group Company immediately after closing of its initial public offering of no less than the amount in US\$ which (assuming the Investor will receive the full market value of its stake in the Company in cash on the date of closing of such initial public offering) will make up a return of 12% IRR on the Subscription Price, calculated from the Completion Date and converted from RMB into US\$ using the Agreed Exchange Rate, or any other amount agreed by the Investor, the Company and VBill (Cayman) in writing.

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

### ***Put Option***

The parties to the Amended Shareholders' Agreement agree that:

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

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

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

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

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

where:

- A = an amount in US\$ which will make up an IRR (in US\$ terms) of 8.0% on the US\$ equivalent of the Subscription Price (calculated from the Completion Date and converted from RMB into US\$ on the Agreed Exchange Rate as of such date), until the Put Option Completion Date (defined below);
- B = the aggregate number of the Relevant Investor's Shares;
- C = the aggregate number of VBill (Cayman) Shares issued to the Investor by VBill (Cayman) under the 2nd Amended Subscription Agreement, taking into account the effect of any share split, share consolidation, share dividend or analogous restructuring of the issued share capital of VBill (Cayman) from time to time; and
- D = the aggregate amount actually paid by Management Shareholders, the Company, VBill (Cayman) and VBill OPCO to the Investor under a Warranty Claim or an Indemnity Claim and any cash dividends declared and paid by VBill (Cayman) and actually received by the Investor (less any taxes, costs and expenses incurred by the Investor in receipt of such dividends),

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

$$A * B * C$$

where:

A is RMB588,000,000; B is the Agreed Exchange Rate; and C is 1.08<sup>3</sup>.

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

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

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

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

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

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

The grant of the Put Option, the events that can trigger the exercise of the Put Option, and the Put Price (the IRR of 8%) were commercially negotiated and agreed by the parties after arm’s length negotiations after considering a number of factors, which included: (i) the Investor’s expected investment return rate; (ii) the reasons for and benefits of the Subscription disclosed under the section headed “REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL AND THE GRANT OF THE PUT OPTION” below; (iii) the Put Option that is one of the principal conditions for the Investor to agreeing to the terms of the Subscription; and (iv) the Group’s assessment of the probability that the Put Option will become exercisable by the Investor.



As detailed above, the Put Option can only be exercised under limited circumstances: (i) the Investor is unable to benefit from an IRR of 12% on the Subscription Price from a Qualified IPO within 3 years, which could be extended to a maximum of 5 years by agreement, from the Completion Date, (ii) any important licenses held by VBill OPCO is revoked resulting from a breach or violation of applicable laws by the VBill (Cayman) Group, or (iii) any shareholder of VBill (Cayman) other than the Investor commits a breach of certain obligations under the Amended Shareholders' Agreement. The Board is of the view that since the Company is the controlling shareholder of the VBill (Cayman) Group, the Company is able to duly observe or procure the due observance of all covenants on its part and therefore the Board foresees a relatively low risk of occurrence of any trigger event caused by the Company. Therefore, the Directors are of the opinion that the Put Option including the basis of calculating the Put Price with an IRR of 8% is on normal commercial terms and is fair and reasonable.

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

It is the intention of the shareholders of VBill (Cayman) to achieve a Qualified IPO within 3 years after the Completion Date. However, this remains a preliminary plan at present and no concrete proposal or timing in relation to a Qualified IPO has been concluded. The Directors are of the view that the introduction of the Investor as a strategic investor of VBill (Cayman) will be beneficial to the Group in terms of funding to VBill (Cayman) Group and future funding activities. Based on the Directors' view on the future prospects of VBill (Cayman), the Directors consider that in the event a Qualified IPO has not occurred as planned, the Put Option may also enable VBill (Cayman) to repurchase the Investor's VBill Shares at a reasonable cost.

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

- (1) If VBill (Cayman)'s payment obligations has been triggered under the Put Option provisions, VBill OPCO will indemnify (and keep indemnified) the Investor on demand against any loss, liability or cost incurred by the Investor as a result of failure by VBill (Cayman) to perform any of its payment obligations.
- (2) To further ensure the payment of the Put Price and related obligations of VBill (Cayman) under the Amended Shareholders' Agreement, VBill (Cayman), the WFOE and the Investor have entered into the Agreement of Pledge and will enter into the Amendment to Agreement of Pledge, pursuant to which (among other things):
  - (i) the WFOE has agreed to pledge, by way of a first priority pledge, to the Investor the assets of the WFOE, which comprise all of the WFOE's rights and interest, present and future, actual or contingent, in connection with the exclusive option agreement and the master exclusive service agreement under the New JIM Control Documents and the New JIM Control Documents (Pre-Swap) within the period from the Completion Date until all of the Secured Obligations have been discharged under the Amended Shareholders' Agreement, including the WFOE's right to receive all proceeds in respect of the above and all cash, receivables, commissions, revenues and other property at any time howsoever receivable or distributable in respect of the above; and

- (ii) the WFOE has agreed to provide a joint and several guarantee in favour of the Investor in order to secure the performance of all present and future moneys owed by, obligations and liabilities of VBill (Cayman) under or in respect of the Put Option, including but not limited to the payment of the Put Price by VBill (Cayman) (“**Secured Obligations**”).

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

- (1) In the event that the Management Shareholder Holdcos have become VBill (Cayman) Shareholders before the Completion Date, for a period of one year after the Completion Date, or in the event that the Management Shareholder Holdcos have not become VBill (Cayman) Shareholders before the Completion Date, for a period of one year after the Post-completion Allotment Date (the “**Lock-Up Period**” as regards the Management Shareholder Holdcos), none of the Management Shareholder Holdcos may transfer any of its interest in the VBill Shares without the consent of the Investor and the Company; for a period of one year after the Completion Date (the “**Lock-Up Period**” as regards the Investor), the Investor may not transfer any of its interest in the VBill Shares without the consent of the Management Shareholder Holdcos.
- (2) None of VBill (Cayman) Shareholders shall, without the prior written consent of VBill (Cayman), directly or indirectly, transfer any equity securities of VBill (Cayman) to any competitor (as defined under the Amended Shareholders’ Agreement) of VBill (Cayman) Group.
- (3) The Investor shall not require the consent of any of the other VBill (Cayman) Shareholders or VBill (Cayman) to transfer any of its interest in the VBill Shares to a financial investor holding not more than 5% shareholding interest in a company whose main business line is payment processing in the PRC.
- (4) Notwithstanding the restrictions set out in paragraphs (1) to (2) above, the Company, each Management Shareholder Holdco or the Investor may at any time from the Completion Date freely transfer all or some of its interest in the VBill Shares:
  - (a) (in the case of the Investor) to one or more of its affiliates;
  - (b) (in the case of the Company or a Management Shareholder Holdco) to a person that is 100% owned or controlled by it, a person that owns or controls 100% of it, or a person that is under 100% common ownership or control with it; and
  - (c) pursuant to any equity restructuring or establishment of offshore structure that is approved by the Company and the Investor in writing.

(each a “**Permitted Transfer**”).

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

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

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

If one or more ROFR Recipient Shareholders accept the ROFR Offer within the ROFR Acceptance Period, the ROFR Trigger Shareholder and the ROFR Recipient Shareholders which accept the ROFR Offer shall be bound to purchase the ROFR Shares within 30 Business Days after the end of the ROFR Acceptance Period.

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

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

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

$A \times B/C$ ,

where:

- A = the aggregate number of VBill Shares held by the Tag Trigger Shareholder as of the date of the Tag Notice;
- B = the aggregate number of ROFR Shares; and
- C = the total number of VBill Shares held by the ROFR Trigger Shareholder as of the date of the Tag Notice.

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

### **Capital Increase**

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

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

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

### ***Anti-Dilution***

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

$$(A/B) - C$$

where:

- A = an amount equal to the Subscription Price;
- B = the Down Round Consideration Per Share; and
- C = the number of VBill Shares owned by the Investor by VBill (Cayman) under the 2nd Amended Subscription Agreement (taking into account the effect of any share split, share consolidation, share dividend or analogous restructuring of the issued share capital of VBill (Cayman) from time to time, up to and including the date of closing of the Additional Issuance),

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

For the purpose of this “Anti-Dilution” section:

“Investor Issuance Price” means A/B,

where:

- A = the Subscription Price; and
- B = the aggregate number of VBill Shares issued to the Investor by VBill (Cayman) under the 2nd Amended Subscription Agreement, and shall be adjusted for share dividends, share splits, share consolidations, recapitalisations or analogous restructuring of the issued share capital of VBill (Cayman) from time to time.

### **Transfer of VBill OPCO**

Without the prior written consent of the Company and the Investor, the Management Shareholders and any of the VBill (Cayman) Group Companies shall not transfer any of the equity interest in VBill OPCO or do or procure to be done anything with the intention of transferring the equity interest in VBill OPCO, except solely for the consummation of the share swap pursuant to the Share Swap Agreement and the 2nd Amended Subscription Agreement.

## ***Guarantee***

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

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

## ***Limitation of liability***

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

- (a) Shen in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB585,000,000;
- (b) Li in respect of her liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB282,000,000;
- (c) Xue in respect of his liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB188,000,000;
- (d) Ge in respect of her liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB118,000,000; and
- (e) the Company in respect of its liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB588,000,000,

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

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



- (i) Ge in respect of her liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB107,000,000; and
- (j) the Company in respect of its liabilities under Warranty Claims, the Indemnity Claims and the Guarantee shall be limited to RMB588,000,000,

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

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

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

VBill (Cayman) is an exempted company incorporated in the Cayman Islands on 5 December 2018 with limited liability with authorised share capital of US\$50,000 comprising 50,000 VBill Shares of par value of US\$1.00 each. As at the date of this announcement, 10,000 VBill Shares have been issued. VBill (Cayman) is an investment holding company.

VBill (BVI) is a company incorporated in BVI on 21 December 2018 with limited liability with authorised share capital of US\$50,000 comprising 50,000 shares of par value of US\$1.00 each. VBill (BVI) is a direct wholly-owned subsidiary of VBill (Cayman). VBill (BVI) is an investment holding company.

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

WFOE is a company incorporated in the PRC on 22 February 2019 and is a direct wholly-owned subsidiary of VBill (HK). As at the date of this announcement, WFOE has a registered capital of US\$5 million which has not been paid up. WFOE is the wholly foreign-owned enterprise designated by VBill (Cayman) to control Chongqing JIM under the New JIM Control Documents and New JIM Control Documents (Pre-Swap).

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. The Group has been contractually controlling Chongqing JIM and the VBill Group since 2010 through the Existing JIM Control Documents. Since 28 May 2010, a contractual arrangement was adopted by the Company in the above businesses as value-added telecommunication business has been restrictive to foreign direct investment under the PRC law (being that foreign shareholding must not exceed 50%). The contractual arrangement has been made between Chongqing JIM, Zhou and Na and Shanghai JIM, which allows the Group, through Shanghai JIM and the Existing JIM Control Documents, to exercise full control and enjoy all the economic benefits generated from Chongqing JIM. As a result, Chongqing JIM and its subsidiaries are accounted for as subsidiaries of the Company. In 2015, the Management Shareholders have become shareholders of VBill OPCO directly holding 19.96% interest in VBill OPCO. The contractual arrangements also allow the Company to control and enjoy economic benefits generated from VBill OPCO through Chongqing JIM's 80.04% equity interest in VBill OPCO. On 21 May 2019, Zhou, Na, the Management Shareholders, Chongqing JIM and VBill OPCO entered into the Share Swap Agreement as part of the Restructuring, details of which are disclosed in the announcement of the Company dated 21 May 2019. Upon completion of the Share Swap Agreement, (i) VBill OPCO will become wholly owned by Chongqing JIM; (ii) the New JIM Control Documents (Pre-Swap) will cease to be effective; and (iii) the New JIM Control Documents will come into effect.

As at the date of this announcement, the Group is indirectly interested in 80.04% of VBill Group. The VBill Group is principally engaged in (i) payment processing; (ii) micro loan and (iii) supply chain financing in the PRC. VBill OPCO is a company incorporated under the laws of the PRC with limited liability on 29 July 2011 and is principally engaged in the provision of face-to-face payment processing solutions for consumers and small sized merchants in the PRC. As at the date of this announcement, its registered capital is RMB199,900,000 which has been fully paid up.

As at the date of this announcement, VBill OPCO has 8 wholly-owned subsidiaries, being:

- (1) 北京隨信雲鏈科技有限公司 (unofficial English translation for identification purpose only, being Beijing Sui Xin Yunlian Technology Co. Ltd.), which is principally engaged in the provision of supply chain financial services and technology for financial institutions and merchants in the PRC.
- (2) 隨行付(北京)金融信息服務有限公司 (unofficial English translation for identification purpose only, being VBill (Beijing) Financial Information Service Co. Ltd.) which is principally engaged in the provision of financial information services such as customer referral services and credit checks services in the PRC.
- (3) 南昌市宏恒技術開發有限公司 (unofficial English translation for identification purpose only, being Nanchang Hongheng Technology Development Co., Ltd.) which is principally engaged in the development of finance related technology in the PRC.

- (4) 南昌隨行付網絡小額貸款有限公司 (unofficial English translation for identification purpose only, being Nanchang VBill Internet Micro-Credit Co. Ltd.) which is principally engaged in online and offline small loan business in the PRC.
- (5) 北京銀企融合技術開發有限公司 (unofficial English translation for identification purpose only, being Beijing Bank & Enterprise Integration Technology Development Co. Ltd.) which is principally engaged in the provision of payment related system integrated services in the PRC.
- (6) 北京隨行付商業保理有限公司 (unofficial English translation for identification purpose only, being Beijing VBill Commercial Factoring Co. Ltd.) which is principally engaged in the provision of commercial factoring services in the PRC.
- (7) 重慶鑫聯隨行付科技有限公司 (unofficial English translation for identification purpose only, being Chongqing Xinlian Technology Co. Ltd.) which is newly incorporated and will principally be engaged in recommending payment or financial products to customers and merchants in the PRC.
- (8) 北京天闕科技有限公司 (unofficial English translation for identification purpose only, being Beijing Tian Que Technology Co. Ltd.) which is newly incorporated and will principally be engaged in the development of scan payment solutions technology.

#### **Financial information of VBill Offshore Group**

VBill Offshore Group did not, at any time during the period from 5 December 2018 (date of incorporation) to 31 December 2018, have any income and expenditure.

None of the VBill Offshore Group companies started any business since their respective dates of incorporation. The unaudited total asset value and net asset value of VBill Offshore Group as at 30 June 2019 is HK\$643,000 and HK\$33,000 respectively.

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

As of the Completion Date, Chongqing JIM will have certain existing or new business and operations not related to VBill Group which will be terminated or transferred from Chongqing JIM to the Group within 2 years from the Completion Date. Under the 2nd Amended Subscription Agreement, the parties have agreed that:

- (1) save and except for all profits or losses generated by VBill OPCO and its subsidiaries (including any dividend declared or to be declared, paid or to be paid by VBill OPCO and its subsidiaries to Chongqing JIM), all the profits and losses of Chongqing JIM on company level arising from transactions or events occurred or contracted since and including the date of incorporation of Chongqing JIM until and including the Chongqing JIM Restructuring Completion Date shall be allocated to and enjoyed by the Company; and
- (2) save and except for any shares or equity in VBill OPCO held by Chongqing JIM from time to time, all assets, obligation or liability of Chongqing JIM on company level arising from transactions or events occurred or contracted since and including the date of incorporation of Chongqing JIM until and including the Chongqing JIM Restructuring Completion Date shall be borne and incurred by the Company,

provided that the parties agree and acknowledge, and undertake to do all things and take all actions to ensure that any profit, loss, obligation and/or liability relating to any new contract, business or operations of Chongqing JIM or any subsidiary of Chongqing JIM which is expressly approved and authorised by each of the Investor, the Management Shareholders and the Company shall be allocated to, enjoyed by and/or borne by (as applicable) the VBill (Cayman) Group.

The Company has undertaken to procure the completion of the following steps within 2 years from the Completion Date, at the cost of the Company and without any residual liability on VBill (Cayman) Group:

- (1) all contracts and business dealings between Chongqing JIM and China Mobile Group shall be terminated or otherwise assigned or transferred to the Group;
- (2) all employment contracts between Chongqing JIM and its employees shall be terminated or otherwise assigned or transferred to the Group;
- (3) all indebtedness, loans or borrowings advanced to Chongqing JIM from the Group will be settled, eliminated, cancelled or waived by the Group; and
- (4) all the other existing assets, liabilities, obligations, debt, business and operations of Chongqing JIM (for the avoidance of doubt, excluding any shares or equity in VBill OPCO held by Chongqing JIM from time to time) which have not been expressly approved or authorised by the Investor or the Management Shareholders will be assigned or transferred to the Group.

(together, the “**Chongqing JIM Restructuring**”).

### **Financial information of Chongqing JIM**

Certain audited financial information of Chongqing JIM for the two years ended 31 December 2017 and 2018 and prepared in accordance with PRC GAAP are as follows:

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

The unaudited total asset value and net liability value of Chongqing JIM as at 30 June 2019 is approximately RMB206,707,000 and RMB7,650,000 respectively.

## Financial information of VBill Group

Certain audited consolidated financial information of VBill Group for the two years ended 31 December 2017 and 2018 and prepared in accordance with HKFRS are as follows:

	<b>For the year ended 31 December 2017 RMB'000 (audited)</b>	<b>For the year ended 31 December 2018 RMB'000 (audited)</b>
Revenue	1,702,203	3,099,370
Profit before tax	224,557	343,878
Profit after tax	190,104	269,796

The unaudited consolidated total asset value and net asset value of VBill Group as at 30 June 2019 is approximately RMB3,139,222,000 and RMB1,259,633,000 respectively.

## (5) INFORMATION OF THE GROUP

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

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

As disclosed in the annual report of the Company for the year ended 31 December 2018, the payment processing solutions business segment of the Group (i.e. the business segment that will be carried out by VBill (Cayman) Group) has continued to grow steadily with the accumulated number of active domestic merchants reaching 4.2 million and the annual transaction volume exceeding RMB1,630 billion. Driven by the convenience and accessibility of mobile QR code payment, payment processing solutions segment maintained its strong momentum throughout the year. The transaction size increased by more than 40% compared with last year while the merchants base grew by over 60%. Together with the advancement of product features and wider adoption of innovative channel, total segmental revenue has grown by 65%, while income from non-payment processing segment has also increased steadily. Through the innovative Xinlianmeng channel, a large number of sales personnels were recruited in China to provide strong driving forces for the expansion of the micro merchants market in second and third-tier cities. Meanwhile, risk prevention capability have been enhanced through a systematic approach and the amount of loans granted have accumulated to over RMB930 million by the end of 2018. During 2018, supply chain financial asset management platform has utilized blockchain technology to complete the deployment of SAAS structure and introduced smart contract, attracting core enterprises, financial institutions and operating enterprises. As disclosed in the annual report of the Company for the year ended 31 December 2018, consolidated revenue of the Company amounted to HK\$4,662.0 million, as compared to HK\$2,910.0 million in year 2017, and such increase was mainly contributed by the continued strong growth of the payment processing solutions segment during the year. During 2018, the Group's payment processing solutions segment maintained its growth momentum, leading to segmental turnover of HK\$3,744.9 million, a 89% up as compared to last year, while segmental operating profit amounted to HK\$397.0 million, as compared to HK\$260.7 million in year 2017.

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



## (7) APPROVAL OF THE BOARD

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2nd Amended Subscription Agreement and the Amended Shareholders' Agreement (including the ancillary agreements) are fair and reasonable and are on normal commercial terms or better, and the entering into of the 2nd Amended Subscription Agreement and the Amended Shareholders' Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the 2nd Amended Subscription Agreement and the Amended Shareholders' Agreement and none of the Directors has abstained from voting on the board resolutions.

## (8) SIDE LETTER

On 12 February 2019, the Investor, the Management Shareholders and the Management Shareholders Holdcos also entered into the Side Letter to agree on the key terms in relation to the Investor's earn-out and the exit bonus of the Management Shareholders under certain circumstances. The Side Letter was amended and restated on 21 May 2019 and further amended and restated on 24 September 2019 to align with changes made on the 2nd Amended Subscription Agreement and the Amended Shareholders' Agreement dated 21 May 2019. Under the Side Letter, if the actual pre-money valuation of VBill (Cayman) Group in the Qualified IPO is less than VBill (Cayman) pre-money valuation (which is calculated based on an expected IRR of 25% to the Investor up to 4.5 years after the Completion Date), the Management Shareholders shall in aggregate transfer a maximum of up to 3% of interest in VBill (Cayman) held by them (the "**Adjustment Shares**") in VBill (Cayman) to the Investor (such event is referred to as the "**Investor's Earn-Out**"). On the other hand, in case there occurs a Qualified IPO and the Investor ceases to hold any VBill Shares within 5 years after the Completion Date, the Investor shall pay to each Management Shareholder a bonus amount if the actual investment return in VBill (Cayman) of the Investor is greater than 25% (but capped at 35%) (such event is referred to as the "**Exit Bonus of Management Shareholders**"). The Exit Bonus of Management Shareholders will be equal to 20-30% of the Investor's actual investment return (capped at an IRR of 35%) in excess of the amount achieving an IRR of 25%. The Investor has to pay the entire Exit Bonus of Management Shareholders if the Investor ceases to hold any VBill Shares within 5 years after the date of closing of the Qualified IPO. The Investor has to pay the corresponding Exit Bonus of Management Shareholders if the Investor completes the sale of at least 80% of the VBill Shares within 5 years after the date of closing of the Qualified IPO, subject to adjustments upon the 100% sales of the VBill Shares. If the Investor transfers any of its VBill Shares pursuant to the Amended Shareholders' Agreement to a third party purchaser (other than a Permitted Transfer) prior to the date of closing of the Qualified IPO, then the number of Adjustment Shares shall be further adjusted.

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

## **(9) FINANCIAL EFFECT OF THE DEEMED DISPOSAL AND USE OF PROCEEDS**

As at the date of the 2nd Amended Subscription Agreement, the Group is indirectly interested in 80.04% of VBill Group. Immediately upon Completion (assuming step 8(ii) of the Restructuring has not completed, i.e. 80.04% of VBill Group is held by Chongqing JIM), the Group's indirect interest in VBill Group will be diluted to approximately 68.83%. Immediately after Post-completion Allotment (i.e. step 8(ii) of the Restructuring has completed, i.e. 100% of VBill Group is held by Chongqing JIM), the Group's indirect interest in VBill Group will become approximately 71.07%. VBill Group will continue to be a subsidiary of the Group.

The gross proceeds from the Deemed Disposal will be RMB588,000,000, which is intended to be applied as general working capital of VBill (Cayman) Group for overseas business expansion and additional resources on risk control technology input. In addition, the initial grant of the Put Option and the Deemed Disposal will be accounted for as equity transactions and is not expected to lead to any material gain or loss to the consolidated income statement of the Group.

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

## **(10) THE CONTRACTUAL ARRANGEMENTS**

As disclosed in the announcement of the Company dated 21 May 2019, the Group implemented certain VIE restructuring concerning Chongqing JIM, the VBill Group and VBill (Cayman), pursuant to which:

- (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 which will take effect from the date of the completion of the Share Swap Agreement;
- (iii) the parties to the Existing JIM Control Documents entered into a termination agreement to agree that the Existing JIM Control Documents will be terminated with effect from the date of the completion of the Share Swap Agreement; and
- (iv) the Company acquired 80.04% of VBill (Cayman) from the Management Shareholders Holdcos at nominal consideration and as a result, VBill (Cayman) is owned as to 80.04% by the Company and 19.96% by the Management Shareholders.

For the reasons stated in the section headed “(1) BACKGROUND AND RESTATEMENT OF THE PREVIOUS TRANSACTION DOCUMENTS” above, as part of the Restructuring and before Completion, the Group shall implement further VIE restructuring concerning Chongqing JIM, the VBill Group and VBill (Cayman) where, among other matters, WFOE, Chongqing JIM, Zhou, Na and each of the Management Shareholders will entered into the New JIM Control Documents (Pre-Swap).The Company will submit an application for waiver from strict compliance with Rules 14A.52 and 14A.53 of the Listing Rules in respect of the New JIM Control Documents (Pre-Swap).

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

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

### **The 2nd Amended Subscription Agreement and the Deemed Disposal**

As certain applicable percentage ratios (as defined under the Listing Rules) under the Listing Rules in respect of the Deemed Disposal exceed 5% but all applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Due to the relationship between the parties, each of Shen, Li, Xue and Ge (i.e. the Management Shareholders, together with Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco which is respectively an associate of Shen, Li, Xue and Ge) is a connected person of the Company at subsidiary level. The 2nd Amended Subscription Agreement between the Company and the Management Shareholders, and the transactions contemplated thereunder (including the Amended Shareholders’ Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

### **The Put Option**

As certain applicable percentage ratios (as defined under the Listing Rules) under the Listing Rules in respect of the grant and exercise of the Put Option (the exercise of which is not at the discretion of the Company) exceed 5% but all applicable percentage ratios are less than 25%, the grant and the exercise of the Put Option constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **(12) GENERAL**

**Completion of the 2nd Amended Subscription Agreement, the Deemed Disposal, the grant of Put Option and other transactions contemplated under the 2nd Amended Subscription Agreement and the ancillary agreements thereto may or may not proceed as they are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

“2014 Share Option Agreement”	the share option agreement dated 3 January 2014 entered into between VBill OPCO, Chongqing JIM and the Management Shareholders, further details of which are set out in the circular of the Company dated 28 January 2014
“2nd Amended Subscription Agreement”	the Original Subscription Agreement as further amended and restated on 24 September 2019 by an amendment and restatement agreement entered into by and among VBill (Cayman), the Company, the Management Shareholders, the Investor and VBill OPCO
“Acquisition”	the increase in the Group’s shareholding interest in VBill (Cayman) as a result of the exercise of the Put Option by the Investor
“Agreed Exchange Rate”	RMB1.0:US\$0.1475 (or US\$1.0:RMB6.7819 (as applicable))
“Agreement of Pledge”	the agreement on pledge of receivables and guarantee dated 21 May 2019 and entered into among the Investor, VBill (Cayman) and the WFOE as amended and/or restated from time to time
“Amended Shareholders’ Agreement”	the Original Shareholders’ Agreement as amended and restated on 24 September 2019 by an amendment and restatement agreement entered into by and among the Company, the Management Shareholders, the Management Shareholders Holdcos, the Investor, VBill (Cayman), WFOE, Chongqing JIM and VBill OPCO
“Amendment to Agreement of Pledge”	the amendment agreement in relation to the Agreement of Pledge to be entered into among the Investor, VBill (Cayman) and the WFOE
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday) on which banks in the Cayman Islands, the BVI, Bermuda, Hong Kong and the PRC are open for the transaction of normal business
“BVI”	the British Virgin Islands
“China Mobile Group”	any person controlling, controlled by or under common control with China Mobile Limited

“Chongqing JIM”	Chongqing JIM Mobile Business Co., Ltd (重慶結行移動商務有限公司), a company incorporated under the laws of the PRC
“Chongqing JIM Contracts”	all subcontracting, service or other contracts to be entered into between Chongqing JIM and a member of the Group to facilitate the Chongqing JIM Restructuring
“Chongqing JIM Restructuring”	has the meaning given to it in the section headed (5) INFORMATION OF VBILL (CAYMAN) GROUP – Subsequent arrangements relating to Chongqing JIM in this announcement
“Chongqing JIM Restructuring Completion Date”	the date of the notice issued by the Company to the Investor upon the completion of the Chongqing JIM Restructuring
“Circular 37”	the Notice on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》(滙發[2014]37號)) issued by SAFE with effect from 14 July 2014, and any applicable laws of the PRC in force from time to time which operate to restate, amend or repeal the aforesaid Circular 37 or any part thereof
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange (Stock Code: 818)
“Completion”	completion of the Subscription contemplated under the 2nd Amended Subscription Agreement
“Completion Date”	the date on which Completion takes place
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“contractual arrangements”	the contractual arrangements under the Existing JIM Control Documents, the New JIM Control Documents, and the New JIM Control Documents (Pre-Swap), as the case may be, using the VIE structure
“Controlling Group” or “Controlling Group Members”	the Management Shareholders and the Company, and “Controlling Group Member” means any one of them

“Deemed Disposal”	the deemed disposal of of VBill (Cayman) by the Company as contemplated under the 2nd Amended Subscription Agreement
“Director(s)”	the director(s) of the Company
“EQT”	EQT AB and/or the general partners and managers of the various EQT branded funds (as the context requires)
“EQT MM Asia Fund”	EQT Mid Market Asia III Limited Partnership, a limited partnership under the laws of England and Wales, having its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with Companies House under number LP 017107, represented by its general partner, EQT Mid Market Asia III GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with the commercial register of the Chamber of Commerce under number 64683869
“EQT Partners”	EQT Partners AB and certain of its subsidiaries which act as professional investment advisers to EQT
“ESOP Restructuring”	has the meaning given to it in the section headed “(2) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – THE SUBSCRIPTION – Existing ESOP” of this announcement
“ESOP Shares”	has the meaning given to it in the section headed “(2) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – THE SUBSCRIPTION – Existing ESOP” of this announcement
“Existing ESOP”	the share option scheme of VBill OPCO which was approved and adopted at the special general meeting of the Company held on 5 February 2018, the detailed terms and conditions of which are contained in the announcement of the Company dated 15 January 2018 and the circular of the Company dated 19 January 2018



“Existing JIM Control Documents”	the following contracts collectively: (i) the cooperation framework agreement dated 28 May 2010 by and among Shanghai JIM, Chongqing JIM, Zhou and Na, (ii) the management consulting service agreement dated 28 May 2010 by and between Shanghai JIM and Chongqing JIM, (iii) the intangible asset agreement dated 28 May 2010 by and between Shanghai JIM and Chongqing JIM, (iv) the technology license agreement dated 28 May 2010 by and between Shanghai JIM (as the licensor) and Chongqing JIM (as the licensee), (v) the technology license agreement dated 28 May 2010 by and between Chongqing JIM (as the licensor) and Shanghai JIM (as the licensee), (vi) the exclusive option agreement dated 28 May 2010 by and among Shanghai JIM, Chongqing JIM, Zhou and Na, (vii) the equity interest pledge agreement dated 28 May 2010 by and between Shanghai JIM and each of Zhou and Na, (viii) the loan agreement dated 28 May 2010 by and between Shanghai JIM and each of Zhou and Na respectively, and (ix) the power of attorney issued by each of Zhou and Na to Shanghai JIM on 28 May 2010
“Exit”	has the meaning given to it in the section headed “(3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION – Amended Shareholders’ Agreement – Exit rights of the Investor” of this announcement
“Exit Bonus of Management Shareholders”	has the meaning given to it in the section headed “(8) SIDE LETTER” of this announcement
“Ge”	Ge Xiaoxia, a PRC national
“Ge Holdco”	Just Pay Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Ge
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	has the meaning given to it in the section headed “(3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION – Amended Shareholders’ Agreement – Limitation of liability” of this announcement
“Guo”	Mr. Guo Yi, a PRC national
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards as applicable from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hunan Yunrong”	湖南雲融信息技術有限公司 (unofficial English translation for identification purpose only, being Hunan Yunrong Information Technology Co., Ltd.), a company incorporated in the PRC with limited liability
“ICP License”	Internet Content Provider License (電信與信息服務業務經營許可證) issued by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) to permit websites based in PRC to operate in the PRC
“Indemnity Claims”	certain indemnities given in favour of the Investor under the 2nd Amended Subscription Agreement which relates to (among other things) tax liability, and the contractual arrangements
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Investor”	ELECTRUM B.V., a <i>besloten vennootschap</i> incorporated in the Netherlands
“Investor’s Earn-Out”	has the meaning given to it in the section headed “(8) SIDE LETTER” of this announcement
“IRR”	the annual rate based on a 365-day period used to discount all the relevant cash flows to the Completion Date such that the net present value of such aggregate cash flows equals zero, and all fees, costs, expenses and taxes incurred and paid by the Investor or its affiliates shall be taken into account when determining such internal rate of return
“Li”	Mr. Li Huimin, a PRC national
“Li Holdco”	Kapok Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Li
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	30 November 2019 (or such other date as may be agreed among the parties to the 2nd Amended Subscription Agreement)
“Management Shareholders”	Shen, Li, Xue and Ge collectively
“Management Shareholders Holdcos”	Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco collectively
“Na”	Mr. Na Wei, a PRC national

“New JIM Control Documents”

the following contracts dated 21 May 2019 collectively: (i) Master Exclusive Service Agreement entered into by and between WFOE and Chongqing JIM, (ii) Business Cooperation Agreement entered into by and among WFOE, Chongqing JIM and each of Zhou, Na and the Management Shareholders, (iii) Exclusive Option Agreement entered into by and among WFOE, Chongqing JIM and each of Zhou, Na and the Management Shareholders, (iv) Proxy Agreement and Power of Attorney entered into by and among WFOE, Chongqing JIM and each of Zhou, Na and the Management Shareholders, (v) Equity Interest Pledge Agreement entered into by and among WFOE, Chongqing JIM and each of Zhou, Na and the Management Shareholders, (vi) the Confirmation and Guarantee Letter executed by each of Zhou, Na and the Management Shareholders, and (vii) the Spousal Consent executed by the spouse of each of Zhou, Na and the Management Shareholders respectively (if applicable) or other similar contracts

“New JIM Control Documents (Pre-Swap)”

the following contracts collectively: (i) Master Exclusive Service Agreement to be entered into by and between WFOE and Chongqing JIM, (ii) Business Cooperation Agreement to be entered into by and among WFOE, Chongqing JIM and each of Zhou and Na (iii) Exclusive Option Agreement to be entered into by and among WFOE, Chongqing JIM and each of Zhou and Na, (iv) Proxy Agreement and Power of Attorney to be entered into by and among WFOE, Chongqing JIM and each of Zhou and Na, (v) Equity Interest Pledge Agreement to be entered into by and among WFOE, Chongqing JIM and each of Zhou and Na, (vi) the Confirmation and Guarantee Letter to be executed by each of Zhou and Na, and (vii) the Spousal Consent to be executed by the spouse of each of Zhou and Na respectively (if applicable) or other similar contracts, each in the agreed form

“Original Shareholders’ Agreement”

the shareholders’ agreement dated 21 May 2019 and entered into by and among the Company, the Management Shareholders, the Management Shareholders Holdcos, the Investor, VBill (Cayman), WFOE, Chongqing JIM and VBill OPCO

“Original Subscription Agreement”

the subscription agreement entered into by and among VBill (Cayman), the Company, the Management Shareholders, the Investor and VBill OPCO on 12 February 2019 in relation to the subscription of VBill Shares by the Investor, as amended and restated by the amendment and restatement agreement entered into by the same parties on 21 May 2019

“Payment Business License”	any payment business license (支付業務許可證) held by any VBill OPCO from time to time in respect of any province of the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“Previous Transaction Documents”	the Original Subscription Agreement and the Original Shareholders’ Agreement
“Proposed Grantees”	Shen, Li and Guo, to whom certain options for subscription of equity interests in VBill OPCO were granted and outstanding under the Existing ESOP
“Put Option”	has the meaning given to it in the section headed “(3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION – Amended Shareholders’ Agreement – Put Option” of this announcement
“Put Price”	has the meaning given to it in the section headed “(3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION – Amended Shareholders’ Agreement – Put Option” of this announcement
“Qualified IPO”	has the meaning given to it in the section headed “(3) DISCLOSEABLE TRANSACTION – GRANT OF THE PUT OPTION – Amended Shareholders’ Agreement – Exit rights of the Investor” of this announcement
“Restructuring”	has the meaning given to it in the section headed “(2) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – The Subscription – The Restructuring” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“Shanghai JIM”	結行信息技術(上海)有限公司(unofficial English translation for identification purpose only, being JIM Information Technology (Shanghai) Co., Ltd.)
“Shareholder(s)”	the shareholder(s) of the Company

“Share Swap”	the issuance of new shares by Chongqing JIM to the Management Shareholders in consideration of the transfer by the Management Shareholders of all the issued shares in VBill OPCO held by the Management Shareholders to Chongqing JIM, as contemplated and described in the Restructuring and pursuant to the terms and conditions of the Share Swap Agreement
“Share Swap Agreement”	the share swap agreement entered into among the Management Shareholders, Chongqing JIM, VBill OPCO, Zhou and Na on 21 May 2019
“Shen”	Mr. Shen Zheng, a PRC national
“Shen Holdco”	Delia and Grace Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Shen
“Side Letter”	a side letter entered into by and among the Investor, the Management Shareholders Holdcos and the Management Shareholders on 12 February 2019 which was amended and restated by a restatement agreement on 21 May 2019 and further amended and restated by a restatement agreement on 24 September 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the 2nd Amended Subscription Agreement
“Subscription Price”	the subscription price payable by the Investor for the Subscription Shares in the amount of RMB588,000,000
“Subscription Shares”	Such number of VBill Shares to be issued and allotted by VBill (Cayman) to the Investor at Completion
“Transaction Documents”	the 2nd Amended Subscription Agreement, the Amended Shareholders’ Agreement, the Agreement of Pledge, the New JIM Control Documents, the New JIM Control Documents (Pre-Swap) and any other document or agreement in connection with the transaction contemplated therein or therein
“VBill (BVI)”	VBill Technology Limited, a company incorporated in the BVI with limited liability
“VBill (Cayman)”	VBill Limited, a company incorporated in the Cayman Islands with limited liability

“VBill (Cayman) Group”	collectively VBill (Cayman), VBill (BVI), VBill (HK), WFOE, Chongqing JIM, VBill OPCO and their respective subsidiaries from time to time after the Completion Date, and “VBill (Cayman) Group Company” shall mean any of them
“VBill (Cayman) Shareholders”	shareholders of VBill (Cayman) from time to time
“VBill (HK)”	VBill HK Limited, a company incorporated in Hong Kong with limited liability
“VBill Group”	VBill OPCO and its subsidiaries from time to time
“VBill Offshore Group”	VBill (Cayman), VBill (BVI) and VBill (HK)
“VBill OPCO”	隨行付支付有限公司 (unofficial English translation for identification purpose only, being VBill Payment Co. Ltd.)
“VBill Shares”	ordinary shares of par value US\$1 each in the capital of VBill (Cayman) issued and outstanding from time to time
“VIE”	variable interest entity, being an entity (the investee) in which the investor holds a controlling interest that is not based on the majority of voting rights
“Warranty Claim”	a claim by the Investor in respect of certain representations and warranties given by VBill OPCO, VBill (Cayman), the Management Shareholders and the Company under the 2nd Amended Subscription Agreement
“WFOE”	北京微碼數據科技有限公司 (unofficial English translation for identification purpose only, being Beijing Microcode Data Technology Co., Ltd.), a wholly-foreign owned enterprise incorporated under the laws of the PRC
“Xue”	Mr. Xue Guangyu, a PRC national
“Xue Holdco”	Yuteng Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Xue
“US\$”	United States dollars, the lawful currency of the United States of America



“Zhou”

Mr. Zhou Jianhong, a PRC national

“%”

per cent.

By order of the Board  
**HI SUN TECHNOLOGY (CHINA) LIMITED**  
**Hui Lok Yan**  
*Company Secretary*

24 September 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.*