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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)**

### **VOLUNTARY ANNOUNCEMENT TCHAIN RESTRUCTURING INVOLVING TCHAIN CONTROL DOCUMENTS**

#### **TCHAIN RESTRUCTURING INVOLVING TCHAIN CONTROL DOCUMENTS**

In order to improve its corporate structure and for better management and resource allocation, the Group is undertaking the Tchain Restructuring involving its group companies which are currently carrying on the business of fintech solutions and services.

As part of the Tchain Restructuring,

- (i) Step 1: on 28 April 2024, Tchain and Mr. Wang formed Beijing OPCO with a registered capital of RMB1 million in the shareholding of 62.5% and 37.5% respectively;
- (ii) Step 2: on 28 April 2024, Tchain, Beijing OPCO and Mr. Wang entered into the Tchain Control Documents; and
- (iii) Step 3: after the incorporation of Beijing OPCO and execution of the Tchain Control Documents, Beijing OPCO acquired Beijing Tchain Group previously under VBill Group prior to the Tchain Restructuring.

Before the Tchain Restructuring, Beijing Tchain Group was accounted for as 80.04%-owned subsidiaries of the Company through Chongqing JIM by way of the New JIM Control Documents (Pre-Swap). After the Tchain Restructuring, Beijing Tchain Group will continue to be accounted for as 80.04%-owned subsidiaries of the Company but through Beijing OPCO by way of the Tchain Control Documents.

Therefore, immediately before and after the Tchain Restructuring, there is no change to the Group's effective interest in Beijing Tchain Group.

\* *For identification purpose only*

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Wang is a director of a subsidiary of the Company and hence a connected person of the Company at the subsidiary level. Mr. Wang is a 37.5% registered shareholder of Beijing OPCO, which is an associate of Mr. Wang. However, this relationship does not make Beijing OPCO, also being a non-wholly owned subsidiary of the Company, a connected person of the Company by virtue of Rule 14A.18(2)(b) of the Listing Rules because Mr. Wang is only a connected person at the subsidiary level.

Regarding step 1 of the Tchain Restructuring, as all applicable percentage ratios (as defined under the Listing Rules) in respect of the incorporation of Beijing OPCO are less than 0.1%, it is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(a) of the Listing Rules.

Regarding step 2 of the Tchain Restructuring, as all applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Tchain Control Documents (other than the Tchain Master Exclusive Service Agreement) are less than 0.1%, they are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(a) of the Listing Rules. The transactions contemplated under the Tchain Master Exclusive Service Agreement do not constitute a connected transaction under Chapter 14A of the Listing Rules or a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Regarding step 3 of the Tchain Restructuring, given that there is no change to the Group's effective interest in Beijing Tchain Group and VBill Group immediately before and after the Tchain Restructuring, it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## **A. INTRODUCTION**

In order to improve its corporate structure and for better management and resource allocation, the Group is undertaking the Tchain Restructuring involving its group companies which are currently carrying on the business of fintech solutions and services.

As part of the Tchain Restructuring,

- (i) Step 1: on 28 April 2024, Tchain and Mr. Wang formed Beijing OPCO with a registered capital of RMB1 million in the shareholding of 62.5% and 37.5% respectively;
- (ii) Step 2: on 28 April 2024, Tchain, Beijing OPCO and Mr. Wang entered into the Tchain Control Documents; and
- (iii) Step 3: after the incorporation of Beijing OPCO and execution of the Tchain Control Documents, Beijing OPCO acquired Beijing Tchain Group previously under VBill Group prior to the Tchain Restructuring.

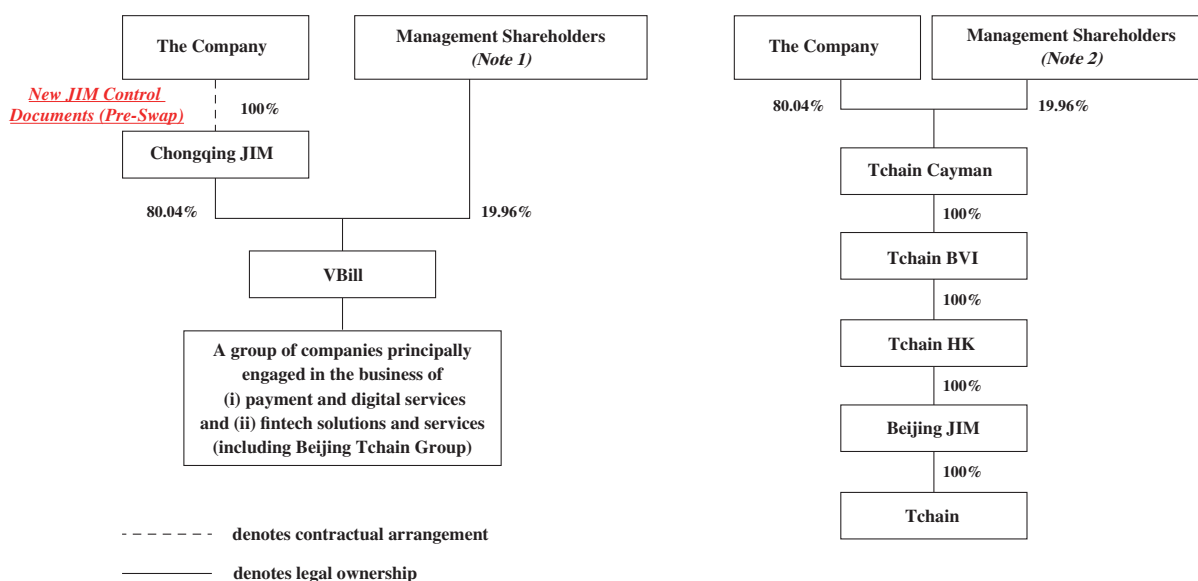
Before the Tchain Restructuring, Beijing Tchain Group was accounted for as 80.04%-owned subsidiaries of the Company through Chongqing JIM by way of the New JIM Control Documents (Pre-Swap). After the Tchain Restructuring, Beijing Tchain Group will continue to be accounted for as 80.04%-owned subsidiaries of the Company but through Beijing OPCO by way of the Tchain Control Documents.

Therefore, immediately before and after the Tchain Restructuring, there is no change to the Group’s effective interest in Beijing Tchain Group.

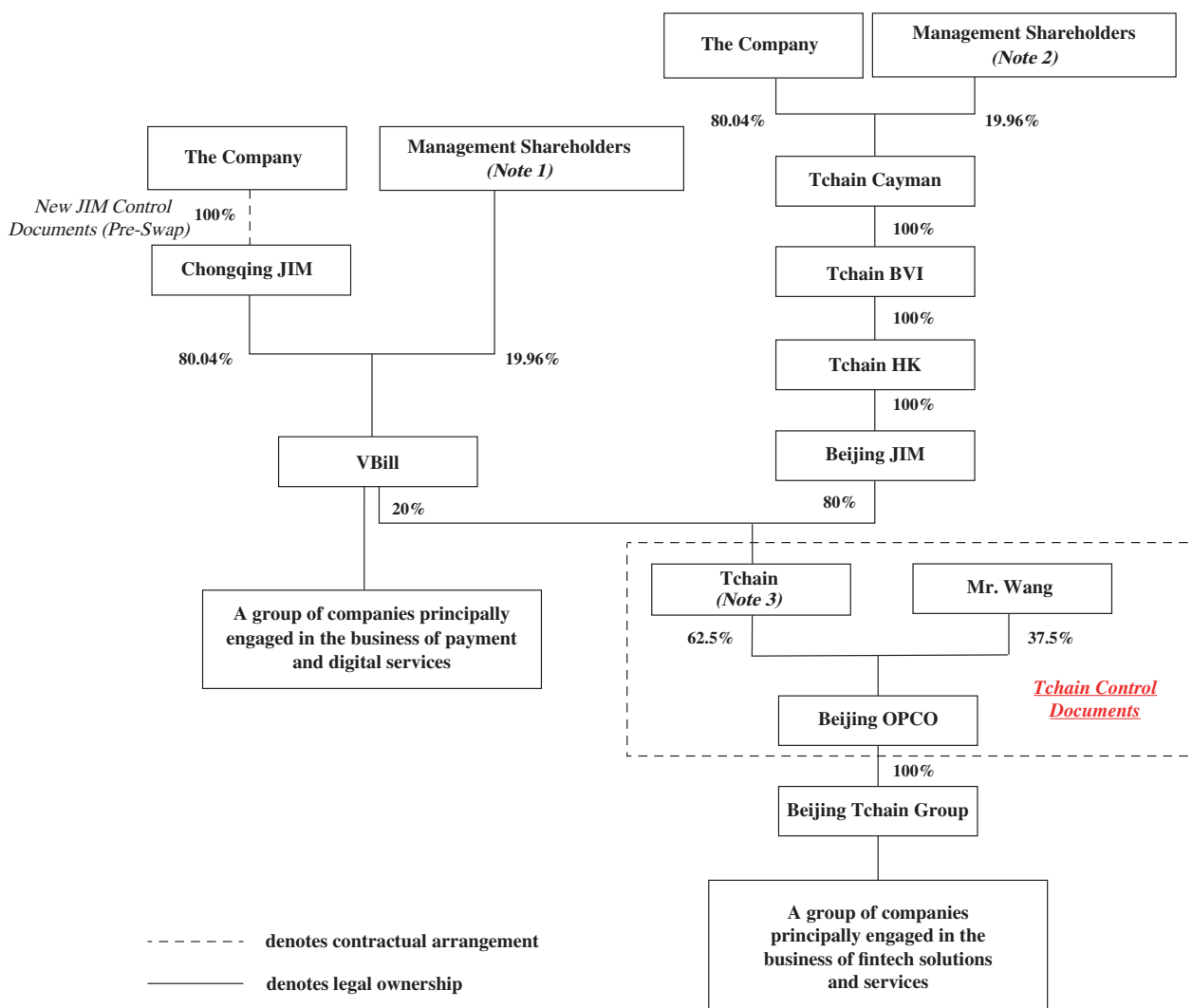
Upon incorporation of Beijing OPCO, Mr. Wang is one of its registered shareholders holding 37.5% of its equity interest (“**Mr. Wang’s Equity Interests**”). On the date of the incorporation of Beijing OPCO, the Tchain Control Documents take effect and Tchain, in which the Group has 80.04% effective interest, controls 100% equity interest in and the management of Beijing OPCO through its direct shareholding of 62.5% equity interest in Beijing OPCO and contractually through the Tchain Control Documents.

## B. DIAGRAM OF THE TCHAIN RESTRUCTURING

A simplified corporate structure of the Group immediately before the Tchain Restructuring was as follows:



A simplified corporate structure of the Group after the Tchain Restructuring is as follows:



*Notes:*

1. The 19.96% interest in VBill is held by the Management Shareholders in the following proportion:

Mr. Shen	9.96%
Mr. Li	4.80%
Mr. Xue	3.20%
Ms. Ge	2.00%
  
2. The 19.96% interest in Tchain Cayman is held by the Management Shareholders through an investment holding company, namely Vselect Technology Limited, which is in turn held by the respective investment holding companies of the Management Shareholders in the following proportion:

Shen Holdco	49.87%
Li Holdco	24.06%
Xue Holdco	16.04%
Ge Holdco	10.03%
  
3. Tchain holds a group of companies which are principally engaged in the business of fintech solutions and services.

## **C. TCHAIN CONTROL DOCUMENTS**

On 28 April 2024, the Tchain Control Documents were entered into by the parties thereof. The Tchain Control Documents refer to the following documents collectively: (i) the Tchain Master Exclusive Service Agreement; (ii) the Tchain Business Cooperation Agreement; (iii) the Tchain Exclusive Option Agreement; (iv) the Tchain Proxy Agreement and Power of Attorney; (v) the Tchain Equity Interest Pledge Agreement; and (vi) the Tchain Confirmation and Guarantee Letter, the details of which are set out below.

### **(1) Tchain Master Exclusive Service Agreement**

- Parties:**
- (i) Tchain
  - (ii) Beijing OPCO
- Term:** Effective on the date of execution and shall remain effective except terminated:
- (a) by Tchain at any time with 30-day advance written notice to Beijing OPCO;
  - (b) upon the transfer of all of Mr. Wang's Equity Interests to Tchain and/or a third party designated by Tchain pursuant to the Tchain Exclusive Option Agreement; or

- (c) upon the event that it becomes permitted under PRC laws for Tchain to directly hold all the equity interests in Beijing OPCO, and Tchain and/or its designated party has obtained all the equity interests in Beijing OPCO.

**Subject:**

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

2. To the extent permissible under PRC laws, Tchain agreed to, either through itself or its designated party(ies), provide financial support in the form of interest-free loan(s) to Beijing OPCO under agreement(s) to be executed separately. Each loan to be granted is for an infinite term until terminated by Tchain at its sole discretion. The loan shall become fully due and payable upon: (i) the winding-up or liquidation of Beijing OPCO; (ii) the dissolution of Beijing OPCO; (iii) the insolvency of Beijing OPCO; or (iv) the occurrence of any other circumstances designated by Tchain at its sole discretion. Beijing OPCO shall accept such financial support from Tchain, if provided.
3. Beijing OPCO is prohibited from engaging in any business activities other than those falling within the scope permitted by its business licenses and business permits. Unless approved in writing by Tchain, Beijing OPCO shall not engage in any businesses in the PRC which compete with those of Tchain.
4. Unless otherwise prescribed therein, Tchain shall have exclusive proprietary rights to the intellectual properties (including but not limited to copyrights, trademarks, patents, technical secrets and knowhow) developed during the term of the Tchain Master Exclusive Service Agreement.

**Fee:** The service fee payable by Beijing OPCO to Tchain for the said services shall be equal to 100% of the audited consolidated net profits of Beijing OPCO; Tchain may however adjust the service fee at its sole discretion taking into account factors including but not limited to the technicality, complexity, contents and commercial value of the services provided, and in accordance with the requirements of relevant governmental authorities, with reference to the working capital requirements of Beijing OPCO. Beijing OPCO shall accept any such adjustments made by Tchain, if any.

The service fee shall be calculated on an annual basis and paid by Beijing OPCO within 10 business days upon receipt of invoice issued by Tchain.

## (2) Tchain Business Cooperation Agreement

- Parties:**
- (i) Tchain
  - (ii) Beijing OPCO
  - (iii) Mr. Wang
- Term:** Effective on the date of execution and shall remain effective except terminated:
- (a) by Tchain at any time with 30-day advance written notice to Beijing OPCO and Mr. Wang; or
  - (b) upon the transfer of all of Mr. Wang's Equity Interests to Tchain and/or a third party designated by Tchain pursuant to the Tchain Exclusive Option Agreement.
- Subject:**
1. To ensure that Beijing OPCO performs its obligations under the Tchain Master Exclusive Service Agreement and/or other agreements entered into with Tchain, Mr. Wang and Beijing OPCO jointly and severally agreed and covenanted that, without obtaining Tchain's prior written consent, Beijing OPCO shall not, and Mr. Wang shall cause Beijing OPCO not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including without limitation:
    - (a) any activities not within its normal business scope;
    - (b) merging, reorganising or establishing an associated entity with any third party, being acquired or controlled by any third party, or restructuring its principal business or assets, or conducting acquisition or investment in any other form;
    - (c) making any supplement, amendment or alternation to its articles of association;
    - (d) making distribution of dividend, rights and interests in equity interests or shareholding interest by any means, provided that upon Tchain's written request, Beijing OPCO shall immediately distribute part or all distributable profits to its shareholders who shall in turn immediately and unconditionally pay or transfer to Tchain any such distribution;
    - (e) executing any material contract, except contracts executed in its ordinary course of business;



- (f) selling, transferring, mortgaging or disposing of in any manner, any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;
  - (g) dissolution, conducting liquidation and distributing the residual assets; or
  - (h) causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.
2. In addition, Beijing OPCO and Mr. Wang agreed and covenanted to Tchain that Beijing OPCO shall, and Mr. Wang shall cause Beijing OPCO to, including without limitation:
- (a) accept suggestions raised by Tchain over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Beijing OPCO;
  - (b) maintain Beijing OPCO's corporate existence in accordance with good financial and business standards and practices;
  - (c) maintain the asset value of Beijing OPCO;
  - (d) provide Tchain with information on Beijing OPCO's business operations and financial condition at Tchain's request;
  - (e) procure and maintain insurance in respect of Beijing OPCO's assets and business from an insurance carrier, if requested by Tchain;
  - (f) immediately notify Tchain of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing OPCO's assets ("**Beijing OPCO Assets**"), business or revenue;
  - (g) execute all necessary or appropriate documents and take all necessary or appropriate actions against all claims so as to maintain the ownership by Beijing OPCO of all of the Beijing OPCO Assets;
  - (h) give Tchain the custody of Beijing OPCO's important licenses and seals; and

- (i) hold permits, licenses, authorisations, approvals that are necessary for the operation of its business and ensure their continuing effectiveness.

3. Mr. Wang made certain undertakings, including:

- (a) he will not directly or indirectly engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Beijing OPCO or its affiliated companies or have any interest in such business;
- (b) his actions or omissions shall not give rise to any conflict of interest between himself and Tchain (including but not limited to the shareholders of Tchain); and
- (c) in the event of any such conflict, which shall be decided at the sole discretion of Tchain, he will take any action as instructed by Tchain to eliminate such conflict provided such action is compliant with PRC laws.

### **(3) Tchain Exclusive Option Agreement**

**Parties:** (i) Tchain

(ii) Beijing OPCO

(iii) Mr. Wang

**Term:** Effective on the date of execution and shall remain effective except terminated:

(a) by Tchain at any time with 30-day advance written notice to Beijing OPCO and Mr. Wang; or

(b) upon the transfer of all of Mr. Wang's Equity Interests to Tchain and/or a third party designated by Tchain pursuant to the Tchain Exclusive Option Agreement.

**Subject:** 1. Tchain shall have the exclusive right to require Mr. Wang to transfer any and all of Mr. Wang's Equity Interests to Tchain and/or a third party designated by Tchain, subject to Tchain's specific requirements ("**Beijing OPCO Equity Interests Transfer Option**").

2. Tchain shall have the exclusive right to require Beijing OPCO to transfer any and all of the Beijing OPCO Assets to Tchain and/or a third party designated by Tchain, subject to Tchain's specific requirements ("**Beijing OPCO Assets Transfer Option**").
3. Tchain shall have the right to exercise its Beijing OPCO Equity Interests Transfer Option and/or its Beijing OPCO Assets Transfer Option to acquire Mr. Wang's Equity Interests in whole or in part and/or the Beijing OPCO Assets in whole or in part at any time, from time to time and for an unlimited number of times.

**Covenants:** Mr. Wang covenanted that he shall promptly donate any profit, interest, dividend or proceeds of liquidation received from Beijing OPCO to Tchain or any other entity designated by Tchain to the extent permitted under applicable PRC laws.

**Consideration for the transfer:**

1. The total transfer price for Mr. Wang's Equity Interests and/or the Beijing OPCO Assets ("**Beijing OPCO Transfer Price**") shall be the lowest price allowed under PRC laws and administrative regulations at the time of the transfer. Where there is no lowest price under PRC laws and administrative regulations, the Beijing OPCO Transfer Price shall be determined by Tchain. If Mr. Wang's Equity Interests and/or the Beijing OPCO Assets are transferred in installments, the due transfer price for each installment shall be determined in accordance with the proportion of Mr. Wang's Equity Interests and/or the Beijing OPCO Assets under the said transfer.
2. Beijing OPCO and/or Mr. Wang shall transfer the Beijing OPCO Transfer Price and affiliated benefits to Tchain and/or a third party designated by Tchain at nil consideration immediately after receiving the Beijing OPCO Transfer Price and affiliated benefits.

**(4) Tchain Proxy Agreement and Power of Attorney**

**Parties:**

- (i) Tchain
- (ii) Beijing OPCO
- (iii) Mr. Wang

**Term:** Effective on the date of execution and shall remain effective as long as Beijing OPCO exists and except terminated:

1. by Tchain at any time with 30-day advance written notice to Beijing OPCO and Mr. Wang; or

2. upon the transfer of all of Mr. Wang's Equity Interests to Tchain and/or a third party designated by Tchain pursuant to the Tchain Exclusive Option Agreement.

**Subject:**

1. Mr. Wang irrevocably nominated and appointed designee(s) appointed by Tchain (as well as its/their successors, including a liquidator, if any, of the designee(s) of Tchain) as his attorney-in-fact ("**Attorney**") to exercise all rights in connection with matters concerning his rights as a shareholder of Beijing OPCO conferred by relevant laws and regulations and the articles of association of Beijing OPCO, including without limitation:
  - (a) call and attend shareholders' meetings of Beijing OPCO, and receive notices and materials with respect to the shareholders' meetings;
  - (b) vote on, execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of him;
  - (c) sell, transfer, pledge or dispose of any or all of Mr. Wang's Equity Interests;
  - (d) manage and dispose of the Beijing OPCO Assets;
  - (e) approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
  - (f) any other rights conferred by the articles of association of Beijing OPCO and/or the relevant laws and regulations on him.
2. Mr. Wang covenanted with and undertook to Tchain that, if he receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interests as a result of, or in connection with, Mr. Wang's Equity Interests, he shall, to the extent permitted by applicable laws, remit all such monies or assets to Tchain or a third party designated by Tchain without any compensation, and shall bear any and all taxes and fees with respect thereto.

## **(5) Tchain Equity Interest Pledge Agreement**

**Parties:**

- (i) Tchain (as pledgee)
- (ii) Beijing OPCO
- (iii) Mr. Wang (as pledgor)

**Term:** The pledge shall be continuously valid for 50 years after such pledge is registered with the relevant competent authorities responsible for market regulation, unless:

- (a) all the parties agree to terminate it; or
- (b) all the Tchain Control Documents have expired or been terminated, and all the obligations of Mr. Wang and Beijing OPCO under the Tchain Control Documents have been fulfilled to the satisfaction of Tchain.

For the purpose of equity interest pledge registration, the term of the initial pledge registration shall be 50 years, which is extendable by Tchain at its sole discretion upon expiration.

**Subject:** Mr. Wang agreed to pledge all of Mr. Wang's Equity Interests, including any interest or dividend paid for such equity interests, to Tchain unconditionally and irrevocably, as a security for the performance of any and all obligations by him and Beijing OPCO under the Tchain Control Documents (other than the Tchain Equity Interest Pledge Agreement) at an initial registration amount which is the estimated value of the obligations of Mr. Wang and Beijing OPCO under the Tchain Control Documents for initial registration purpose.

**Covenants:** Mr. Wang covenanted to Tchain, among other things, to take all necessary measures and execute all necessary documents to ensure that, upon his death, bankruptcy, divorce, incapacity or other circumstance that may affect his holding of Mr. Wang's Equity Interests, any successor of him shall be deemed as a party to the Tchain Equity Interest Pledge Agreement, and shall assume and undertake all rights and obligations under the terms therein.

**(6) Tchain Confirmation and Guarantee Letter**

**Signed by:** Mr. Wang

**Subject:** Mr. Wang confirmed and guaranteed that, among other things:

1. his successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in Mr. Wang's Equity Interests upon his death, incapacity, bankruptcy, divorce or any circumstances that may affect his ability to exercise his shareholder's rights in Beijing OPCO, will not carry out any act that may affect or hinder the fulfillment of his obligations under the Tchain Control Documents;
2. he will unwind the Tchain Control Documents and transfer all of Mr. Wang's Equity Interests to Tchain or any party designated by Tchain as soon as the applicable PRC laws allow Tchain to operate the businesses operated by Beijing OPCO without being subject to the Maximum Permitted Interest Restriction (as defined below), and that subject to applicable PRC laws, he must donate immediately without compensation to Tchain or any entity designated by Tchain any consideration he has received from Tchain during its acquisition of Mr. Wang's Equity Interests;
3. he will not directly or indirectly engage in, own or acquire any business that competes or might compete with the businesses of Beijing OPCO or its affiliated companies or have any interest in such businesses; and none of his actions or omissions will give rise to any conflict of interest between himself and Tchain (including but not limited to the shareholders of Tchain); in the event of any such conflict, he will take any action as instructed by Tchain to eliminate such conflict, provided such action is compliant with PRC laws; and
4. in the event that he has a lawful spouse during the term of the Tchain Control Documents, he shall procure his spouse to execute a spousal consent in which his spouse shall, among other things, (i) covenant to waive any rights or entitlements to Mr. Wang's Equity Interests and not to take any action with the intent to interfere with the arrangement under the Tchain Control Documents; and (ii) undertake to be bound by the Tchain Control Documents in the event that she for any reason obtains any of Mr. Wang's Equity Interests.

## **(D) INFORMATION ABOUT BEIJING OPCO**

As part of the Tchain Restructuring, Beijing OPCO was established in the PRC with limited liability on 28 April 2024 with a registered capital of RMB1 million. Beijing OPCO and its subsidiaries will be principally engaged in the business of fintech solutions and services in the PRC.

## **(E) REASONS FOR AND BENEFITS OF THE TCHAIN RESTRUCTURING**

The internal reorganisation of the Group's operating structure under the Tchain Restructuring will facilitate better management of and more efficient resources allocation among different business segments of the Group in line with the long-term goals and development of the Group. In addition, it enables the Group to have direct ownership in Beijing Tchain which can provide the Group with more effective control over Beijing Tchain and hence better protection to the Company.

## **(F) BACKGROUND OF CONTRACTUAL ARRANGEMENT UNDER THE TCHAIN CONTROL DOCUMENTS**

Foreign investment activities in the PRC are mainly governed by the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (“**Encouraging Catalogue**”) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) (“**Negative List**”) which are promulgated and amended from time to time jointly by the Ministry of Commerce and the National Development and Reform Commission of the PRC, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (“**Foreign Investment Law**”) and their respective implementation rules and subsidiary regulations. The Negative List and the Encouraging Catalogue divide industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encouraged”, “restricted” and “prohibited” categories).

According to the Negative List, value-added telecommunications businesses (“**Restricted Business**”) are classified as industries in which foreign investments are restricted, and the proportion of foreign investment shall not exceed 50% (except for e-commerce, domestic multi-party communications, storage-forwarding, and call centres) (“**Maximum Permitted Interest Restriction**”). As advised by the PRC Legal Adviser, in practice, the relevant government authority would investigate every layer of the shareholding structure of an entity up to and until the ultimate investor(s) is/are revealed to determine whether such entity is to be categorised as a “foreign investor”.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) and the Telecommunication Regulation of the PRC (《中華人民共和國電信條例》) promulgated by the State Council of the PRC, an internet content provider license (“**ICP License**”) is required for conducting the Restricted Business in the PRC.

The principal business of Beijing OPCO will include provision of fintech solutions and services in the PRC. Beijing Tchain (being a wholly-owned subsidiary of Beijing OPCO upon completion of the Tchain Restructuring), in particular, is an existing ICP License holder engaging in the Restricted Business in the PRC. As stated above, upon the completion of the Tchain Restructuring, Beijing JIM, being a foreign invested entity will indirectly own 50% effective interest in Beijing Tchain, which is compliant with the applicable foreign investment restriction under PRC laws, including the Maximum Permitted Interest Restriction.

The Group adopted the contractual arrangement under the Tchain Control Documents such that Tchain, in which the Group has 80.04% effective interest, will obtain effective control over and receive all the economic benefits generated by the businesses operated by Beijing OPCO (including the Restricted Business which will continue to be operated by Beijing Tchain, subject to the outcome of its re-application for the requisite ICP License upon the completion of the Tchain Restructuring as detailed below). Given that, upon the completion of the Tchain Restructuring, Beijing JIM, being a foreign invested entity, will indirectly own 50% effective interest in Beijing Tchain which is already the maximum permitted interest level prescribed under the Maximum Permitted Interest Restriction, the Group is of the view that the contractual arrangement under the Tchain Control Documents has been narrowly tailored in accordance with the Stock Exchange’s guidance letter HKEX-GL77-14 to achieve the Group’s aforementioned business purpose, minimise the potential conflict with relevant PRC laws and regulations and ensure contractual arrangement is only used under the Tchain Restructuring to the extent necessary to address the applicable PRC foreign investment restrictions.

According to the official website of the MIIT, if an existing ICP License holder shall invite foreign investment at any time, such ICP License holder must disclose such an intention and re-apply for the ICP License. Accordingly, Beijing Tchain will re-apply for its ICP License upon the completion of the Tchain Restructuring.



## **(G) COMPLIANCE OF THE TCHAIN CONTROL DOCUMENTS WITH PRC LAWS, RULES AND REGULATIONS**

The PRC Legal Adviser is of the opinion that, as of the date of this announcement:

- (i) the Tchain Control Documents do not violate the articles of association of both Tchain and Beijing OPCO and there are no circumstances as stipulated in the PRC Civil Code (《中華人民共和國民法典》) or other laws and regulations of the PRC which will render the contractual arrangement thereunder void;
- (ii) each of the Tchain Control Documents is legally binding, except for the provisions to the effect that the arbitral body may award remedies over the equity interests in Beijing OPCO or the Beijing OPCO Assets, injunctive relief and/or winding-up of Beijing OPCO, and that the courts of Hong Kong, the PRC, the Cayman Islands, Bermuda and the places where the principal Beijing OPCO Assets are located are empowered to grant interim remedies in support of arbitration pending the formation of an arbitral tribunal or under appropriate circumstances may not be recognised or enforceable by the PRC courts; and
- (iii) no approvals of any PRC governmental authorities are required in connection with the execution, delivery, effectiveness and enforceability of each of the Tchain Control Documents, except that (a) the pledge of Mr. Wang's Equity Interests and any transfer of the same under the Tchain Equity Interest Pledge Agreement are subject to registrations or filings with the relevant governmental authority; (b) the exercise of the Beijing OPCO Equity Interests Transfer Option under the Tchain Exclusive Option Agreement may be subject to the approvals of, filings with, or registrations with the relevant governmental authorities; and (c) the arbitration awards/interim remedies provided under the dispute resolution clause of the Tchain Control Documents shall be recognised by the PRC courts before compulsory enforcement.

The PRC Legal Adviser is also of the opinion that, as of the date of this announcement, considering the evolving PRC laws and regulations, the interpretation and application of current and future PRC laws and regulations may change from time to time. Accordingly, there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to or otherwise different from the above opinion in the future.

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

Based on the above, the Group believes that the Tchain Control Documents are unlikely to be deemed ineffective or invalid under the relevant PRC laws and regulations, subject to certain issues discussed in the paragraphs headed "RISK FACTORS IN RELATION TO THE TCHAIN CONTROL DOCUMENTS" below.

## **(H) DISPUTES RESOLUTIONS, SUCCESSION AND LIQUIDATION UNDER THE TCHAIN CONTROL DOCUMENTS**

### **Disputes resolutions**

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

### **Succession**

Under the Tchain Control Documents, Beijing OPCO and Mr. Wang shall not assign their rights or obligations thereunder to any third party without the prior written consent of Tchain. Further, Mr. Wang confirmed, represented and guaranteed that his successors, guardians, creditors, spouses or any other person that might be entitled to assume rights and interests in Mr. Wang's Equity Interests upon his death, incapacity, bankruptcy, divorce or any circumstances that might affect his ability to exercise his shareholder's rights in Beijing OPCO, would not affect or hinder the fulfilment of his obligations under the Tchain Control Documents.

The PRC Legal Adviser is of the view that if the Tchain Control Documents are strictly observed by the relevant parties, (i) the death, incapacity, bankruptcy or divorce of Mr. Wang will not affect the validity of the Tchain Control Documents; and (ii) the successors of Mr. Wang will be bound by the Tchain Control Documents in respect of Mr. Wang's Equity Interests.

In addition, Mr. Wang confirmed that, subject to requirement by Tchain, he would unwind the Tchain Control Documents and transfer all of Mr. Wang's Equity Interests to Tchain or its designee as soon as the applicable laws of the PRC allow it to operate the businesses operated by Beijing OPCO (including the Restricted Business) without being subject to the Maximum Permitted Interest Restriction, and he must donate any consideration he receives during the acquisition of Mr. Wang's Equity Interests to Tchain.

## Liquidation

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

Under the Tchain Control Documents, Mr. Wang undertook to promptly transfer, without any compensation, any proceeds of liquidation he might receive from Beijing OPCO to Tchain or its designee to the extent permitted under applicable PRC laws.

## Conflict of interests

Mr. Wang, who is a registered shareholder of Beijing OPCO, is also a director of a subsidiary of the Company. The Company confirms that appropriate arrangements have been made to address the potential conflict of interests between Mr. Wang and the Group. Mr. Wang has made relevant confirmations and undertakings in the Tchain Control Documents as detailed above.

In addition, as stated above, Mr. Wang has appointed designee(s) appointed by Tchain and its/their successors, including a liquidator, if any, of the designee(s) of Tchain, as his Attorney to exercise his rights as a shareholder of Beijing OPCO in respect of Mr. Wang's Equity Interests conferred by relevant laws and regulations and the articles of association of Beijing OPCO. The Attorney has the right to appoint and replace any person(s) to perform any or all of its rights as the Attorney, but the Attorney shall not appoint any person who is related to Mr. Wang to avoid any conflict of interest.

## (I) OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Taking into account the indefinite terms of the Tchain Control Documents, or the term of 50 years as stipulated under the Tchain Equity Interest Pledge Agreement, Gram Capital Limited ("**Independent Financial Adviser**") has been appointed as the independent financial adviser of the Company to explain why the Tchain Control Documents require a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

The Independent Financial Adviser is of the opinion that the term of the Tchain Control Documents, which is longer than three years, is required, and it is a normal business practice for agreements of this type to be of such duration.

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

- (1) Beijing Tchain (being a wholly-owned subsidiary of Beijing OPCO upon completion of the Tchain Restructuring), in particular, is an existing ICP License holder engaging in the Restricted Business in the PRC. Upon completion of the Tchain Restructuring, Beijing JIM, being a foreign invested entity, will indirectly own 50% effective interest in Beijing Tchain, which is compliant with the applicable foreign investment restriction under PRC laws, including the Maximum Permitted Interest Restriction;

The Group adopted the contractual arrangement under the Tchain Control Documents such that Tchain, in which the Group has 80.04% effective interest, will obtain effective control over and receive all the economic benefits generated by the businesses operated by Beijing OPCO (including the Restricted Business which will continue to be operated by Beijing Tchain, subject to the outcome of its re-application for the requisite ICP License upon completion of the Tchain Restructuring). As at the date of this announcement, the Tchain Control Documents do not violate the articles of association of both Tchain and Beijing OPCO and there are no circumstances as stipulated in the PRC Civil Code or other laws and regulations of the PRC which will render the contractual arrangement thereunder void;

- (2) the Tchain Control Documents with a longer term will provide long-term binding contractual relationship among the Group, Mr. Wang, Beijing OPCO and the Beijing Tchain Group, allowing the Group to continuously receive and enjoy the economic benefits derived from Beijing OPCO and the Beijing Tchain Group; and
- (3) it would be unduly burdensome and impracticable, and would add unnecessary administration costs for a renewal of the Tchain Control Documents every three years or less as the contractual structure thereunder is a long-term arrangement.

## **(J) RISK FACTORS IN RELATION TO THE TCHAIN CONTROL DOCUMENTS**

The Group believes the following risks are associated with the Tchain Control Documents:

**If the PRC government finds that the Tchain Control Documents that allow Tchain to enjoy all economic benefits generated by Beijing OPCO, which operates the Restricted Business through Beijing Tchain, do not comply with the applicable PRC laws and regulations, the Group could be subject to penalties and its business may be materially and adversely affected**

On 15 March 2019, the National People's Congress of the PRC promulgated the Foreign Investment Law, and the Implementation Rules to the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) came into effect as of 1 January 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. While the Foreign Investment Law does not define contractual arrangement as a form of foreign investment explicitly, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council of the PRC.

Notwithstanding the PRC Legal Adviser is of the view that the Tchain Control Documents are valid, legal and binding on and enforceable against all the signing parties, the PRC laws and regulations are still evolving and the interpretation and application of current and future PRC laws and regulations may change from time to time; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of the PRC Legal Adviser. It is uncertain whether any other new PRC laws or regulations relating to the structure of Beijing OPCO will be adopted or if adopted, what they would provide. If the Group or Beijing OPCO is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities have a discretion to take action in dealing with such violations or failures in accordance with relevant PRC laws and regulations, including:

- revoking the Group's business and operating licenses;
- discontinuing or restricting the Group's operations;
- imposing fines or confiscating any of the Group's income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which the Group or Beijing OPCO may not be able to comply;
- requiring the Group or Beijing OPCO to restructure the relevant ownership structure or operations; or
- taking other regulatory or enforcement actions in accordance with relevant PRC laws and regulation.

The imposition of any of the aforementioned penalties may have a material and adverse effect on the Group's business, financial condition and results of operations. If any of these penalties results in the Group's inability to direct the activities of Beijing OPCO and/or the Group's failure to receive all economic benefits from Beijing OPCO, the financial condition and results of the Group may be materially and adversely affected.

The Company cannot guarantee that future laws and regulations will not provide for contractual arrangement as a form of foreign investment. Therefore, there can be no assurance that the Company's control over Beijing OPCO through the Tchain Control Documents will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the Foreign Investment Law, or any other future laws, administrative regulations or provisions deem contractual arrangement as a means of foreign investment, or as otherwise in violation of such laws, administrative regulations or provisions, the Tchain Control Documents may be deemed as invalid and illegal, and the Group may be required to unwind the Tchain Control Documents and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to the Tchain Control Documents, the Group may face substantial uncertainties as to whether the Group can complete such actions in a timely manner, or at all.

**The Tchain Control Documents may not be as effective as 100% direct equity ownership in controlling Beijing OPCO**

The Group relies on the contractual arrangement under the Tchain Control Documents to operate the businesses of Beijing OPCO partially. Such contractual arrangement may not be as effective as 100% direct equity ownership in providing the Group with sufficient and effective control over Beijing OPCO. If Tchain has 100% direct equity ownership of Beijing OPCO, it will be able to exercise its rights as the only shareholder to effect changes in the board of directors of Beijing OPCO, which in turn could effect changes of its own free will, subject to any applicable fiduciary obligations, at the management level. However, under the Tchain Control Documents, the Group partially relies on the performance by Mr. Wang of his obligations under the Tchain Control Documents to exercise control over Beijing OPCO. Mr. Wang may not act in the best interests of the Group or may not perform his obligations under the Tchain Control Documents. Such risks exist throughout the period in which the Group intends to operate the businesses of Beijing OPCO through the Tchain Control Documents. If any dispute relating to the Tchain Control Documents remains unresolved, the Group will have to enforce its rights under the same through the operation of PRC laws and courts, and will be subject to uncertainties with respect to the outcome of such disputes. Therefore, the contractual arrangement under the Tchain Control Documents may not be as effective as 100% direct equity ownership in ensuring the Group's control over Beijing OPCO.

**Mr. Wang may potentially have a conflict of interests with the Group, which may materially and adversely affect the Group's business and financial condition**

The Group's control over Beijing OPCO is partially based on the contractual arrangement under the Tchain Control Documents. Therefore, conflict of interests between Mr. Wang and the Group may adversely affect the interests of the Group. However, under the Tchain Control Documents, Mr. Wang has irrevocably appointed any person(s) as designated by Tchain (including its/their liquidator, if any) as his Attorney to exercise his rights of a shareholder of Beijing OPCO. Therefore, whilst the Company cannot guarantee that when a conflict of interests arises, Mr. Wang will act in the best interests of the Group or it will be resolved in the Group's favour, it is unlikely that there will be a potential conflict of interests between the Group and Mr. Wang. However, in the unlikely event that a conflict of interests arises and cannot be resolved, the Company will consider removing and replacing Mr. Wang or relying on legal proceedings, which may result in disruption of its business and subject the Group to substantial uncertainty as to the outcome of any such legal proceedings.

**The contractual arrangement under the Tchain Control Documents may subject the Company to scrutiny of the PRC tax authorities which may result in a finding that the Company owes additional taxes or is ineligible for tax exemptions, or both, which may substantially increase taxes owed and thereby reduce profit attributable to the Shareholders**

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Company may face material and adverse tax consequences if the PRC tax authorities determine that the Tchain Control Documents entered into with Beijing OPCO do not represent an arm's-length price and adjust Beijing OPCO's income in the form of a transfer pricing adjustment. A transfer pricing adjustment may increase tax liabilities of the Company. In addition, PRC tax authorities may form the view that Beijing OPCO has improperly minimised its tax obligations, and the Company may not be able to rectify any such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment fees and other penalties on the Company for underpaid taxes in accordance with relevant PRC laws and regulations, which may materially and adversely affect business, financial condition and results of operations of the Company.

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

The PRC Legal Adviser has advised that the dispute resolution clause in the Tchain Control Documents, which provides that (i) the arbitral body may award injunctive relief over the shares or land assets of Beijing OPCO and/or award winding-up orders against Beijing OPCO; and (ii) the courts of Hong Kong, Bermuda, the PRC, the Cayman Islands and places where the principal Beijing OPCO Assets are located may grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or under appropriate circumstances, may not be enforceable under the PRC laws. If certain provisions under the dispute resolution clause are not enforceable, the practical consequences for the Group are as follows:

1. If Tchain intends to seek interim remedies in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances, it may seek the interim remedies before a PRC court pursuant to Article 104 and other relevant articles of the PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) instead.
2. The remedies awarded by arbitral tribunals including the Beijing Arbitration Commission will be limited to the remedies available to them under the PRC laws, which currently include:
  - (a) cessation of the infringement;
  - (b) removal of the nuisance;
  - (c) elimination of the danger;
  - (d) restitution;
  - (e) restoration;

- (f) repair, redoing or replacement;
- (g) continuance of performance;
- (h) compensation for losses;
- (i) payment of liquidated damages;
- (j) elimination of adverse effects and rehabilitation of reputation; and
- (k) extension of apologies.

As a PRC arbitral tribunal cannot award legal remedies such as injunctive relief or winding-up orders, Tchain can only seek similar but not identical remedies from the Beijing Arbitration Commission under PRC laws, such as cessation of infringements or restitution. Alternatively, Tchain may seek remedies from a competent court, such as the People's Court of Shijingshan District, the First Intermediate People's Court of Beijing, and in rare cases, the Higher People's Court of Beijing, for interim injunctive relief over the Beijing OPCO Assets or the equity interests in Beijing OPCO and a winding-up order against Beijing OPCO.

As a result, in the event that Beijing OPCO or Mr. Wang breaches the term(s) of the Tchain Control Documents, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Beijing OPCO may be materially and adversely affected.

**Tchain's exercise of the Beijing OPCO Equity Interests Transfer Option under the Tchain Exclusive Option Agreement may be subject to certain limitations and may involve a substantial amount of costs and time**

In the event that Tchain exercises the Beijing OPCO Equity Interests Transfer Option to acquire all or part of Mr. Wang's Equity Interests under the Tchain Exclusive Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals or relevant procedures under applicable PRC laws. In addition, the aforementioned acquisition may be subject to a minimum price limitation (such as an appraised value for the equity interests in Beijing OPCO) or other limitations as imposed by the applicable PRC laws. Further, a substantial amount of taxes, other necessary costs (if any), expenses and time may be involved in transferring the ownership of Beijing OPCO, which may have a material adverse impact on the Group's business, prospects and results of operation.

**The Group may bear economic risk which may arise from difficulties in the operation of Beijing OPCO**

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



**Beijing Tchain may not be able to reacquire its ICP License upon completion of the Tchain Restructuring due to more stringent or additional requirements imposed by the MIIT**

As stated above, Beijing Tchain shall be required to re-apply for its ICP License upon completion of the Tchain Restructuring by virtue of it becoming a foreign-owned entity. However, to the best knowledge of the Group, if a foreign-owned entity like Beijing Tchain applies for an ICP license, it will be subject to more stringent or additional requirements imposed by the MIIT as compared to a domestic entity in the PRC. The MIIT will typically require more information, documents and other proof from a foreign-owned applicant in various aspects, such as the identity and nationality of its ultimate individual shareholders (“**Additional Information**”). No criteria, standard, guidance or interpretation documents have been published by the MIIT on how the Additional Information will be assessed, whether in qualitative or quantitative aspect, or the extent or form required of the Additional Information.

Due to the lack of clarity on how the requirements in respect of the Additional Information can be satisfied, it is anticipated that, for an applicant like Beijing Tchain, there will be a prolonged process of application which may in turn interrupt its daily operation. There is also no assurance that Beijing Tchain will be able to reacquire its ICP License upon completion of the Tchain Restructuring.

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

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

**(J) INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP**

The Tchain Control Documents contain certain provisions which enable the Group to exercise effective control over and to safeguard the Beijing OPCO Assets.

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

- (a) the Group will delegate representatives (“**Representatives**”) to Beijing OPCO, mainly responsible for exercising management control of Beijing OPCO; the Representatives will conduct reviews on the operations of Beijing OPCO;
- (b) the Board and the Representatives shall identify major issues, if any, arising from the implementation of and compliance with the Tchain Control Documents;
- (c) any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (d) the Representatives or other delegates of the Board shall meet with the registered shareholders or directors of Beijing OPCO to investigate and report any suspicious matters to the Board;
- (e) the Board shall collect the management accounts and major operational data of Beijing OPCO regularly for review which will be no less frequent than on a quarterly basis; the financial team of the Company will seek explanations from the senior management of Beijing OPCO on any material fluctuations;
- (f) the Board will consult the PRC Legal Adviser from time to time to check if there are any legal developments in the PRC affecting the arrangement contemplated under the Tchain Control Documents, and the Board will determine if any modification or amendment is required to be made;
- (g) major issues arising from the implementation and performance of the Tchain Control Documents, if any, will be reviewed by the Board on a regular basis; the Board will determine, as part of its periodic review process, whether legal advisers and/or other professionals will need to be retained to assist the Group to deal with specific issues arising from the Tchain Control Documents; and
- (h) the Company will disclose the overall performance and compliance with the Tchain Control Documents in its annual report to update the Shareholders and potential investors.

## **(K) CONSOLIDATION OF THE FINANCIAL RESULTS OF BEIJING OPCO**

The Company has discussed with its auditors and confirms that the financial results of Beijing OPCO will be consolidated into the financial statements of the Group under the prevailing accounting principles. Upon execution of the Tchain Control Documents, Beijing OPCO is a 80.04%-owned subsidiary of the Company.

## **(L) THE BOARD'S VIEW ON THE TCHAIN CONTROL DOCUMENTS**

The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of payment and digital services, fintech solutions and services, platform operation solutions and financial solutions.

Based on the reasons stated above, the Board (including the independent non-executive Directors) is of the view that the Tchain Control Documents are narrowly tailored to achieve the Group's business purpose, minimise the potential conflicts with the relevant PRC laws and regulations and ensure contractual arrangement is only used under the Tchain Restructuring to the extent necessary to address the applicable PRC foreign investment restrictions.

The Directors believe the Tchain Control Documents are fundamental to the legal structure of Beijing OPCO because they enable Tchain to gain 100% control over and enjoy all the economic benefits generated by Beijing OPCO and its subsidiaries under the legal framework of the PRC despite the Maximum Permitted Interest Restriction. Pursuant to the relevant provisions of the Tchain Control Documents, the Tchain Control Documents may be unwound as soon as the relevant PRC laws allow Tchain to operate the businesses operated by Beijing OPCO (including the Restricted Business) without being subject to the Maximum Permitted Interest Restriction. The Directors further believe that save as disclosed, the Tchain Control Documents are enforceable under the relevant PRC laws, and that they provide a mechanism that enables Tchain to exercise more effective control over Beijing OPCO in addition to its 62.50% equity ownership in Beijing OPCO.

The Directors (including the independent non-executive Directors) further believe that (i) the Tchain Restructuring (including the Tchain Control Documents) can improve the corporate structure of the Group and enables the Group to obtain direct shareholding in Beijing OPCO which acquired Beijing Tchain Group; and (ii) as a number of companies have also made use of contractual arrangements to accomplish the same/similar purpose, the contractual arrangement under the Tchain Control Documents and the Tchain Restructuring are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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

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

Mr. Wang is a director of a subsidiary of the Company and hence a connected person of the Company at the subsidiary level. Mr. Wang is a 37.5% registered shareholder of Beijing OPCO, which is an associate of Mr. Wang. However, this relationship does not make Beijing OPCO, also being a non-wholly owned subsidiary of the Company, a connected person of the Company by virtue of Rule 14A.18(2)(b) of the Listing Rules because Mr. Wang is only a connected person at the subsidiary level.

Regarding step 1 of the Tchain Restructuring, as all applicable percentage ratios (as defined under the Listing Rules) in respect of the incorporation of Beijing OPCO are less than 0.1%, it is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(a) of the Listing Rules.

Regarding step 2 of the Tchain Restructuring, as all applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Tchain Control Documents (other than the Tchain Master Exclusive Service Agreement) are less than 0.1%, they are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(a) of the Listing Rules. The transactions contemplated under the Tchain Master Exclusive Service Agreement do not constitute a connected transaction under Chapter 14A of the Listing Rules or a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Regarding step 3 of the Tchain Restructuring, given that there is no change to the Group's effective interest in Beijing Tchain Group and VBill Group immediately before and after the Tchain Restructuring, it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Beijing JIM”	北京結行科創有限公司 (unofficial English translation being Beijing JIM Technology Development Co., Ltd.), a company incorporated under the laws of the PRC and a non-wholly owned subsidiary of the Company
“Beijing OPCO”	北京隨信數科科技有限公司 (unofficial English translation being Beijing Sui Xin Digital Technology Co., Ltd.), a company incorporated under the laws of the PRC and is accounted for as an 80.04% subsidiary of the Company upon completion of the Tchain Restructuring
“Beijing Tchain”	北京隨信雲鏈科技有限公司 (unofficial English translation being Beijing Sui Xin Yun Lian Technology Co., Ltd.), a company incorporated under the laws of the PRC and is accounted for as an 80.04% subsidiary of the Company as at the date of this announcement and upon completion of the Tchain Restructuring

“Beijing Tchain Group”	Beijing Tchain and its subsidiaries
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chongqing JIM”	Chongqing JIM Technology Co., Ltd (重慶結行科技有限公 司), a company incorporated under the laws of the PRC, a company accounted for as a 100% owned subsidiary of the Company through the New JIM Control Documents (Pre- Swap)
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 818)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Ge Holdco”	Just Pay Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Ms. Ge
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New JIM Control Documents (Pre-Swap)”	a set of agreements entered into between VBill WFOE, Chongqing JIM, Mr. Zhou Jianhong and Mr. Na Wei on 24 October 2019, the details of which were disclosed in the announcement of the Company dated 24 October 2019
“Li Holdco”	Kapok Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Li
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shareholders”	collectively, Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge
“MIIT”	the Ministry of Industry and Information Technology of the PRC
“Mr. Li”	Mr. Li Huimin, a PRC national
“Mr. Shen”	Mr. Shen Zheng, a PRC national

“Mr. Wang”	Mr. Wang Yuanqi, a PRC national
“Mr. Xue”	Mr. Xue Guangyu, a PRC national
“Ms. Ge”	Ms. Ge Xiaoxia, a PRC national
“PRC”	the People’s Republic of China
“PRC Legal Adviser”	Shihui Partners (世輝律師事務所), the legal adviser of the Company as to PRC laws
“Shareholder(s)”	the shareholders of the Company
“Shen Holdco”	Delia and Grace Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Shen
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tchain”	北京結行隨信科技有限公司 (unofficial English translation being Beijing Sui Xin Yun Lian Technology Co., Ltd.), a company incorporated under the laws of the PRC and is a 80.04% subsidiary of the Company as at the date of this announcement and will be accounted for as a 80.04% subsidiary of the Company upon completion of the Tchain Restructuring
“Tchain Business Cooperation Agreement”	the business cooperation agreement entered into amongst Tchain, Beijing OPCO and Mr. Wang
“Tchain BVI”	Tchain Technology Limited, a company incorporated in the BVI with limited liabilities and a wholly-owned subsidiary of Tchain Cayman as at the date of this announcement
“Tchain Cayman”	Tchain Limited, a company incorporated in the Cayman Islands with limited liabilities and owned as to 80.04% by the Company as at the date of this announcement
“Tchain Confirmation and Guarantee Letter”	the confirmation and guarantee letter executed by Mr. Wang
“Tchain Control Documents”	collectively, the Tchain Master Exclusive Service Agreement, the Tchain Business Cooperation Agreement, the Tchain Exclusive Option Agreement, the Tchain Proxy Agreement and Power of Attorney, the Tchain Equity Interest Pledge Agreement and the Tchain Confirmation and Guarantee Letter
“Tchain Equity Interest Pledge Agreement”	the equity interest pledge agreement entered into amongst Tchain, Beijing OPCO and Mr. Wang

“Tchain Exclusive Option Agreement”	the exclusive option agreement entered into amongst Tchain, Beijing OPCO and Mr. Wang
“Tchain Master Exclusive Service Agreement”	the master exclusive service agreement entered into between Tchain and Beijing OPCO
“Tchain Proxy Agreement and Power of Attorney”	the proxy agreement and power of attorney entered into amongst Tchain, Beijing OPCO and Mr. Wang
“Tchain HK”	Tchain (HK) Limited (隨信雲鏈(香港)有限公司), a company incorporated in Hong Kong with limited liabilities and a wholly-owned subsidiary of Tchain BVI as at the date of this announcement
“Tchain Restructuring”	the restructuring as more particularly described in the sections headed “Introduction” and “Diagram of the Tchain Restructuring” in this announcement
“VBill”	隨行付支付有限公司 (unofficial English translation being VBill Payment Co. Ltd.), a company accounted for as a 80.04% subsidiary of the Company
“VBill Group”	VBill WFOE and its subsidiaries
“VBill WFOE”	北京微碼數據科技有限公司 (unofficial English translation being Beijing Microcode Data Technology Co., Ltd.), a wholly foreign-owned enterprise incorporated under the laws of the PRC, and a wholly-owned subsidiary of the Company as at the date of this announcement
“Xue Holdco”	YuTeng Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Xue
“%”	per cent.

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

29 April 2024

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Xu Wensheng, Mr. Kui Man Chun, Mr. Li Wenjin, Mr. Xu Changjun and Ms. Hui Lok Yan; and three independent non-executive directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Li Heguo.*