

## INFORMATION ON THE CONTRACTUAL ARRANGEMENTS

The Group has been operating certain businesses which adopted contract based arrangements and/or structures (“Contractual Arrangements”) for the purpose of enabling the Group, as foreign investor, to control and benefit from the PRC operating companies (“OPCO”) in the foreign restricted businesses in the PRC.

Set out below are the details of the Contractual Arrangements which are material to the Group.

### 1. 重慶結行移動商務有限公司 (“Just - In Mobile”) and its subsidiaries: 隨行付支付有限公司 (“VBill”)

#### 1.1 *Particulars of OPCO and its registered owners*

Just-In Mobile is a limited liability company established in the PRC on 4 June 2002.

The registered shareholders of Just-In Mobile are Mr. Zhou Jianhong (60%) and Mr. Na Wei (40%). Since 28 May 2010, a contractual arrangement has been made between Just-In Mobile, the registered shareholders of Just-In Mobile and 結行信息技術(上海)有限公司 (“JIM Shanghai”), which allows JIM Shanghai to exercise control and enjoy economic benefit generated from Just-In Mobile.

JIM Shanghai is a wholly-owned subsidiary of JIM Holdings International Company Limited (“JIM Holdings”) which was acquired by the Company on 19 March 2010 and has become a wholly-owned subsidiary of the Company since then.

#### 1.2 *Description of OPCO’s business*

Just-In Mobile and its subsidiaries are principally engaged in the value-added telecommunication business (增值電信業務) with major focus on payment related solutions and services, the provision of payment processing solution in the PRC.

Contractual Arrangement was adopted by the Company in the above businesses as value-added telecommunication business (增值電信業務) has been restrictive to foreign direct investment under the PRC law (being that foreign shareholding must not exceed 50%).

### 1.3 Summary of the major terms of the underlying contracts of the Contractual Arrangement

#### Management Consulting and Services Agreement

Just-In Mobile and JIM Shanghai entered into the Management Consulting and Services Agreement, pursuant to which Just-In Mobile agreed to engage JIM Shanghai as its exclusive management consultant and service provider. Accordingly, JIM Shanghai shall provide services to Just-In Mobile on (i) R & D of the computer software with new and high technology; (ii) R & D of the computer software by other customers' requirement; (iii) maintenance of the computer software and technical support; (iv) R & D and maintenance of the network technique; (v) technical training; and (vi) provision of staff. Pursuant to the Management Consulting and Services Agreement, Just-In Mobile would pay to JIM Shanghai a consulting fee that equals to 95% of Just-In Mobile's business income relating to the services provided above after deducting its operating cost. The consulting fee should be paid monthly or yearly as requested by JIM Shanghai. The Management Consulting and Services Agreement shall be effective from the date of signing for a term of thirty (30) years.

#### Cooperative Framework Agreement

JIM Shanghai, Just-In Mobile, Mr. Zhou and Mr. Na entered into the Cooperative Framework Agreement, pursuant to which JIM Shanghai has agreed to provide various services, including management consulting services, to Just-In Mobile. The Cooperative Framework Agreement shall be effective from the date of signing for a term of thirty (30) years, unless terminated by JIM Shanghai. Mr. Zhou and Mr. Na have also undertaken that in the event JIM Shanghai has to pay any consideration to them under the Share Option Agreement, they must return any consideration received thereunder to JIM Shanghai.

#### Proxy Agreement

The registered shareholders of Just-In Mobile (namely Mr. Zhou and Mr. Na) and JIM Shanghai entered into the Proxy Agreement, pursuant to which Mr. Zhou and Mr. Na agreed to authorise persons designated by JIM Shanghai to exercise all of their rights and powers as shareholders of Just-In Mobile. Persons designated by JIM Shanghai will act on their behalf on all matters pertaining to Just-In Mobile and, to the extent permissible under applicable PRC laws and the Articles of Association of Just-In Mobile, exercise all of their respective rights as shareholders of Just-In Mobile, including but not limited to the following rights: (i) rights to attend shareholders' meetings; (ii) rights to exercise voting rights in all shareholders' meeting; (iii) rights to sign on minutes or resolutions of shareholders' meetings or other legal documents and (iv) rights to file documents with the relevant companies registry. The Proxy Agreement shall be effective from the date of signing for a term of ten (10) years, unless extended by the parties.

#### Share Option Agreement

JIM Shanghai, Mr. Zhou, Mr. Na and Just-In Mobile entered into the Share Option Agreement, pursuant to which Mr. Zhou and Mr. Na granted to JIM Shanghai and/or any other party designated by JIM Shanghai irrevocable options to purchase their equity interests in Just-In Mobile, entirely or partially, at an aggregate consideration for the entire equity interests which equals to the total share capital of Just-In Mobile or the value of the equity and/or assets of Just-In Mobile whichever is lower. However, the consideration shall not be less than the minimum purchase price permitted by PRC laws and regulations. The Share Option Agreement shall be effective for an indefinite term from the date of the agreement, until it is terminated (i) upon transfer of the entire equity interests of Just-In Mobile to JIM Shanghai and/or any other party designated by JIM Shanghai according to the Share Option Agreement; (ii) due to restraint under the PRC laws that transfer of the equity of Just-In Mobile in accordance with the Share Option Agreement is impossible; and (iii) upon JIM Shanghai exercising the pledge under the Equity Pledge Agreement which results that the whole equity interests in Just-In Mobile are no longer held by Mr. Zhou and Mr. Na in full. Mr. Zhou and Mr. Na have also undertaken that in the event JIM Shanghai has to pay any consideration to them under the Share Option Agreement, they must return to JIM Shanghai any consideration they receive.

#### Equity Pledge Agreement

Mr. Zhou, Mr. Na and JIM Shanghai entered into the Equity Pledge Agreement, pursuant to which Mr. Zhou and Mr. Na agreed to pledge all of their respective equity interests (together with their derivative interests) in Just-In Mobile to JIM Shanghai to secure their payment obligations under the Loan Agreement and Just-In Mobile's obligations under the Cooperative Framework Agreement. Pursuant to the Equity Pledge Agreement, if there is any breach of obligations on the part of Mr. Zhou, Mr. Na and/or Just-In Mobile as prescribed under the Equity Pledge Agreement, JIM Shanghai shall be entitled to exercise its right of pledge against the said equity interests. In addition, pursuant to the Equity Pledge Agreement, each of Mr. Zhou and Mr. Na undertook to JIM Shanghai, among other things, not to transfer, dispose of their respective equity interests in Just-In Mobile or to create any encumbrance thereon without JIM Shanghai's prior written consent. The Equity Pledge Agreement shall be effective from the date of the agreement, until two (2) years after completion of all the obligations on the part of Just-In Mobile under the Cooperative Framework Agreement.

#### Loan Agreements

Each of Mr. Zhou and Mr. Na entered into a Loan Agreement with JIM Shanghai, pursuant to which JIM Shanghai agreed to lend RMB4,200,000 and RMB2,800,000 to Mr. Zhou and Mr. Na respectively in order to satisfy the funding needs of Just-In Mobile. Both of the two loans under the two Loan Agreements are for a term of ten (10) years from the date of signing and can be extended by mutual consent.

#### Dispute resolutions

Pursuant to the Contractual Arrangement, any dispute arising from the interpretation and implementation of the Contractual Arrangement between the parties should first be resolved through negotiation, failing which any party may submit the said dispute to the China International Economic and Trade Arbitration Commission in Shanghai for arbitration in accordance with its arbitration rules. Arbitrators may award remedies over the shares or land assets of OPCO, grant order for the conduct of business or order the winding up of OPCO. The results of the arbitration shall be final and binding on all relevant parties.

#### 1.4 Revenue and assets subject to the Structured Arrangement

The consolidated total revenue of the JIM Group for the year ended 31 December 2017 was HK\$2,175.2 million. The consolidated total assets and net assets of the JIM Group as at 31 December 2017 amounted to HK\$2,147.7 million and HK\$469.4 million respectively.

## **2. Risks relating to the Contractual Arrangements**

The Group relies on the Contractual Arrangements to control and obtain the economic benefits from Just-In Mobile, i.e. the OPCO, which may not be as effective in providing operational control as direct ownership. In addition, if the PRC government would regard the agreements under the Contractual Arrangements to establish the structure for addressing the aforesaid foreign ownership restriction for foreign investment in the value-added telecommunication business in the PRC as not in compliance with applicable PRC laws and regulations, or future changes in policies, rules regulations and interpretation thereof, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest therein. The Company will closely monitor the relevant PRC laws and regulations relevant to the Contractual Arrangements and will take all necessary actions to protect the Company's interests in the OPCO.

March 2018