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**BAIWANG CO., LTD.**  
**百望股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6657)**

## **CONNECTED TRANSACTION IN RELATION TO THE CONVERTIBLE LOAN AGREEMENT**

### **CONVERTIBLE LOAN AGREEMENT**

The Board hereby announces that on November 17, 2024, the Company entered into the Convertible Loan Agreement with Huanqiu Zhilian and Baiwangyun Overseas, pursuant to which the Company agreed to make available to Baiwangyun Overseas the Convertible Loan in a principal amount of RMB35.0 million (equivalent to approximately HK\$38.2 million) for one year at an interest rate of 8% per annum, convertible to the equity interest in Baiwangyun Overseas if any outstanding principal amount not being repaid upon maturity.

### **LISTING RULES IMPLICATIONS**

As Mr. Yang, the ultimate controlling shareholder of Baiwangyun Overseas and Huanqiu Zhilian, had once served as a Director and the Company's chief executive officer in the last 12 months, he is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Convertible Loan is a connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Convertible Loan is greater than 0.1% but less than 5%, the Convertible Loan Agreement and the transaction contemplated thereunder are subject to reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

On November 17, 2024, the Company entered into the Convertible Loan Agreement with Baiwangyun Overseas and Huanqiu Zhilian.

## CONVERTIBLE LOAN AGREEMENT

The principal terms of the Convertible Loan Agreement are summarized below:

**Date:** November 17, 2024

**Parties:**

- (i) The Company, as the lender,
- (ii) Baiwangyun Overseas, as the borrower, and
- (iii) Huanqiu Zhilian, the holding company of Baiwangyun Overseas

**Principal Amount:** RMB35.0 million (equivalent to approximately HK\$38.2 million)

**Interest Rate:** The interest rate is 8% simple interest per annum on the outstanding principal amount calculated from the drawdown date to the repayment date, arrived at after arms' length negotiations between the relevant parties.

**Conditions Precedent:** The payment of the principal amount under the Convertible Loan by the Company to Baiwangyun Overseas shall be subject to the following conditions precedent:

- (i) the Convertible Loan Agreement is duly executed and delivered and remains effective; and
- (ii) Baiwangyun Overseas has obtained its internal approval on execution and perform the Convertible Loan Agreement in accordance with its articles of association, and the evidence of such approval has been delivered to the Company.

As of the date of this announcement, the conditions precedent had been satisfied.

**Drawdown Date:** The Company shall make a one-off payment of the entire principal amount under the Convertible Loan to Baiwangyun Overseas on the drawdown date, which shall be within 30 days after entry into the Convertible Loan Agreement, subject to the fulfillment of the conditions precedent.

**Term of Loan, Repayment and Conversion:** The Convertible Loan shall be matured on the first anniversary of the drawdown date. Prior to and on the date of maturity, Baiwangyun Overseas may repay to the Company any or entire principal amount of the Convertible Loan along with the accrued interest. The Company shall, within ten business days from the date of maturity, have an irrevocable right and option to convert the outstanding principal amount not being repaid upon maturity of the loan into the equity interest in Baiwangyun Overseas on such terms and conditions to be agreed among the parties, and based on its then valuation as evaluated by a qualified asset valuer designated by the Company, provided that the then valuation of Baiwangyun Overseas shall be no less than RMB100.0 million.

**Use of Loan:** The Convertible Loan shall only be used for supplementing Baiwangyun Overseas's working capital such as R&D or sales, or reasonable expenditure on fixed assets or intangible assets in the ordinary and usual course of business of Baiwangyun Overseas. The Convertible Loan shall not be used for financing equity, debt and wealth management product investments by Baiwangyun Overseas or capital expenditure except for reasonable fixed assets or intangible assets expenditure required in its ordinary and usual course of business. The use of funds shall comply with the relevant laws and regulations.

## **INFORMATION ON THE PARTIES INVOLVED**

### **Information on the Company**

The Company is an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven analytics services through its *Baiwang Cloud* platform.

### **Information on Baiwangyun Overseas and Huanqiu Zhilian**

Baiwangyun Overseas is a limited liability company incorporated on October 18, 2024 in the PRC and wholly owned by Huanqiu Zhilian. It is expected to be principally engaged in the overseas business including localization, development and sales of the Company's tax compliance related products in countries and regions outside the PRC, and overseas implementation, upgrade and licensing of the related technologies in accordance with the foreign local laws and regulations. As of the date of this announcement, Baiwangyun Overseas had not commenced substantial operations or entered into any agreement or arrangement in connection with any potential business cooperation or transaction (except for the Convertible Loan) between the Company and Baiwangyun Overseas.

Huanqiu Zhilian is a limited liability company incorporated on September 9, 2024 in the PRC and the holding company of Baiwangyun Overseas. Huanqiu Zhilian is ultimately owned by Mr. Yang and Ms. Wang Jine (王金娥), an independent third party individual, as to 72% and 28%, respectively. The principal business of Huanqiu Zhilian is investment holding.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONVERTIBLE LOAN AGREEMENT**

The Company is a leader and major player in China's SaaS financial & tax digitalization industry. According to Frost & Sullivan, the Company ranked first in China's cloud financial and tax-related transaction digitalization market in 2023 in terms of revenue and second in China's financial and tax-related transaction digitalization market in 2023 in terms of revenue. Whereas the Company itself wishes to continue to focus on the domestic market and strengthen its leading position in China, it recognizes the great potential for growth in the financial & tax digitalization industry in the emerging overseas markets in light of the rapidly growing number of government initiatives globally aimed at facilitating the digitalization transformation of business in fields of finance and tax management to drive economic growth and enable efficient management. The Company is confident in the future development of Baiwangyun Overseas, which will be operated and managed by a team led by Mr. Yang, a distinguished entrepreneur and business leader with a proven track record at both the Company and international large-scale enterprises and strong industry recognition, and considers the investment by way of the Convertible Loan will enable the Company to either receive steady interest income from a loan or share the benefits from the development of Baiwangyun Overseas as its shareholder in a long run. In both cases, the Convertible Loan will lay a solid foundation for the future cooperation between the Company and Baiwangyun Overseas and provide necessary funds to support the early-phase development of its overseas business, which will in turn facilitate the extension of the Company's sales outreach and the establishment of the global recognition of the Company's brand image. The Convertible Loan will not be funded by the net proceeds from the Company's initial public offering on the Stock Exchange completed in July 2024.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that (i) the investment in Baiwangyun Overseas by way of the Convertible Loan will facilitate the realization of the Company's domestic and overseas business strategies in a balanced manner with manageable risks, (ii) the terms and conditions of the Convertible Loan Agreement were arrived at after arms' length negotiations between the relevant parties, are on normal commercial terms and are fair and reasonable, and (iii) the entering into of the Convertible Loan Agreement is in the interest of the Company and the Shareholders as a whole.

To be best knowledge and belief of the Directors, none of the Directors has any material interest in the Convertible Loan Agreement and none of them has abstained from voting on aforementioned Board resolutions.

## **LISTING RULES IMPLICATIONS**

As Mr. Yang, the ultimate controlling shareholder of Baiwangyun Overseas and Huanqiu Zhilian, had once served as a Director and the Company's chief executive officer in the last 12 months, he is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Convertible Loan is a connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Convertible Loan is greater than 0.1% but less than 5%, the Convertible Loan Agreement and the transaction contemplated thereunder are subject to reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Baiwangyun Overseas”	Baiwangyun Overseas (Wuxi) Technology Company Limited (百望雲海外(無錫)科技有限公司), a limited liability company incorporated in the PRC on October 18, 2024 and a wholly-owned subsidiary of Huanqiu Zhilian
“Board”	the board of Directors
“Company”	Baiwang Co., Ltd. (百望股份有限公司), a joint stock company incorporated in the PRC with limited liability on May 4, 2015
“Convertible Loan”	the convertible loan in the principal amount of RMB35.0 million (equivalent to approximately HK\$38.2 million) contemplated under the Convertible Loan Agreement
“Convertible Loan Agreement”	The convertible loan investment agreement dated November 17, 2024 entered into by and among the Company, Baiwangyun Overseas and Huanqiu Zhilian
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date of drawdown of the Convertible Loan
“Hong Kong”	Hong Kong Special Administrative Regions of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong Special Administrative Regions of the PRC
“Huanqiu Zhilian”	Huanyu Zhilian (Wuxi) Digital Technology Company Limited (環球智鏈(無錫)數字科技有限公司), a company incorporated in the PRC with limited liability on September 9, 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Mr. Yang”	Mr. Yang Zhengdao (楊正道), a former Director who resigned on October 17, 2024, and the ultimate controlling shareholder of Baiwangyun Overseas and Huanqiu Zhilian
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

“Shareholder(s)” the shareholders of the Company

“%” per cent

By Order of the Board

**Baiwang Co., Ltd.**

百望股份有限公司

**Ms. Chen Jie**

*Chairlady of the Board and Executive Director*

Hong Kong, November 17, 2024

*As of the date of this announcement, the executive Directors are Ms. Chen Jie, Mr. Fu Yingbo, Mr. Zou Yan and Ms. Jin Xin; the non-executive Directors are Mr. Huang Miao and Mr. Diao Juanhuan; and the independent non-executive Directors are Mr. Tian Lixin, Dr. Wu Changhai, Dr. Song Hua and Mr. Ng Kwok Yin.*