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HUIFU PAYMENT LIMITED
汇付天下有限公司

*(Incorporated in the Cayman Islands with limited liability under the names of
Huifu Limited and 汇付天下有限公司)*

(Stock Code: 1806)

CONNECTED TRANSACTIONS

PROVISION OF FINANCIAL ASSISTANCE TO DIRECTORS

On 17 January 2020, the Company entered into the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement with each of Mr. Zhou, Ms. Mu and Mr. Jin, pursuant to which the Company will provide to each of Mr. Zhou, Ms. Mu and Mr. Jin a loan in the principal amount of US\$5,249,758.14, US\$1,271,426.58 and US\$180,000.00 respectively. The proceeds of the Loans will be used by each of Mr. Zhou, Ms. Mu and Mr. Jin for subscription of Shares in relation to exercise of the Options held by them respectively.

On the same date, ChinaPnR Management (a substantial Shareholder which is controlled by Mr. Zhou) and the Company entered into the Guarantee Agreement in relation to provision of joint and several liability guarantee in the aggregate amount of not exceeding US\$8,000,000.00 by ChinaPnR Management to the Company to secure the repayment obligations of Mr. Zhou, Ms. Mu and Mr. Jin in respect of the Loans.

As at the date of this announcement, the Loan Agreements, the Guarantee Agreement and the transactions contemplated thereunder have been approved by the Board.

As at the date of this announcement, each of Mr. Zhou, Ms. Mu and Mr. Jin is an executive Director and therefore a connected person of the Company under the Listing Rules. Therefore, the entering into of the Loan Agreements and the transactions contemplated thereunder constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Loan Agreements, on an aggregated basis, exceeds 0.1% but is less than 5%, the entering into of the Loan Agreements and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, ChinaPnR Management is a substantial Shareholder which holds 11.01% of the total issued share capital of the Company and therefore, constitutes a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Guarantee Agreement and the provision of guarantee by ChinaPnR Management to the Company under the Guarantee Agreement constitutes financial assistance provided by a connected person to the Group.

As the abovementioned provision of financial assistance by ChinaPnR Management to the Group is for the benefit of the Group and is on normal commercial terms or better and not secured by the assets of the Group, the entering into of the Guarantee Agreement and the provision of guarantee by ChinaPnR Management thereunder are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

INTRODUCTION

On 17 January 2020, the Company entered into the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement with each of Mr. Zhou, Ms. Mu and Mr. Jin, pursuant to which the Company will provide to each of Mr. Zhou, Ms. Mu and Mr. Jin a loan in the principal amount of US\$5,249,758.14, US\$1,271,426.58 and US\$180,000.00 respectively. The proceeds of the Loans will be used by each of Mr. Zhou, Ms. Mu and Mr. Jin for subscription of Shares in relation to exercise of the Options held by them respectively.

On the same date, ChinaPnR Management (a substantial Shareholder which is controlled by Mr. Zhou) and the Company entered into the Guarantee Agreement in relation to provision of joint and several liability guarantee in the aggregate amount of not exceeding US\$8,000,000.00 by ChinaPnR Management to the Company to secure the repayment obligations of Mr. Zhou, Ms. Mu and Mr. Jin in respect of the Loans.

As at the date of this announcement, the Loan Agreements, the Guarantee Agreement and the transactions contemplated thereunder have been approved by the Board.

PRINCIPAL TERMS OF THE LOAN AGREEMENTS

The First Loan Agreement

- Date** : 17 January 2020
- Parties** : a. the Company (as lender); and
b. Mr. Zhou (as borrower).
- Principal amount** : US\$5,249,758.14
- Borrowing date** : The principal amount of the loan shall be drawn down within thirty (30) days from the date of the First Loan Agreement.
- Repayment Date** : 16 January 2023
- Interest rate** : 3.6% *per annum*, which shall be paid on the last day of every one year (representing 365 days) from the borrowing date (including the borrowing date), and the last installment of the interest shall be paid on the Repayment Date or earlier when the principal amount of the loan becomes due and payable pursuant to the terms of the First Loan Agreement. The interest rate was determined after arm's length negotiation between the parties with reference to the prevailing market rates, taking into account interest rates charged by other commercial banks or financial institutions which are independent third parties for similar types of loans and the terms of the Guarantee Agreement.
- Purpose of the loan** : The loan shall be solely used for the purpose of exercise of Options held by Mr. Zhou and other relevant matters. For details of the proposed use of the loan, please refer to the section headed "Proposed Exercise of the Options by Directors and Proposed Use of the Loans" in this announcement.
- Repayment** : Mr. Zhou shall repay the principal amount of loan on the Repayment Date or earlier if required pursuant to the terms of the First Loan Agreement.
- Events of default** : The loan shall become immediately due upon the occurrence of any of the following events of default:
- a. Mr. Zhou fails to pay the any outstanding principal amount, interest or fees due and payable under the First Loan Agreement;

- b. any representation or warranty under the First Loan Agreement made by Mr. Zhou is not true or accurate; or
- c. Mr. Zhou commits a crime or is involved in criminal activities.

On the same date, (i) the Company (as lender) and Ms. Mu (as borrower) entered into the Second Loan Agreement, pursuant to which the Company will provide a loan in the principal amount of US\$1,271,426.58 to Ms. Mu; and (ii) the Company (as lender) and Mr. Jin (as borrower) entered into the Third Loan Agreement, pursuant to which the Company will provide a loan in the principal amount of US\$180,000.00 to Mr. Jin. Save for the identity of borrowers and the principal amount of loans as disclosed above, the remaining principal terms of the Second Loan Agreement and the Third Loan Agreement are identical to the First Loan Agreement. Therefore, the Company will provide Loans in the aggregate principal amount of US\$6,701,184.72 to Mr. Zhou, Ms. Mu and Mr. Jin pursuant to the Loan Agreements.

PRINCIPAL TERMS OF GUARANTEE AGREEMENT

- Date** : 17 January 2020
- Parties** : a. ChinaPnR Management (as guarantor); and
b. the Company.
- Subject matter** : ChinaPnR Management agreed to provide joint and several liability guarantee in the aggregate amount of not exceeding US\$8,000,000.00 to the Company to secure the repayment obligations of Mr. Zhou, Ms. Mu and Mr. Jin in respect of the Loans, including but not limited to the principal amount of the Loans, the interests accrued thereon and other fees payable by Mr. Zhou, Ms. Mu and Mr. Jin to the Company pursuant to the terms of the Guarantee Agreement.
- Term of the guarantee** : The term of the guarantee shall be calculated separately for each of the Loans, which shall be the period from the date of expiry of deadline for fulfillment of the repayment obligations of each of the Loans, to two years after the date of expiry of deadline for fulfillment of the repayment obligations of each of the Loans of Mr. Zhou, Ms. Mu and Mr. Jin under the relevant Loan Agreements, subject to extension.

PROPOSED EXERCISE OF THE OPTIONS BY DIRECTORS AND PROPOSED USE OF THE LOANS

The Company has been informed that (i) Mr. Zhou proposes to exercise 29,165,323 Options granted on 6 January 2014; (ii) Ms. Mu proposes to exercise 7,063,481 Options granted on 6 January 2014; and (iii) Mr. Jin proposes to exercise 1,000,000 Options granted on 4 April 2014, respectively pursuant to the Pre-IPO Share Option Scheme within the drawdown period under the Loan Agreements. The exercise price at which Mr. Zhou, Ms. Mu and Mr. Jin shall subscribe for the Shares in relation to the exercise of their respective Options shall be US\$0.18 per Share. Therefore, the total consideration payable by Mr. Zhou, Ms. Mu and Mr. Jin for the subscription of 29,165,323 Shares, 7,063,481 Shares and 1,000,000 Shares, respectively, shall be US\$5,249,758.14, US\$1,271,426.58 and US\$180,000.00.

Pursuant to the terms of the Loan Agreements, the Loans will be used to finance the aforementioned total subscription price payable by each of Mr. Zhou, Ms. Mu and Mr. Jin to subscribe for the Shares in relation to the exercise of their respective Options by Mr. Zhou, Ms. Mu and Mr. Jin.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LOAN AGREEMENTS AND THE GUARANTEE AGREEMENT

The Loan Agreements

It is the intention and objective of the Company to incentivize and reward the grantees under the Pre-IPO Share Option Scheme (including but not limited to Mr. Zhou, Ms. Mu and Mr. Jin) for their significant contribution to the Group during their services, and such personnel are also considered by the Board to be vital to the long-term development and success of the Group. Accordingly, the provision of the Loans by the Company to Mr. Zhou, Ms. Mu and Mr. Jin, which will enable them to utilise the Loans for the subscription of the Shares in relation to the Options enables the Company to achieve such objective.

The Loans will be funded by the internal resources of the Group and will not affect working capital or daily operation of the Group.

The Guarantee Agreement

The main purpose of the Guarantee Agreement is to guarantee the due and punctual performance of all obligations under the Loan Agreements and ensure the interest of the Group will not be prejudiced.

The Board (including the independent non-executive Directors) considers that while the entering into of the Loan Agreements and the Guarantee Agreement are not conducted in the ordinary and usual course business of the Company, the terms of the Loan Agreements and the Guarantee Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE LOAN AGREEMENTS AND THE GUARANTEE AGREEMENT

The Company was incorporated in the Cayman Islands with limited liability. The Group is principally engaged in merchant payment services and fintech enabling services.

As at the date of this announcement, (i) Mr. Zhou is an executive Director, Chairman of the Board and the Chief Executive Officer of the Company; (ii) Ms. Mu is an executive Director and the President of the Company; and (iii) Mr. Jin is an executive Director, the Chief Financial Officer and Joint Company Secretary of the Company.

ChinaPnR Management is a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder which is controlled by Mr. Zhou. As at the date of this announcement, ChinaPnR Management holds 11.01% of the total issued share capital of the Company and is owned by Mr. Zhou as to 60%, Ms. Mu as to 20% and Mr. Liu Gang (a director of a subsidiary of the Company) as to 20%, respectively.

IMPLICATIONS UNDER THE LISTING RULES

The Loan Agreements

As at the date of this announcement, each of Mr. Zhou, Ms. Mu and Mr. Jin is an executive Director and therefore a connected person of the Company under the Listing Rules. Therefore, the entering into of the Loan Agreements and the transactions contemplated thereunder constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Loan Agreements, on an aggregated basis, exceeds 0.1% but is less than 5%, the entering into of the Loan Agreements and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Guarantee Agreement

As at the date of this announcement, ChinaPnR Management is a substantial Shareholder which holds 11.01% of the total issued share capital of the Company and therefore, constitutes a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Guarantee Agreement and the provision of guarantee by ChinaPnR Management to the Company under the Guarantee Agreement constitutes financial assistance provided by a connected person to the Group.

As the abovementioned provision of financial assistance by ChinaPnR Management to the Group is for the benefit of the Group and is on normal commercial terms or better and not secured by the assets of the Group, the entering into of the Guarantee Agreement and the provision of guarantee by ChinaPnR Management thereunder are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

DIRECTORS' CONFIRMATION

Mr. Zhou, Ms. Mu and Mr. Jin, each being a party to the respective Loan Agreement whose repayment obligations thereunder will be guaranteed by ChinaPnR Management pursuant to the Guarantee Agreement, are considered to have material interests in the transactions contemplated under the Loan Agreements and the Guarantee Agreement. Accordingly, each of Mr. Zhou, Ms. Mu and Mr. Jin has abstained from voting on the relevant Board resolutions in respect of the Loan Agreements, the Guarantee Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Loan Agreements and the Guarantee Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant Board resolutions.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“ChinaPnR Management”	ChinaPnR Management Ltd., a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder, which is held as to 60% by Mr. Zhou, 20% by Ms. Mu and 20% by Mr. Liu Gang respectively as at the date of this announcement
“Company”	Huifu Payment Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1806)
“Director(s)”	director(s) of the Company
“First Loan Agreement”	the loan agreement dated 17 January 2020 entered into between the Company and Mr. Zhou in relation to provision of a loan in the principal amount of US\$5,249,758.14 by the Company to Mr. Zhou
“Group”	the Company and its subsidiaries and operating entities
“Guarantee Agreement”	the maximum amount guarantee agreement dated 17 January 2020 entered into between ChinaPnR Management (as guarantor) and the Company in relation to provision of the guarantee in the aggregate amount of not exceeding US\$8,000,000 by ChinaPnR Management to the Company in respect of the Loans
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Loans”	collectively, the loans under the Loan Agreements
“Loan Agreements”	collectively, the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement
“Mr. Zhou”	Mr. Zhou Ye, an executive Director and a party to the First Loan Agreement
“Ms. Mu”	Ms. Mu Haijie, an executive Director and a party to the Second Loan Agreement
“Mr. Jin”	Ms. Jin Yuan, an executive Director and a party to the Third Loan Agreement
“Options”	the pre-IPO share options granted under Pre-IPO Share Option Scheme
“PRC”	the People’s Republic of China
“Repayment Date”	16 January 2023, being the date of repayment of the Loans by Mr. Zhou, Ms, Mu and Mr. Jin under the Loan Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan Agreement”	the loan agreement dated 17 January 2020 entered into between the Company and Ms. Mu in relation to provision of a loan in the principal amount of US\$1,271,426.58 by the Company to Ms. Mu
“Pre-IPO Share Option Scheme”	pre-IPO share option scheme of the Company as approved by the Board on 20 January 2018, the details of which are set out in the prospectus of the Company dated 1 June 2018
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company, or if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Loan Agreement”	the loan agreement dated 17 January 2020 entered into between the Company and Mr. Jin in relation to provision of a loan in the principal amount of US\$180,000.00 by the Company to Mr. Jin
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Huifu Payment Limited*
ZHOU Ye
Chairman

Shanghai, the People’s Republic of China
17 January 2020

As at the date of this announcement, the Board comprises Mr. ZHOU Ye, Ms. MU Haijie and Mr. JIN Yuan as executive Directors, Mr. CHYE Chia Chow, Mr. ZHOU Joe and Ms. WANG Lihong as non-executive Directors, and Mr. LIU Jun, Mr. WANG Hengzhong and Ms. ZHANG Qi as independent non-executive Directors.

* *Incorporated in the Cayman Islands with limited liability under the names of Huifu Limited and 汇付天下有限公司*