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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)**

**(1) PLACING OF EXISTING SHARES  
AND TOP-UP SUBSCRIPTION OF NEW SHARES,  
(2) SUBSCRIPTION OF NEW SHARES  
BOTH UNDER GENERAL MANDATE  
AND  
(3) RESUMPTION OF TRADING**

**(1) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES**

On 10 September 2014, the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agents, pursuant to which (i) the Placing Agents, as agents of the Vendor, shall during the Placing Period, on a best effort basis, procure the Placees to purchase up to 104,310,000 Placing Shares at the Placing Price; and (ii) the Company has agreed to issue and the Vendor have agreed to subscribe up to 104,310,000 Top-up Subscription Shares at the Top-up Subscription Price, on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The Placing Price was determined after arm's length negotiation among the Company, the Vendor and the Placing Agents with reference to the market prices of the Shares, the recent trading volume of the Shares and the prospects of the Group. The Top-up Subscription Price, being equal to the Placing Price, was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price. The maximum of 104,310,000 Top-up Subscription Shares represent (i) approximately 12.07% of the existing issued share capital of the Company of 864,000,000 Shares as at the date of this announcement; (ii) approximately 10.77% of the issued share capital of the Company of 968,310,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full); and (iii) approximately 10.06% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full) and the allotment and issue of the Subscriber's Subscription Shares immediately after completion of the Subscriber's Subscription.

Assuming that 104,310,000 Placing Shares are being placed to Placees in full, the maximum gross proceeds from the Top-up Subscription will be approximately HK\$152.29 million and the maximum net proceeds from the Top-up Subscription will be approximately HK\$148.03 million.

## **(2) SUBSCRIPTION OF NEW SHARES**

On 10 September 2014, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe 68,490,000 Subscriber's Subscription Shares at the Subscriber's Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscriber's Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market prices of the Shares, the recent trading volume of the Shares and the prospects of the Group. The 68,490,000 Subscriber's Subscription Shares represent (i) approximately 7.93% of the existing issued share capital of the Company of 864,000,000 Shares as at the date of this announcement; (ii) approximately 7.34% of the issued share capital of the Company of 932,490,000 Shares as enlarged by the allotment and issue of the Subscriber's Subscription Shares immediately after completion of the Subscriber's Subscription; and (iii) approximately 6.61% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Subscriber's Subscription Shares immediately after completion of the Subscriber's Subscription and the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Places in full).

The gross proceeds arising from the Subscriber's Subscription will be approximately HK\$100.00 million and the net proceeds arising from the Subscriber's Subscription will be approximately HK\$100.00 million.

The Company intends to apply the aggregate net proceeds from the Top-up Subscription and the Subscriber's Subscription to finance the capital required for further investment in the Licence Company (if materialise) (details of which are set out in the circular of the Company dated 1 September 2014), the capital may be required under the strategic cooperation agreement between 中鈔海思信息技術(北京)有限公司 (Zhongchao Hismart Information Technology (Beijing) Co., Ltd.\*) and the Company dated 3 September 2014 (details of which are set out in the announcement of the Company dated 3 September 2014) or towards other payment card business and investment opportunities which may arise in the future or otherwise as general working capital of the Group.

## **ISSUE OF THE TOP-UP SUBSCRIPTION SHARES AND THE SUBSCRIBER'S SUBSCRIPTION SHARES UNDER GENERAL MANDATE**

The Top-up Subscription Shares and the Subscriber's Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed on 25 July 2014 whereby the Directors have been duly authorised to allot and issue new Shares not exceeding 20% of the total nominal value of the share capital of the Company in issue as at 25 July 2014. As such, the allotment and issue of the Top-up Subscription Shares and the Subscriber's Subscription Shares are not subject to additional Shareholders' approval.

Application(s) will be made to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Top-up Subscription Shares and the Subscriber's Subscription Shares.

**Completion of each of (i) the Placing and Subscription Agreement; and (ii) the Subscription Agreement is not inter-conditional. However, the Top-up Subscription and the Subscriber's Subscription are subject to the satisfaction of conditions precedent and may or may not proceed to completion, Shareholders and prospective investors are advised 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 was suspended from 9:00 a.m. on 10 September 2014 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 on the Stock Exchange with effect from 9:00 a.m. on 11 September 2014.

## **(1) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES**

On 10 September 2014, the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agents. Principal terms of the Placing and Subscription Agreement are summarised below:

**Date:** 10 September 2014

**Parties:** (i) the Company;

(ii) the Vendor; and

(iii) the Placing Agents: (A) Oriental Patron Securities Limited;  
(B) Haitong International Securities Company Limited; and  
(C) First Shanghai Securities Limited.

The Vendor is a substantial shareholder of the Company holding 174,500,000 Shares, representing approximately 20.20% of the existing issued share capital of the Company as at the date of this announcement, and hence a connected person of the Company. The Vendor is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee (“**Ms. Cheng**”), the sister of Mr. Cheng, respectively.

### **(i) The Placing**

Pursuant to the Placing and Subscription Agreement, the Placing Agents, as agents of the Vendor, shall during the Placing Period, on a best effort basis, procure the Placees to purchase up to 104,310,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

In the event that the number of Placing Shares being applied for exceeds the total number of the Placing Shares, the parties to the Placing and Subscription Agreement agree that the Company shall be, in its absolute discretion, entitled to determine the basis of allocation of the Placing Shares among the Placing Agents, after taking into account the applications for Placing Shares by the placees as provided by each of the Placing Agents, and that such determination of the Company shall be final and conclusive.

### *Independence of the Placing Agent*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owners are Independent Third Parties.

### *The Placing Commission*

The Placing Agents will in aggregate receive a placing commission of 2.5% of the amount which is equal to the Placing Price multiplied by the actual number of Placing Shares being placed by the Placing Agents. The placing commission was negotiated on arm's length basis between the Company, the Vendor and the Placing Agents and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the placing commission, is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### *Placees*

The Vendor appoints the Placing Agents as its agents to procure not less than six institutional, corporate or independent individual investors on a best effort basis to purchase the Placing Shares. For the avoidance of doubt, the Placing Agents have no obligation to take up any Placing Shares by themselves in case any of the Placing Agents fails to procure any placees to purchase the Placing Shares. The Placing Agents shall use their reasonable endeavours to ensure that (i) each of the Placees and/or their respective ultimate beneficial owner(s) is Independent Third Parties and is not acting in concert (as defined under the Takeovers Code) with the Company and its connected persons; and (ii) immediately after the Placing, none of the Placees will become a substantial shareholder of the Company.

### *Number of Placing Shares*

The maximum of 104,310,000 Placing Shares represents (i) approximately 12.07% of the existing issued share capital of the Company of 864,000,000 Shares as at the date of this announcement; (ii) approximately 10.77% of the issued share capital of the Company of 968,310,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full); and (iii) approximately 10.06% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after

completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full) and the allotment and issue of the Subscriber's Subscription Shares immediately after completion of the Subscriber's Subscription.

#### *Placing Price*

The price of HK\$1.46 per Placing Share represents: (i) a discount of approximately 6.41% to the closing price of HK\$1.56 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 6.53% to the average closing price of HK\$1.562 per Share as quoted on the Stock Exchange for the five trading days of the Share immediately prior to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Placing Agents, the Company and the Vendor. The Board (including the independent non-executive Directors) considers that the Placing Price and the terms of the Placing are fair and reasonable based on the current market condition and in the interests of the Company and the Shareholders as a whole.

#### *Rights and Ranking of the Placing Shares*

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them as at the Placing Completion Date.

#### *Condition(s) of the Placing*

The Placing is unconditional.

### *Rescission*

If any of the following events occurs at any time prior to 10:00 a.m. on the Placing Completion Date, the Placing Agents may, by giving a written notice to the Vendor and the Company, at any time prior to 10:30 a.m. on the Placing Completion Date rescind the Placing and Subscription Agreement without liability to the other party thereto or any thereof and, subject to certain paragraphs of the Placing and Subscription Agreement which shall continue, the Placing and Subscription Agreement shall thereupon cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof, save for any antecedent breaches:

- (a) in the reasonable opinion of the Placing Agents there shall have been since the date of the Placing and Subscription Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing and the Top-up Subscription;
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (c) any material breach of any of the representations and warranties of the Company set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to 10:00 a.m. on the Placing Completion Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing and Subscription Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the opinion of the Placing Agents is material in the context of the Placing.

### *Completion of the Placing*

Completion of the Placing is expected to take place on a date falling within four(4) Business Days after the Transaction Date or such other date as the parties to the Placing and Subscription Agreement may agree.



**(ii) Top-up Subscription of new Shares**

Pursuant to the Placing and Subscription Agreement, the Vendor agrees to subscribe as principal for, and the Company agrees to issue, new Shares in such number equal to the number of the Placing Shares placed by the Placing Agents for such sum equal to the aggregate of the Placing Price multiplied by the number of the Top-up Subscription Shares.

*The Top-up Subscription Shares*

The maximum number of 104,310,000 Top-up Subscription Shares to be issued pursuant to the Placing and Subscription Agreement represents (i) approximately 12.07% of the existing issued share capital of the Company of 864,000,000 Shares as at the date of this announcement; (ii) approximately 10.77% of the issued share capital of the Company of 968,310,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full); and (iii) approximately 10.06% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full) and the allotment and issue of the Subscriber's Subscription Shares immediately after completion of the Subscriber's Subscription.

The aggregate nominal value of the maximum of 104,310,000 Top-up Subscription Shares will be HK\$1,043,100.

*The Top-up Subscription Price*

The Top-up Subscription Price is equivalent to the Placing Price. The Company will bear all costs and expenses of the Top-up Subscription and will reimburse the Vendor all costs and expenses incurred by it in respect of the Placing and the Top-up Subscription.

Assuming that the 104,310,000 Placing Shares are being placed to Placees in full, the maximum gross proceeds from the Top-up Subscription will be approximately HK\$152.29 million and the maximum net proceeds from the Top-up Subscription will be approximately HK\$148.03 million. Based on the estimated expenses for the Placing and the Top-Subscription, the net subscription price for the Top-up Subscription is approximately HK\$1.424 per Top-up Subscription Share.

### *Ranking of the Top-up Subscription Shares*

The Top-up Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Top-up Subscription Shares.

### *Conditions of the Top-up Subscription*

Completion of the Top-up Subscription is conditional upon the fulfillment of the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Top-up Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive share certificate(s) representing the Top-up Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

If the above conditions are not fulfilled within fourteen (14) days after the date of the Placing and Subscription Agreement (or such later date as may be agreed between the Company and the Vendor), the obligations and liabilities of the Vendor and the Company under the Top-up Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise, provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Placing.

### *Completion of the Top-up Subscription*

Completion of the Top-up Subscription under the Placing and Subscription Agreement shall take place on a day falling within three (3) Business Days after the date upon which the last of the conditions of the Top-up Subscription under the Placing and Subscription Agreement to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than a date falling fourteen (14) days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

In the event that the Top-up Subscription is to be completed on a date falling fourteen (14) days after the date of the Placing and Subscription Agreement, it will constitute a connected transaction under the Listing Rules and the Company will comply with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders, if required.

## (2) SUBSCRIPTION OF NEW SHARES

On 10 September 2014, the Company entered into the Subscription Agreement with the Subscriber. Principal terms of the Subscription Agreement are summarised below:

**Date:** 10 September 2014

**Parties:** (i) the Company; and  
(ii) the Subscriber.

The Subscriber is an individual who is a professional investor and the manager of his family fund. The Subscriber is also the senior investment adviser of 易聯眾信息技術股份有限公司 (YLZ Information Technology Co., Ltd\*, “YLZ”) who has bridged the strategic cooperation between YLZ and the Licence Company in July 2014.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party prior to the entering into of the Subscription Agreement and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

### **The Subscriber’s Subscription Shares**

Subject to fulfilment of the conditions of the Subscriber’s Subscription and the terms set out in the Subscription Agreement, the Company has agreed to issue and the Subscriber has agreed to subscribe 68,490,000 Subscriber’s Subscription Shares at the Subscriber’s Subscription Price. The 68,490,000 Subscriber’s Subscription Shares represent (i) approximately 7.93% of the existing issued share capital of the Company of 864,000,000 Shares as at the date of this announcement; (ii) approximately 7.34% of the issued share capital of the Company of 932,490,000 Shares as enlarged by the allotment and issue of the Subscriber’s Subscription Shares immediately after completion of the Subscriber’s Subscription; and (iii) approximately 6.61% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Subscriber’s Subscription Shares immediately after

completion of the Subscriber's Subscription and the allotment and issue of the Top-up Subscription Shares immediately after completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full).

The aggregate nominal value of 68,490,000 Subscriber's Subscription Shares will be HK\$684,900.

### **Ranking of the Subscriber's Subscription Shares**

The Subscriber's Subscription Shares, when issued and fully paid up, shall rank *pari passu* among themselves and with all of the Shares in issue at the Subscriber's Subscription Completion Date.

### **The Subscriber's Subscription Price**

The Subscriber's Subscription Price of HK\$99,995,400 (or an equivalent amount in RMB calculated based on the median exchange rate between HK\$ and RMB announced by The People's Bank of China as at the date of the Subscription Agreement) is calculated based on the subscription price of HK\$1.46 per Subscriber's Subscription Share, which represents: (i) a discount of approximately 6.41% to the closing price of HK\$1.56 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 6.53% to the average closing price of HK\$1.562 per Share as quoted on the Stock Exchange for the five trading days of the Share immediately prior to and including the Last Trading Day.

The Subscriber's Subscription Price was determined with reference to the prevailing market price, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company and the Subscriber. The Board (including the independent non-executive Directors) considers that the Subscriber's Subscription Price and the terms of the Subscriber's Subscription are fair and reasonable and that the Subscriber's Subscription is in the interests of the Company and the Shareholders as a whole.

The Company and the Subscriber shall bear all its own legal, accountancy and other costs and expenses incurred in connection with the preparation, negotiation and settlement of the Subscription Agreement. Capital fees, stamp duty and all other fees and duties (if any) relating to the allotment and issue of the Subscriber's Subscription Shares and the fulfillment of the conditions of the Subscriber's Subscription shall be borne by the Company.

The gross proceeds arising from the Subscriber's Subscription will be approximately HK\$100.00 million and the net proceeds arising from the Subscriber's Subscription will be approximately HK\$100.00 million. Based on the estimated expenses for the Subscriber's Subscription, the net subscription price for the Subscriber's Subscription is approximately HK\$1.46 per Subscriber's Subscription Share.

### **The Refundable Deposit**

Pursuant to the Subscription Agreement, the Subscriber shall pay to the Company the Subscriber's Subscription Price in the amount of approximately HK\$99,995,400 (or an equivalent amount in RMB calculated based on the median exchange rate between HK\$ and RMB announced by The People's Bank of China as at the date of the Subscription Agreement) on the date of the Subscription Agreement as refundable deposit ("**Refundable Deposit**"). The Subscriber, having paid the Refundable Deposit in full on the date of the Subscription Agreement, is deemed to have paid the Subscriber's Subscription Price in full and fully discharged its payment obligation under the Subscription Agreement on the Subscriber's Subscription Completion Date.

### **Conditions of the Subscriber's Subscription**

Completion of the Subscriber's Subscription is conditional upon the fulfillment of the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber shall reasonably object) listing of and permission to deal in the Subscriber's Subscription Shares; and
- (b) having obtained any other approval as may be required by applicable laws or regulations for the Subscriber's Subscription.

If the above conditions are not fulfilled on or before 26 September 2014 or such later date as may be agreed between the Subscriber and the Company, the Company shall return the Refundable Deposit in full to the Subscriber and the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

## **Rescission**

If any of the following events occurs at any time prior to 10:00 a.m. on the Subscriber's Subscription Completion Date, the Subscriber may, by giving a written notice to the Company, at any time prior to 10:30 a.m. on the Subscriber's Subscription Completion Date rescind the Subscription Agreement without liability to the other party thereto or any thereof, subject to certain paragraphs of the Subscription Agreement which shall continue, the Subscription Agreement shall thereupon cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof, save for any antecedent breaches:

- (a) in the reasonable opinion of the Subscriber there shall have been since the date of the Subscription Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Subscriber's Subscription;
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (c) any material breach of any of the representations and warranties of the Company set out in the Subscription Agreement comes to the knowledge of the Subscriber or any event occurs or any matter arises on or after the date of the Subscription Agreement and prior to 10:00 a.m. on the Subscriber's Subscription Completion Date which if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Subscription Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the opinion of the Subscriber is material in the context of the Subscriber's Subscription.

## **Completion of the Subscriber's Subscription**

Subject to satisfaction of the conditions of the Subscriber's Subscription, completion of the Subscriber's Subscription under the Subscription Agreement shall take place on the Subscriber's Subscription Completion Date, at such place and at such time as Company and the Subscriber may agree.

Upon completion of the Subscriber's Subscription, the Subscriber will become the beneficial owner of 68,490,000 Subscriber's Subscription Shares, representing (i) approximately 7.34% of the issued share capital of the Company of 932,490,000 Shares as enlarged by the allotment and issue of the Subscriber's Subscription Shares; and (ii) approximately 6.61% of the issued share capital of the Company of 1,036,800,000 Shares as enlarged by the allotment and issue of the Subscriber's Subscription Shares and the allotment and issue of the Top-up Subscription Shares immediately after the completion of the Placing and the Top-up Subscription (assuming that 104,310,000 Placing Shares are being placed to Placees in full).

## **ISSUE OF THE TOP-UP SUBSCRIPTION SHARES AND THE SUBSCRIBER'S SUBSCRIPTION SHARES UNDER THE GENERAL MANDATE**

The Top-up Subscription Shares and the Subscriber's Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed on 25 July 2014 whereby the Directors have been duly authorised to allot and issue new Shares not exceeding 20% of the total nominal value of the share capital of the Company in issue as at 25 July 2014. As such, the allotment and issue of the Top-up Subscription Shares and the Subscriber's Subscription Shares are not subject to additional Shareholders' approval.

As at the date of this announcement, the Company has not utilised the General Mandate. The maximum of 104,310,000 Top-up Subscription Shares and 68,490,000 Subscriber's Subscription Shares to be allotted and issued will utilise the General Mandate in full.

## **APPLICATION FOR LISTING**

Application(s) will be made to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Top-up Subscription Shares and the Subscriber's Subscription Shares.

## **REASONS FOR THE PLACING, THE TOP-UP SUBSCRIPTION AND THE SUBSCRIBER'S SUBSCRIPTION AND THE USE OF PROCEEDS**

The Group is principally engaged in operating the card acceptance business in Thailand and the cross-border e-commerce solution business in Hong Kong and the PRC. On 26 February 2013, an indirect wholly-owned subsidiary of the Company as purchaser entered into a non-legally binding memorandum of understanding with a third party in respect of a possible acquisition (the "**Possible Acquisition**") of interests in the issued share capital of a target company. This target company, together with its subsidiary, is principally engaged in the payment card business in the PRC (details of which refer to the announcements of the

Company dated 26 February 2013, 12 April 2013, 13 May 2013, 28 May 2013, 28 June 2013, 28 August 2013, 2 September 2013, 1 November 2013, 31 December 2013, 28 February 2014, 30 May 2014 and 29 August 2014). In addition, as set out in the circular of the Company dated 1 September 2014, the Group entered into a framework agreement with third parties in relation to, amongst other things, the possible investment (the “**Possible Investment**”) of the Group in the share capital of a company which, together with its subsidiaries (including the Licence Company), is principally engaged in the operation of prepaid card business and internet payment services in the PRC. As at the date of this announcement, the Company is still carrying out the due diligence reviews in respect of the Possible Acquisition whereas the relevant general meeting in relation to the Possible Investment will be convened for the Shareholders’ approval.

According to the annual report of the Company for the year ended 31 March 2014, the cash and cash equivalents amounted to approximately HK\$47.1 million as at 31 March 2014. In view that the existing level of cash and cash equivalents would not be sufficient to support the capital required for further investment in the Licence Company (if materialize) and/or Possible Acquisition, the Company decided to conduct a fund raising exercise by the Subscription. It is expected that the total maximum net proceeds from the Top-up Subscription and the Subscriber’s Subscription will amount to approximately HK\$248.02 million. The Company intends to apply the aggregate net proceeds from the Top-up Subscription and the Subscriber’s Subscription to finance the capital may be required for further investment in the Licence Company (if materialise), the capital may be required under the strategic cooperation agreement between 中鈔海思信息技術(北京)有限公司 (Zhongchao Hismart Information Technology (Beijing) Co., Ltd.\*) and the Company dated 3 September 2014 (details of which are set out in the announcement of the Company dated 3 September 2014) or towards other payment card business and investment opportunities which may arise in the future or otherwise as general working capital of the Group.

The Directors consider the Placing and the Top-up Subscription as well as the Subscriber’s Subscription offer a good opportunity to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. Furthermore, the Company believes that the Subscriber may further facilitate the Group to identify business opportunities if he becomes the Shareholder. The Directors consider that the terms of Placing and Subscription Agreement and the Subscription Agreement are fair and reasonable and the Placing and the Top-up Subscription as well as the Subscriber’s Subscription are in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, save for the 60,000,000 share options granted under the share option schemes of the Company, there are no other securities issued which confer any other subscription rights in the Shares.



## EFFECT ON SHAREHOLDING OF THE PLACING, THE TOP-UP SUBSCRIPTION AND THE SUBSCRIBER'S SUBSCRIPTION

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before completion of the Top-up Subscription and the Subscriber's Subscription; (iii) immediately after completion of the Placing and the Top-up Subscription but before completion of the Subscriber's Subscription; and (iv) immediately after completion of the Placing, the Top-up Subscription and the Subscriber's Subscription are as follows (assuming that 104,310,000 Placing Shares are being placed to Placees in full and there being no other change in the share capital of the Company):

	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Top-up Subscription and the Subscriber's Subscription		Immediately after completion of the Placing and the Top-up Subscription but before completion of the Subscriber's Subscription		Immediately after completion of the Placing, the Top-up Subscription and the Subscriber's Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor (Note1)	174,500,000	20.20	70,190,000	8.12	174,500,000	18.02	174,500,000	16.83
Mr. Cao Guoqi ("Mr. Cao"), a Director	52,040,000 (Note2)	6.02	52,040,000	6.02	52,040,000	5.37	52,040,000	5.02
Public Shareholders:								
Placees	-	-	104,310,000	12.08	104,310,000	10.77	104,310,000	10.06
Subscriber	-	-	-	-	-	-	68,490,000	6.61
Other public Shareholders	637,460,000	73.78	637,460,000	73.78	637,460,000	65.83	637,460,000	61.48
<b>Total</b>	<b>864,000,000</b>	<b>100.00</b>	<b>864,000,000</b>	<b>100.00</b>	<b>968,310,000</b>	<b>100.00</b>	<b>1,036,800,000</b>	<b>100.00</b>

### Notes:

- The Vendor is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng respectively. Ms. Cheng is the sister of Mr. Cheng.
- Of which 51,270,000 Shares are held by Probest Limited, a company which is wholly-owned by Mr. Cao and 770,000 Shares are held by Ms. Zheng Lu, the spouse of Mr. Cao.

## FUND RAISING DURING THE PAST TWELVE MONTHS

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

Date of initial announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
10 October 2013	Placing of 120,000,000 new Shares at a price of HK\$1.03 per placing Shares on a several and best effort basis	HK\$119.7 million	To finance the Possible Investment and/or Possible Acquisition (if materialise) or otherwise as general working capital of the Group	(i) approximately HK\$50 million was used towards the Possible Investment; and (ii) remaining balance of approximately HK\$69.7 million as general working capital
28 March 2014	Placing of 144,000,000 existing shares at a placing price of HK\$1.46 per placing Share on a best effort basis and top-up subscription of 144,000,000 new Shares at a subscription price of HK\$1.46 per subscription Share	HK\$204 million	To finance the Possible Investment and/or Possible Acquisition (if materialise) or towards other lucrative business and investment opportunities which may arise in the future or otherwise as general working capital of the Group	(i) approximately HK\$54 million was used towards the Possible Investment; (ii) approximately HK\$25 million was used as investment in Shanghai Koolcloud Technology Company Limited; and (iii) the remaining balance of HK\$125 million will be used to fund the Possible Investment

**Completion of each of (i) the Placing and Subscription Agreement; and (ii) the Subscription Agreement is not inter-conditional. However, the Top-up Subscription and the Subscriber's Subscription are subject to satisfaction of conditions precedent and may or may not proceed to completion, Shareholders and prospective investors are advised 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 was suspended from 9:00 a.m. on 10 September 2014 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 on the Stock Exchange with effect from 9:00 a.m. on 11 September 2014.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day on which banks in Hong Kong are open for business (other than Saturday and 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 hoisted 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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed on 25 July 2014 to allot, issue and deal with up to 172,800,000 Shares, representing 20% of the issued share capital of the Company as at 25 July 2014
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM

“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 PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons
“Last Trading Date”	8 September 2014, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Licence Company”	開聯通網路技術服務有限公司 (Open Union Network Technology Services Limited*), a company established in the PRC with limited liability which holds the licence to conduct the prepaid card business and internet payment services in the PRC
“Mr. Cheng”	Mr. Cheng Nga Ming Vincent, an executive Director and the controlling shareholder of the Vendor
“Placee(s)”	any person or entity whom the Placing Agents has procured to purchase the Placing Shares
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing and Subscription Agreement
“Placing Agents”	<p>(A) Oriental Patron Securities Limited, a licensed corporation to carry out types 1 and 4 regulated activities under the SFO;</p> <p>(B) Haitong International Securities Company Limited, a company incorporated with limited liability in Hong Kong and a licensed corporation to carry out types 1, 3 and 4 regulated activities under the SFO; and</p> <p>(C) First Shanghai Securities Limited, a licensed corporation to carry out types 1, 4 and 6 regulated activities under the SFO</p>

“Placing and Subscription Agreement”	the placing and subscription agreement dated 10 September 2014 entered into between the Company, the Vendor and the Placing Agents in respect of the Placing and the Top-up Subscription
“Placing Completion Date”	a date falling within four (4) Business Days after the Transaction Date or such other date as the parties to the Placing and Subscription Agreement may agree
“Placing Period”	the period commencing upon the execution of the Placing and Subscription Agreement and terminating at 5:00 p.m. (Hong Kong time) on the third (3rd) Business Day after the date of the Placing and Subscription Agreement
“Placing Price”	HK\$1.46 per Placing Share
“Placing Share(s)”	up to 104,310,000 existing Shares to be placed pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Zhang Chang (張暢), an Independent Third Party prior to the entering into of the Subscription Agreement

“Subscriber’s Subscription Completion Date”	a day falling within three (3) Business Days following the date on which the conditions precedent to completion of the Subscriber’s Subscription under the Subscription Agreement are fulfilled or such other date as the Company and the Subscriber may agree
“Subscriber’s Subscription”	the subscription of the Subscriber’s Subscription Shares at the Subscriber’s Subscription Price by the Subscriber pursuant to the Subscription Agreement
“Subscriber’s Subscription Price”	the subscription price of HK\$99,995,400 (or an equivalent amount in RMB calculated based on the median exchange rate between HK\$ and RMB announced by The People’s Bank of China as at the date of the Subscription Agreement) payable by the Subscriber for the subscription of the Subscriber’s Subscription Shares based on the subscription price of HK\$1.46 per Subscriber’s Subscription Share
“Subscriber’s Subscription Shares”	68,490,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 10 September 2014 entered into between the Company and the Subscriber in respect of the Subscriber’s Subscription
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Transaction Date”	(i) 10 September 2014 (or the date falling within the Placing Period on which the Placing Agents have actually placed the Placing Shares); or (ii) if dealings in the Shares on the Stock Exchange are suspended at all times on 10 September 2014 (or the date falling within the Placing Period on which the Placing Agents have actually placed the Placing Shares), the first day on which dealings resume (or such other date as the parties to the Placing and Subscription Agreement may agree in writing)

“Top-up Subscription”	the subscription of the Top-up Subscription Shares at the Top-up Subscription Price by the Vendor pursuant to the Placing and Subscription Agreement
“Top-up Subscription Price”	the subscription price of HK\$1.46 per Top-up Subscription Share
“Top-up Subscription Share”	up to 104,310,000 new Shares to be issued by the Company to the Vendor pursuant to the Placing and Subscription Agreement
“Vendor”	Tian Li Holdings Limited, which is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee, the sister of Mr. Cheng, respectively, is a substantial shareholder of the Company and holding 174,500,000 Shares, representing approximately 20.20% of the existing issued share capital of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 10 September 2014

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Cheng Nga Ming Vincent, Mr. Cao Guoqi, Mr. Fung Weichang and Mr. Xiong Wensen; (ii) one non-executive Director, namely, Mr. Zhang Huaqiao; and (iii) 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*