



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD      OF 2021 (    )

IN THE MATTER OF SECTIONS 14 TO 16 AND SECTION 86 OF THE COMPANIES ACT (2020 REVISION)

AND IN THE MATTER OF HUIFU LIMITED 汇付天下有限公司

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**PETITION**

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TO THE GRAND COURT:

THE HUMBLE PETITION OF HUIFU LIMITED 汇付天下有限公司, a company incorporated under the laws of the Cayman Islands with its registered office at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands (the "Company") shows that:

**INTRODUCTION**

1. By this petition, the Company seeks:
  - (a) the sanction of the Grand Court, pursuant to section 86 of the Companies Act (2020 Revision) (the "Companies Act"), of a Scheme of Arrangement (the "Scheme"), that is proposed between the Company and the holders of the Scheme Shares (as defined at paragraph 9 below); and
  - (b) the confirmation of the Grand Court, pursuant to section 16 of the Companies Act, of the proposed reduction in the Company's share capital, which is proposed in order to give effect to the Scheme, and which is intended to be put to the Company's shareholders for approval by way of special resolution, subject to the approval of the Grand Court, as set out further at paragraph 9 below.

## **INCORPORATION, OBJECTS AND SHARE CAPITAL OF THE COMPANY**

2. On 21 December 2017, the Company was incorporated as an exempted company limited by shares pursuant to the Companies Law (2015 Revision) with registration number 330632. The registered office of the Company is at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company's head office and principal place of business in the People's Republic of China (the "PRC") is at Block C5, Putian Industrial Park Phase II, No. 700 Yishan Road, Xuhui District, Shanghai, PRC and the Company's principal place of business in Hong Kong is at 40<sup>th</sup> Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.
3. The objects for which the Company was established are unrestricted. The Company is an investment holding company and conducts its activities through its subsidiaries (the Company and such subsidiaries, together the "Group"). The Group is a leading independent third party payment service provider in the PRC, providing a range of omni-channel payment services for merchants and supporting various payment types including 'swipe to pay', 'scan to pay' and facial recognition payment technology. The Group also provides data services and financial services.
4. The authorised share capital of the Company is HK\$380,000 divided into 3,800,000,000 ordinary shares with a par value of HK\$0.0001 each (each a "Share"). As at 17 December 2020, the issued share capital of the Company was HK\$130,319.0199 divided into 1,303,190,199 Shares, all of which are fully paid. Since 15 June 2018, the Shares have been listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") under the name "Huifu Payment Limited".

## **THE COMPANY'S SHAREHOLDERS**

5. The Company's significant shareholders, as at 17 December 2020, were comprised of the following (with reference to the Hong Kong branch register of the Company):
  - (a) HKSCC Nominees Limited ("HKSCC Nominees"), a company incorporated in Hong Kong, is the registered holder of 930,484,725 Shares, representing

approximately 71.40% of the Company's issued share capital. HKSCC Nominees acts as a common nominee in respect of securities held through the Central Clearing and Settlement System depositary in Hong Kong ("CCASS") and takes its instructions from persons admitted to participate in CCASS. It is not known how many entities have beneficial interests in the Shares that are registered in HKSCC Nominees' name. However, the known holders of Shares through CCASS are as follows:

- (i) The executive directors of the Company, who together hold 87,046,793 Shares (6.68%) through CCASS and Zedra (the "Executive Directors"):<sup>1</sup>
  - (1) Mr Zhou Ye, an Executive Director, the chairman of the board of directors of the Company, and the chief executive officer of the Company, holds 56,656,123 Shares (4.35%);
  - (2) Ms Mu Haijie, an Executive Director and the president of the Company, holds 21,083,116 Shares (1.62%);
  - (3) Mr Jin Yuan, an Executive Director, the chief financial officer and the Company's joint company secretary, holds 9,307,554 Shares (0.71%);
- (ii) Five of the six 'IU Shareholders'<sup>2</sup>:
  - (1) Trixen Enterprises Ltd holds 307,800,000 Shares (23.62%);
  - (2) Keytone (as defined in the Scheme) holds 128,077,180 Shares (9.83%);
  - (3) Eight Roads Investments holds 71,684,931 Shares (5.50%);
  - (4) Pacven Walden Ventures (as defined in the Scheme) holds

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<sup>1</sup> These numbers include the 37,228,804 Shares of the Executive Directors from exercising their Share Options and the 49,817,989 Shares corresponding to restricted share units under the Share Award Scheme, which held on trust by Zedra Trust Company (Cayman) Limited.

<sup>2</sup> Being shareholders who have provided irrevocable undertakings in favour of the Offeror (as defined at paragraph 7 below) in respect of their intentions regarding the Scheme. This is described further at paragraph 10).

36,593,480 Shares (2.81%); and

(5) Bright Journey Investment Limited ("Bright Journey") holds 54,166,755 Shares (4.16%);

- (b) Shareholders whose shares are currently registered on the principal register in the Cayman Islands (referred to as '*ZZZ – Control Account of Cayman Islands Principal Registrar*' on the Hong Kong branch register – representing a total of 264,205,361 Shares and representing approximately 20.27% of the Company's issued share capital) are as follows:
- (i) PnR Holdings Limited, which owns 2 Shares ("P Holdings");
  - (ii) ChinaPnR Management Ltd is the registered holder of 33,789,200 Shares (2.59%) ("Management Company"); and
  - (iii) Bain Capital PnR Cayman Limited is the registered holder of 230,416,159 Shares and is also the sixth IU Shareholder (in addition to the five described at sub paragraph (a)(ii) above)) (17.68%);
- (c) Management Company is also the registered holder of 108,410,798 Shares on the Hong Kong branch register, representing approximately 8.32% of the Company's issued share capital;
- (d) In addition to the shareholding of the Executive Directors as set out in paragraph (a)(i) above (being approximately 6.68%), the following are also parties acting in concert with the Offeror (as defined at paragraph 7 below) or the Executive Directors in relation to the Scheme (all parties acting in concert are referred to as the "Offeror Concert Parties") which hold or are beneficially interested in 142,505,000 Shares, representing approximately 10.94% of the Company's issued share capital (which is held via HKSCC Nominees)<sup>3</sup>:

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<sup>3</sup> An internal reorganisation involving Management Company and P Holdings is presently underway. Upon the reorganisation taking effect, Management Company and P Holdings will no longer own shares in the Company (such that Mr Liu will be the only Offeror Concert Party holding shares in the Company) and each of Mr Zhou, Ms Mu and Mr Liu will own additional shares in Company which are pro rata to their holdings in Management Company independently.

- (i) Mr Liu Gang, who holds 305,000 Shares through CCASS (0.02%), is also the holder of 20% of the issued shares of the Management Company;
  - (ii) P Holdings (whose shareholding is detailed at sub paragraph (b)(i) above) is a wholly-owned subsidiary of the Management Company; and
  - (iii) Management Company (whose shareholding is detailed at sub paragraphs (b)(ii) and (c) above), which is an Offeror Concert Party because it is also owned by Executive Director, Mr Zhou (60%) and Executive Director, Ms Mu (20%) and Mr Liu Gang (20%, see sub paragraph (i) above);
- (e) 58,780,904 Shares are held on trust by Zedra Trust Company (Cayman) Limited for employees of the Group other than the Executive Directors;
- (f) the remaining 186,118,997 Shares, representing approximately 14.28% of the Company's issued share capital, are held by other shareholders; and
- (g) The Executive Directors and the Offeror Concert Parties collectively hold 229,551,793 Shares (17.61%). All other shareholders of the Company (including the IU Shareholders) are Disinterested Shareholders (as defined in the Scheme and in accordance with the definition in the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code")). These Disinterested Shareholders also include any member of the group of China International Capital Corporation Hong Kong Securities Limited (the financial adviser to the Offeror in relation to the Scheme) acting in the capacity of an exempt principal trader or exempt fund manager for the purposes of the Takeovers Code.
6. The number of Shares in issue and the ownership of the same, as set out in the preceding paragraph, is likely to have fluctuated since 17 December 2020 and is likely to fluctuate further between the date of this Petition and the date of the sanction of the Scheme (if so sanctioned), as a result of the normal trading of the Shares and/or the exercise of share options in respect of the Shares.

## OBJECT AND MECHANICS OF THE SCHEME

7. On 22 December 2020, Purity Investment Limited (the "Offeror") requested that the directors of the Company put forward a proposal to the Scheme Shareholders (as defined at paragraph 9(d) below) regarding the proposed privatisation of the Company by way of the Scheme. The Offeror, which is an exempted limited company incorporated in the Cayman Islands, does not presently hold any Shares. However, the issued share capital of the Offeror is beneficially held as follows (approximately):
  - (a) 70.7030% by Executive Director Mr Zhou through Infinite Investment (BVI) Limited;
  - (b) 24.6620% by Executive Director Ms Mu through Ideal Investment (BVI) Limited ;  
and
  - (c) 4.6350% by Executive Director Mr Jin through Simplify Investment (BVI) Limited.
8. The object of the Scheme is for the Offeror to hold the entire issued share capital of the Company upon the completion of the Scheme, and for the Shares to be delisted from the Hong Kong Stock Exchange.
9. This is proposed to be achieved by:
  - (a) the Company reducing its share capital via the cancellation and extinguishment of all of its issued Shares (the "Scheme Shares");
  - (b) the Company, forthwith upon the proposed share capital reduction being deemed effective, increasing its issued share capital to the amount in issue immediately prior to the proposed share capital reduction, by the issue of the same number of new shares to the Offeror as the number of Scheme Shares that were cancelled and extinguished under the proposed share capital reduction;
  - (c) the Company applying the credit arising as a result of the proposed share capital reduction in paying up in full at par the new shares issued to the Offeror;
  - (d) in consideration for the cancellation and extinguishment of the Scheme Shares, each holder of the Scheme Shares as at the Scheme Record Date (each a

"Scheme Shareholder") may elect (except as set out at paragraph 10 below) to receive either of the following (either option being a form of "Cancellation Consideration"):

- (i) HK\$3.50 per Scheme Share, which shall be payable by the Offeror (the "Cash Alternative"); or
- (ii) 2.709677 new shares in the Offeror for every Scheme Share formerly held, which will be credited as fully paid and ranking pari passu with other shares of the Offeror then in issue (the "Share Alternative"); and

(e) upon the Scheme being sanctioned, the Shares of the Company on the Hong Kong Stock Exchange being delisted.

10. The Executive Directors have indicated that they will elect the Share Alternative as Cancellation Consideration. The IU Shareholders (as defined in the Scheme and see paragraphs 5(a)(ii) and 5(b)(iii) above) have provided irrevocable undertakings to the Offeror confirming that they will:

- (a) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by them at the 'Court Meeting' (see paragraph 13(b) below) and the 'General Meeting' (each as defined in the Scheme) in favour of all the resolutions to approve the transactions proposed above and any matters in connection with them (where applicable); and
- (b) in respect of five of the IU Shareholders, elect the Share Alternative only as the form of Cancellation Consideration and in respect of Bright Journey, elect the Cash Alternative only as the form of Cancellation Consideration. The 828,738,505 Shares held by the IU Shareholders that are the subject of the Irrevocable Undertakings represent approximately 63.59% of the Company's issued share capital.

11. For the purposes of qualifying for the exemption from the registration requirements of the United States Securities Act of 1933 afforded by section 3(a)(10) thereof, the Company notes that the Court's sanctioning of the Scheme will be relied upon by the Company and

the Offeror for such purpose, as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme, and with respect to which notification has been given to all such shareholders.

## **AFFECTED SHAREHOLDERS**

12. The Scheme affects a single class of shareholders of the Company, being the Scheme Shareholders (i.e. all holders of the Shares).

## **APPLICATION FOR DIRECTIONS**

13. The Company intends to issue an application seeking, *inter alia*, orders and directions:
- (a) that the relevant class of shareholders of the Company affected by the Scheme is the single class referred to at paragraph 12 above;
  - (b) that the Company be at liberty to convene a single meeting of the Scheme Shareholders for the purpose of allowing Scheme Shareholders to consider, and if thought fit, approve the Scheme with or without modification (the "Court Meeting");
  - (c) as to the approved mode of delivery of, amongst other things, an explanatory memorandum and proxy form(s) to, amongst others, the holders of the Scheme Shares;
  - (d) as to the appointment of a chairman of the Court Meeting, and for directions that the chairman of the Court Meeting should report the results of the meeting to the Grand Court; and
  - (e) as to the treatment of Shares held by custodians, clearing houses, and other nominees for the purpose of any necessary 'majority in number' calculations in respect of the Scheme.

## **COURT MEETING**

14. The resolution intended to be proposed at the Court Meeting is:

*"THAT this Court Meeting approves, with or without modification, the proposed Scheme of Arrangement, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the Chairman of this Court Meeting".*

15. It is intended that each Scheme Shareholder that votes at the Court Meeting, whether in person or by proxy, shall be counted as a single shareholder of the Company for the purpose of the calculation of the "majority in number" component of the statutory threshold under section 86(2) of the Companies Act. Each Scheme Shareholder is entitled to vote either "for" or "against" the Scheme, but not both "for" and "against" the Scheme.
16. The Executive Directors and the Offeror Concert Parties will be entitled to vote their Shares at the Court Meeting, however their votes at the Court Meeting will not be counted as votes of Disinterested Shareholders for the purposes of determining whether the requirements under conditions (1) (a) and (b) of the 'Conditions to the Proposal and the Scheme' are satisfied (as is required under Rule 2.10 of the Takeovers Code). Rather, their votes will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of condition (1) in the 'Conditions to the Proposal and the Scheme' (as required under Companies Act) is satisfied.

## **PROPOSED CAPITAL REDUCTION**

17. Clause 7 of the Company's Memorandum of Association and Article 14 of the Company's Articles of Association provide that the Company may, by special resolution, reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Act.
18. The Company intends to convene an Extraordinary General Meeting ("General Meeting") to take place immediately after the meeting of the Court Meeting. The special resolution relating to the capital reduction and ordinary resolution relating to the immediate increase in share capital thereafter intended to be submitted to the General Meeting are as follows:

*"THAT AS A SPECIAL RESOLUTION:*

- A. the Scheme of Arrangement dated [x] (the "Scheme") between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands be and hereby is approved;*
- B. for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares".*

*"THAT AS AN ORDINARY RESOLUTION*

- A. subject to and forthwith upon such reduction of capital referred to in special resolution (B) taking effect, the share capital of the Company will be increased to its former amount by the issuance at par to Purity Investment Limited, credited as fully paid, of the aggregate number of Shares (as defined in the Scheme of Arrangement) as is equal to the number of Scheme Shares cancelled and extinguished;*
- B. the reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to Purity Investment Limited, and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;*
- C. any one of the directors of the Company be and is hereby authorised to do all such acts and things considered by him / her to be necessary or desirable in connection with the implementation of the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of or addition to, the Scheme of Arrangement or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose; and*
- D. any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of*

*the Company."*

19. The proposed reduction of the Company's share capital will neither involve the diminution of liability in respect of any unpaid Share nor the payment to any of the Company's shareholders of any paid up capital. The proposed capital reduction is for a discernible purpose (being the consummation of the Scheme) and its terms and effect will be properly explained to the Company's shareholders a sufficient time prior to the General Meeting so as to ensure those shareholders understand the reasons for and consequences of the proposed capital reduction and in order to ensure that such shareholders have the opportunity to raise any enquiries regarding the Scheme and are treated fairly.
20. The form of minute proposed to be registered with the Cayman Islands Companies Registrar is as follows:

*"The issued share capital of Huifu Limited was by virtue of a special resolution of the Company dated [x] (the "Special Resolution") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [x] (the "Order") reduced from [HK\$130,319.0199 divided into 1,303,190,199 shares of HK\$0.0001 each] to HK\$0 divided into nil shares of HK\$0.0001 each. An ordinary resolution of the Company dated [x] (the "Ordinary Resolution") further provides that subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company be increased to its former amount of [HK\$130,319.0199 by the issue of 1,303,190,199 shares of HK\$0.0001 each].*

*By virtue of a Scheme of Arrangement sanctioned by an order of the Grand Court of the Cayman Islands dated [x], the Order, the Special Resolution and the Ordinary Resolution, the issued share capital of the Company at the time of the registration of this minute is accordingly [HK\$130,319.0199 divided into 1,303,190,199 shares of HK\$0.0001 each]"*.

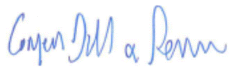
THE COMPANY THEREFORE HUMBL Y PRAYS THAT:

1. The Scheme be sanctioned by the Court so as to be binding on the Company and the holders of the Scheme Shares.

2. The proposed reduction of the share capital of the Company proposed to be effected by the special resolution set out at paragraph 18 above be confirmed and that the form of minute set out at paragraph 20 above be approved by the Court.
3. That all necessary inquiries may be made and directions may be made and given.
4. Such further or other relief be granted as the Court shall see fit.

The Company will ever pray etc.

Dated this 4<sup>th</sup> day of January 2021



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Conyers Dill & Pearman  
Attorneys-at-Law for the Company herein

TIME ESTIMATE: One hour

NOTE: This petition is not intended to be served on anyone.

This Petition is presented by Conyers Dill & Pearman, for and on behalf of the Company of 2<sup>nd</sup> Floor, SIX, Cricket Square, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

## Notice of Hearing

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman on    day of            2021 at    am

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, Telephone: 345 949 4296.