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**China Smartpay Group Holdings Limited**

**中國支付通集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8325)**

**SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
AND  
RESUMPTION OF TRADING**

**PROPOSED SUBSCRIPTION OF NEW SHARES**

Reference is made to the announcements (the “**Announcements**”) of the Company dated 17 July 2015, 14 August 2015, 14 September 2015 and 30 September 2015, respectively, in relation to, among others, the MOU in respect of a possible subscription of new Shares.

The Board is pleased to announce that on 20 October 2015 (after trading hours), the Company, LJF, LJZ Fund and the Guarantor entered into the Subscription Agreement, pursuant to which LJF and LJZ Fund have conditionally agreed to (or agreed to procure the Designated Subsidiary to) subscribe for, and the Company has conditionally agreed to allot and issue, a total number of 422,809,720 Subscription Shares, at the Subscription Price of HK\$1.90 per Subscription Share. The 422,809,720 Subscription Shares represent (i) approximately 33.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 25.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Completion of the Subscription is subject to the fulfilment of the Conditions as set out in this announcement below.

Upon completion of the Subscription, the gross proceeds and the net proceeds from the Subscription are estimated to be approximately HK\$803 million and approximately HK\$802 million, respectively. The Company intends to utilize the net proceeds for the purposes as disclosed in the paragraph headed “Reason for the Subscription and Use of Proceeds” in this announcement below.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM. The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including grant of the Specific Mandate.

A circular containing, among other matters, further details about the Subscription Agreement and the transactions contemplated thereunder, including grant of the Specific Mandate, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 22 October 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 26 October 2015.

**Shareholders and potential investors of the Company should note that completion of the Subscription is subject to fulfillment of the Conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

Reference is made to the announcements (the “**Announcements**”) of the Company dated 17 July 2015, 14 August 2015, 14 September 2015 and 30 September 2015, respectively, in relation to, among others, the MOU in respect of a possible subscription of new Shares.

The Board is pleased to announce that on 20 October 2015 (after trading hours), the Company, LJF, LJZ Fund and the Guarantor entered into the Subscription Agreement, pursuant to which LJF and LJZ Fund have conditionally agreed to (or agreed to procure the Designated Subsidiary to) subscribe for, and the Company has conditionally agreed to allot and issue, a total number of 422,809,720 of Subscription Shares, at the Subscription Price of HK\$1.90 per Subscription Share.

## **SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out below:

### **Date**

20 October 2015

### **Parties involved**

- (1) the Company;
- (2) the Subscribers, namely, LJF and LJZ Fund; and
- (3) the Guarantor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Subscription Shares**

Pursuant to the Subscription Agreement, LJF and LJZ Fund have conditionally agreed to (or agreed to procure the Designated Subsidiary to) subscribe for, and the Company has conditionally agreed to allot and issue, a total number of 422,809,720 Subscription Shares, at the Subscription Price of HK\$1.90 each. The 422,809,720 Subscription Shares represent (i) approximately 33.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 25.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Guarantor shall guarantee performance by the Company of its obligations under the Subscription Agreement.

The aggregate nominal value of 422,809,720 Subscription Shares will be HK\$4,228,097.20.

## **Subscription Price**

The Subscription Price of HK\$1.90 per Subscription Share represents:

- (i) a discount of approximately 0.5% to the closing price of HK\$1.910 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 0.6% to the average closing price of HK\$1.912 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscribers with reference to the prevailing market price, the recent trading volume of the Shares and the prospects of the Group. The Directors are of the opinion that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

## **Settlement of the Subscription Price**

Pursuant to the Subscription Agreement, the total amount of the Subscription Price is HK\$803,338,468, of which HK\$349,999,000 will be payable by LJF and the remaining balance of HK\$453,339,468 will be payable by LJZ Fund.

Payment of the total Subscription Price of HK\$803,338,468 will be made in two tranches:

- (i) the Subscribers will pay HK\$349,999,000 (or the equivalent amount in RMB) to the Company on the First Completion Date; and the Company will issue a total of 184,210,000 Subscription Shares to the Subscribers (or the Designated Subsidiary (as the case may be)); and
- (ii) the Subscribers will pay HK\$453,339,468 (or the equivalent amount in RMB) to the Company on the Second Completion Date; and the Company will issue a total of 238,599,720 Subscription Shares to the Subscribers (or the Designated Subsidiary (as the case may be)).

Payment of the relevant Subscription Price in RMB is based on the median exchange rate between HK\$ and RMB announced by The People's Bank of China as at the First Completion Date and the Second Completion Date, respectively.

### **Conditions precedent to the Completion**

Completion of the Subscription Agreement is conditional upon the following Conditions being fulfilled (or waived by agreement of the parties to the Subscription Agreement):

- (a) the representations and warranties of the Company in the Subscription Agreement having been complied with and not having been breached; and the representations and warranties of the Company being true, accurate and correct and not misleading in all material respects;
- (b) all necessary approval, consent, filing or registration having been obtained from the relevant regulatory bodies in relation to the Subscription;
- (c) the Company having obtained all internal approvals in compliance with laws, including but not limited to approval by the Board and by the Shareholders at the EGM of the Subscription and all the transactions contemplated thereunder;
- (d) the Listing Committee having granted the approval for listing of, and permission to deal in, the Subscription Shares, which approval shall not be revoked;
- (e) the parties to the Subscription Agreement having signed all relevant documents in relation to the Subscription (including the Subscription Agreement);
- (f) the parties to the Subscription Agreement having complied with and performed and not having breached the terms and conditions of the Subscription Agreement;
- (g) the Subscribers and/or the Designated Subsidiary (as the case maybe) having obtained all internal approvals, including but not limited to the approvals from their respective board of directors and shareholders;

- (h) the Subscribers and/or the Designated Subsidiary (as the case maybe) having obtained all necessary approvals from the relevant regulatory authorities in the PRC, including but not limited to the State-owned Assets Supervision and Administration Commission of the PRC, the Ministry of Commerce of the PRC, the National Development and Reform Commission of the PRC, the State Administration of Foreign Exchange of the PRC and/or their respective local departments; and
- (i) any other approval as may be required by applicable laws, rules or regulations for the Subscription.

Other than those Conditions set out in paragraphs (a), (e) and (f) above, the remaining Conditions cannot be waived. If any of the Conditions set out above has not been fulfilled or waived (as the case may be) pursuant to the Subscription Agreement on or before the Long Stop Date and the parties are not able to reach agreement on any other date for fulfillment of the Conditions within fifteen days from the expiry of the Long Stop Date, all obligations of the parties to the Subscription Agreement shall cease and determine immediately on the aforesaid fifteenth day save for any rights and liabilities in respect of any antecedent breach.

## **Transitional Period**

### *Rights of inspection of documents of the Company*

During the Transitional Period, upon prior notice from the Subscribers, the Company shall provide the information and documents reasonably requested by the Subscribers, including but not limited to the books and records, financial statements, management reports, tax filings, material contracts, letter of intent, and minutes of the meetings of the Board and the Shareholders.

### *Notification of occurrence of certain events*

During the Transitional Period, in the event of the occurrence of any events that may have a substantive impact on the operation, financial position and business of the Company, the Company shall notify the Subscribers immediately upon the occurrence of such events. Such events include but not limited to, reorganization or liquidation of the Company, amendments of the Company's articles of association, suspension of trading of the Shares for 30 consecutive Business Days, cessation of the listing status of the Company, any formulation and/or implementation of share incentive scheme of the Company, issuance of securities of any the Company, entering into of material contracts, change in the composition of senior management and/or the Board, except for those agreed in writing by the Subscribers. If such events have any substantive adverse impact, the Subscribers shall be entitled to determine

whether or not to perform their obligations under the Subscription Agreement or adjust the price and the number of the Shares to be subscribed under the Subscription. In the event that the Company fails to notify the Subscribers of such events, the Subscribers shall have the right to terminate the Subscription and request the Company to bear the losses arisen.

### **Termination by the Subscribers**

Pursuant to the Subscription Agreement, the Subscribers shall be entitled to, by way of written notice, terminate the Subscription Agreement at any time before the Second Completion Date in the event of occurrence of any of the following events:

1. the Company is in breach of any term of the Subscription Agreement (or if such breach is remediable, fails to remedy the same within 14 Business Days (or any period as the parties to the Subscription Agreement may agree to extend) after receiving written notice from the Subscribers for such remedy);
2. there is any substantive adverse change in the business, financial position and prospect of the Company;
3. disclosure by the Company in any terms and conditions of, and other matters in, the Subscription Agreement is found to be untrue, inaccurate and/or incomplete in any respect (save for manifest error);
4. any other material risks which may make achievement of the Subscription impossible.

### **Completion**

The First Completion Date shall fall on the fifth Business Day after the fulfillment (or waiver, as the case may be) of all the Conditions or such other date as the Company and the Subscribers may agree.

The Second Completion Date shall fall on the thirtieth Business Day after the First Completion Date or such other date as the Company and the Subscribers may agree.

### **Composition of the Board**

#### *Right of appointment of the executive Director*

Pursuant to the Subscription Agreement, on the First Completion Date, the Subscribers shall be jointly entitled to nominate one executive Director to the Board and such executive Director shall be appointed as a member of both the internal control committee and the audit committee of the Company.

### *Right of appointment of the additional Directors*

Pursuant to the Subscription Agreement, the parties further agreed if any of the following events occurs:

1. the net profit of the Company for the year ending 31 March 2016 being lower than RMB50 million;
2. the net profit of the Company for the year ending 31 March 2017 being lower than RMB100 million; or
3. the net profit of the Company for the year ending 31 March 2018 being lower than RMB180 million,

the Subscribers shall be jointly entitled to nominate an additional Director to the Board and appoint managerial staff.

In the event of any wilful misconduct, gross negligence or fraud of the existing Board members resulting in any material adverse change or effect on the business operation and financial position of the Company, the Subscribers (or the Designated Subsidiary) (as the case maybe), shall jointly be entitled to nominate an additional Director to the Board and appoint managerial staff.

The Company and/or the Guarantor shall ensure appointment of the new Directors as well as the relevant managerial staff in accordance with applicable laws and regulations (including but not limited to the GEM Listing Rules and/or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)).

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid up, shall rank equally in all respects among themselves and with all other Shares in issue on the date of their allotment and issue.

### **Specific Mandate**

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.



An application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## **INFORMATION ON THE SUBSCRIBERS**

LJF is a state-owned enterprise incorporated in the PRC with limited liability with a registered capital of RMB 8 billion. LJF was established for the development of innovative and integrated financing business in Shanghai according to the instruction of the State Council of the PRC on the strategic development of Shanghai as an international financial centre. LJF is principally engaged in a broad variety of financial services including investment and financing, merger and acquisition, asset management, brokerage, insurance and wealth management in the PRC. LJF has acquired equity interests in 愛建證券有限責任公司 (transliterated as Aijian Securities Limited Liability Company\*), a securities company based in Shanghai which has operations in major cities in the PRC including Beijing, Shenzhen, Xiamen, and 陸家嘴國際信託有限公司 (transliterated as Lujiazui International Trust Company Limited\*). LJF also owns 50% equity interest in 陸家嘴國泰人壽保險有限責任公司 (transliterated as Lujiazui Cathay Life Insurance Limited Liability Company\*), an insurance joint venture with Cathay Life Insurance (國泰人壽) which is an insurance company based in Taiwan. LJF also has investments in consumer finance, micro-credit and private equity investment.

LJZ Fund is a fund partnership established in the PRC with limited liability having a total registered capital of RMB416 million. LJZ Fund is under the control and management of LJF as at the date of this announcement. Prior to signing of the Subscription Agreement, LJZ Fund has already made investments exceeding RMB400 million, mainly in finance industry and high-quality financial assets, and seeks to create value for partnering companies by providing diverse value-added services.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in pan-Asian payment, internet finance and cross-border ecommerce business and possesses one of the only six business licences to operate a nationwide prepaid and internet payment network in the PRC.

The Directors are of the view that the Subscription represents a valuable opportunity for the Group to bring in a solid strategic corporate investor which has extensive experience, strong expertise and a wide business network in the financial services industry. Specifically, the Subscription can provide the Company with (i) an opportunity to increase the attractiveness of Company's payment business by integrating with a diverse array of financial services offered by LJF, (ii) a better strategic position to develop cross-border business as LJF is one

of the key participants in the ongoing internationalization of Renminbi and enjoys many strategic advantages in Shanghai Free-Trade Zone situated in Shanghai Pudong New Area, and (iii) a strong and inexpensive financing pool supported by LJF and its group companies that is essential for the Company's planned internet finance business.

The gross proceeds of the Subscription will be approximately HK\$803 million and the net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$802 million, representing a net issue price of approximately HK\$1.898 per Subscription Share.

The Company intends to use the funds raised from the Subscription to (i) pursue acquisition in the payment, internet finance and e-commerce industries in the PRC and (ii) as general working capital of the Group. As at the date of this announcement, there is no definitive plan or timing determined for these activities, and the Company has been exploring and identifying suitable projects in this regard but has not commenced any negotiation or discussions for any acquisition nor entered into any definitive agreements for any such acquisition. If there is any development, further announcement will be made as and when appropriate.

The Directors consider that the Subscription represents a good opportunity to (i) raise a substantial amount of additional funds for the Company as well as to enhance the shareholder base of the Company; (ii) improve the financial and liquidity position of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises.

The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) to be fair and reasonable and the Subscription, if consummated, are in the interests of the Company and the Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company before and after Completion are as follows:

|   | As at the date of<br>this announcement |               | Immediately after<br>Completion  |               |
|---|--|---------------|----------------------------------|---------------|
|   | No. of<br>Shares (Approximately)       | %             | No. of<br>Shares (Approximately) | %             |
| <b>Substantial Shareholders</b>   |  |               |                                  |               |
| Mr. Cheng Nga Ming Vincent ( <i>Note 1</i> )  | 174,500,000                            | 13.76         | 174,500,000                      | 10.32         |
| The Subscribers (or the Designated<br>Subsidiary (as the case may be))<br>( <i>Note 2</i> ) | —                                      | —             | 422,809,720                      | 25.00         |
| (A) <i>Sub-total of Substantial<br/>Shareholder(s)</i>                                      | 174,500,000                            | 13.76         | 597,309,720                      | 35.32         |
| <b>Directors</b>  |  |               |                                  |               |
| Dr. Cao Guoqi ( <i>Note 3</i> )   | 56,930,000                             | 4.49          | 56,930,000                       | 3.37          |
| Mr. Zhang Huaqiao   | 5,310,000                              | 0.42          | 5,310,000                        | 0.31          |
| (B) <i>Sub-total of Directors</i>   | 62,240,000                             | 4.91          | 62,240,000                       | 3.68          |
| <b>Public Shareholders</b>  |  |               |                                  |               |
| Public Shareholders   | 1,031,689,159                          | 81.33         | 1,031,689,159                    | 61.00         |
| (C) <i>Sub-total of public Shareholders</i>   | 1,031,689,159                          | 81.33         | 1,031,689,159                    | 61.00         |
| <b>Total (A) + (B) + (C)</b>  | <b>1,268,429,159</b>                   | <b>100.00</b> | <b>1,691,238,879</b>             | <b>100.00</b> |

Notes:

- 174,500,000 Shares are held by Tian Li Holdings Limited (“**Tian Li**”) which in turn is owned as to 70% and 30% by Mr. Cheng Nga Ming Vincent (“**Mr. Cheng**”) and Ms. Cheng Nga Yee (“**Ms. Cheng**”) respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 174,500,000 Shares held by Tian Li under the SFO.
- This represents the aggregate shareholding interests in the Company to be held by the Subscribers, namely, LJF and LJZ Fund (or the Designated subsidiary (as the case may be)) upon Completion. LFZ Fund is currently under the control and management of LJF.
- Of 56,930,000 Shares, 55,560,000 are held by Probest Limited (“**Probest**”) which in turn is wholly-owned by Dr. Cao Guoqi (“**Dr. Cao**”), an executive Director. As Dr. Cao is the sole shareholder of Probest, he is deemed to be interested in these 55,560,000 Shares held by Probest under the SFO. The other 1,370,000 Shares were held by Ms. Zheng Lu who is the spouse of Dr. Cao. Accordingly, Dr. Cao is deemed to be interested in these 1,370,000 Shares held by Ms. Zheng Lu under the SFO.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Set out below is the summary of the equity fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

| Date of Announcement | Description of the fund raising activities   | Net proceeds raised           | Intended use of proceeds   | Actual use of proceeds as at the date of this announcement  |
|----------------------|--|-------------------------------|--|---|
| 12 April 2015        | <p>(i) Subscription of the 6% convertible bonds of the Company in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million) due on 30 April 2018 convertible into a maximum of 41,918,918 Shares at the initial conversion price of HK\$1.85 per Share;</p> <p>(ii) Subscription of the 6% convertible bonds of the Company in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million) due on 30 April 2018 convertible into a maximum of 41,918,918 Shares at the initial conversion price of HK\$1.85 per Share;</p> <p>(iii) Placing of the 6% convertible bonds of the Company in the principal amount of US\$20 million (equivalent to approximately HK\$155.1 million) due on 30 April 2018 convertible into a maximum of 83,837,837 Shares at the initial conversion price of HK\$1.85 per Share.</p> | Approximately HK\$307 million | <p>(i) to pursue acquisition in the payment and internet finance industry in the PRC;</p> <p>(ii) to fund the co-brand payment card cooperation projects in the PRC as disclosed in the circular of the Company dated 5 February 2015;</p> <p>(iii) as general working capital of the Group.</p> | <p>(i) approximately HK\$90 million was used in the acquisition of a high-end benefit cards business and an internet payment business;</p> <p>(ii) approximately HK\$100 million was used to repay a bank loan;</p> <p>(iii) approximately HK\$90 million was used as general working capital of the Group;</p> <p>(iv) the remaining HK\$27 million is unutilized.</p> |

| Date of Announcement | Description of the fund raising activities   | Net proceeds raised             | Intended use of proceeds   | Actual use of proceeds as at the date of this announcement  |
|----------------------|--|---------------------------------|--|---|
| 20 April 2015        | (i) Subscription of 63,953,488 new Shares at a subscription price of HK\$2.15 per Share. | Approximately HK\$137.4 million | <p>(i) to develop the benefits card business of the Group as disclosed in the circular of the Company dated 12 June 2015;</p> <p>(ii) to pursue further acquisition and investment in the payment and internet finance industry in the PRC;</p> <p>(iii) to fund the co-brand payment card cooperation projects in the PRC as disclosed in the circular of the Company dated 5 February 2015;</p> <p>(iv) as general working capital of the Group.</p> | Approximately HK\$137.4 million was used in the acquisition of a high-end benefit cards business. |

## GENERAL

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM. The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including grant of the Specific Mandate.

A circular containing, among other matters, further details about the Subscription Agreement and the transactions contemplated thereunder, including grant of the Specific Mandate, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that completion of the Subscription is subject to fulfillment of the Conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 22 October 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 26 October 2015.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

|                         |   |
|-------------------------|---|
| “Board”                 | the board of Directors  |
| “Business Day”          | any day on which banks in Hong Kong are open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) |
| “Company”               | China Smartpay Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM  |
| “Completion”            | completion of the Subscription Agreement  |
| “Conditions”            | the conditions precedent to the Completion as set out in the paragraph headed “Conditions precedent to the Completion” in this announcement   |
| “connected person(s)”   | has the meaning ascribed thereto in the GEM Listing Rules   |
| “Designated Subsidiary” | other party(ies) that may be designated by each of the Subscribers to participate in the Subscription, which is/are a direct or indirect subsidiary of LJF  |
| “Director(s)”           | the director(s) of the Company  |
| “EGM”                   | an extraordinary general meeting of the Company proposed to be convened for the Shareholders to consider and if thought fit, approve the Subscription Agreement and the transactions contemplated, including grant of the Specific Mandate  |

|                                |   |
|--------------------------------|---|
| “First Completion Date”        | the fifth Business Day after the date on which the Conditions are fulfilled or such other date as the Company and the Subscribers may agree   |
| “GEM”                          | the Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”            | the Rules Governing the Listing of Securities on GEM  |
| “Group”                        | the Company and its subsidiaries  |
| “Guarantor”                    | Dr. Cao Guoqi, who is an executive Director   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)” | person(s) who is(are) third party(ies) independent of the Company and its connected persons   |
| “Last Trading Day”             | 20 October 2015, being last trading day immediately prior to the entering into of the Subscription Agreement  |
| “Listing Committee”            | has the meaning ascribed thereto in the GEM Listing Rules   |
| “LJF”                          | 上海陸家嘴金融發展有限公司 (transliterated as Shanghai Lujiazui Financial Development Company Limited*), a company incorporated in the PRC with limited liability  |
| “LJZ Fund”                     | 上海陸家嘴股權投資基金合夥企業(有限合夥)(transliterated as Shanghai Lujiazui Equity Investment Fund Limited Partnership*), a partnership registered and incorporated in the PRC with limited liability   |
| “Long Stop Date”               | as regards the Subscription Agreement, being 31 December 2015, or such other date as the parties to the Subscription Agreement may agree in writing   |
| “MOU”                          | a non-legally binding memorandum of understanding dated 14 July 2015 entered into between the Company, LJF and the Guarantor setting out the preliminary proposed terms and conditions in relation to the a possible subscription of new Shares |

|                          |  |
|--------------------------|--|
| “PRC”                    | the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan         |
| “Second Completion Date” | the thirtieth Business Day after the First Completion Date or such other date as the Company and the Subscribers may agree                                   |
| “Share(s)”               | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Shareholder(s)”         | holder(s) of Shares  |
| “Specific Mandate”       | a specific mandate to be sought from the Shareholders at the EGM to the Directors for allotment and issue of the Subscription Shares                         |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscribers”            | LJF and LJZ Fund   |
| “Subscription”           | the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement  |
| “Subscription Agreement” | the conditional subscription agreement dated 20 October 2015 entered into among the Company, LJF, LJZ Fund and the Guarantor in relation to the Subscription |
| “Subscription Price”     | HK\$1.90 per Subscription Share  |
| “Subscription Share(s)”  | a total of 422,809,720 new Shares to be issued and allotted to the Subscribers pursuant to the Subscription Agreement  |
| “Transitional Period”    | the period between the date of the Subscription Agreement and the First Completion Date  |



|        |   |
|--------|---|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB”  | Renminbi, the lawful currency of the PRC            |
| “%”    | per cent.   |

By Order of the Board  
**China Smartpay Group Holdings Limited**  
**Zhang Huaqiao**  
*Chinaman*

Hong Kong, 25 October 2015

*As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Zhang Huaqiao, Dr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen, and Mr. Song Xiangping; and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.chinasmartpay.com](http://www.chinasmartpay.com).*

\* *for identification purpose only*