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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) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

(2) PROPOSED PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

AND

(3) RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY

PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 9 April 2015, the Company entered into the First Subscription Agreement with Subscriber A (namely, Haitong International Financial Solutions Limited), an Independent Third Party, pursuant to which Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds A 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 Conversion Shares A based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustments).

On the same day, the Company entered into the Second Subscription Agreement with Subscriber B (namely, Jiayin Finance Holding Group Co., Limited), an Independent Third Party, pursuant to which Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds B 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 Conversion Shares B based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustments).

PROPOSED PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board also announces that on 10 April 2015, the Company entered into the Placing Agreement with the Placing Agent (namely, Haitong International Securities Company Limited), pursuant to which the Placing Agent has conditionally agreed to procure subscriber(s), on best effort basis, to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds C in the aggregate principal amount of up to US\$20 million (equivalent to approximately HK\$155.1 million), which entitle the holder(s) thereof to subscribe for a maximum of 83,837,837 Conversion Shares C based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustments).

Completion of the First Subscription, the Second Subscription and the Proposed Placing are not inter-conditional.

Based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustment), a maximum of 41,918,918 Conversion Shares A, 41,918,918 Conversion Shares B and 83,837,837 Convertible Shares C will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds A, the Convertible Bonds B and Convertible Bonds C in full, respectively, which in aggregate represent (i) approximately 16.17% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds in full. The issue of the Conversion Shares will be made under the General Mandate.

Assuming and upon completion of the Proposed Subscription and the Proposed Placing, the gross proceeds from the Proposed Subscription and the Proposed Placing are estimated to be approximately HK\$310 million and the net proceeds from the Proposed Subscription and the Proposed Placing are estimated to be approximately HK\$307 million. The Company intends to utilise the net proceeds for the purposes as disclosed in the paragraph headed “Reasons for the Proposed Subscription and the Proposed Placing and Use of Proceeds” in this announcement.

Shareholders and potential investors should be cautioned that the First Subscription, the Second Subscription and the Proposed Placing is subject to the fulfilment of the First Subscription Conditions Precedent, the Second Subscription Conditions Precedent and the Placing Conditions Precedent, respectively, and therefore may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 9 April 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 13 April 2015.

PROPOSED SUBSCRIPTION AND PROPOSED PLACING

On 9 April 2015, the Company entered into the First Subscription Agreement and the Second Subscription Agreement with Subscriber A and Subscriber B in relation to the subscription of the Convertible Bonds A and the Convertible Bonds B, respectively.

On 10 April 2015, the Company also entered into the Placing Agreement with the Placing Agent in relation to the placing of the Convertible Bonds C.

Details of the Proposed Subscription and the Proposed Placing are set out below.

PROPOSED SUBSCRIPTION

The First Subscription Agreement

Date

9 April 2015

Parties involved

- (1) the Company;
- (2) Subscriber A; and
- (3) the Guarantors.

Before entering into the First Subscription Agreement, neither Subscriber A nor its associates have any interests in the Shares or any business dealings with the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Subscriber A is an Independent Third Party as at the date of this announcement.

Pursuant to the First Subscription Agreement, Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds A in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million), which entitle the holder(s) thereof to subscribe for a maximum of 41,918,918 Conversion Shares A based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustment).

The maximum of 41,918,918 Conversion Shares A to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds A in full (based on the initial Conversion Price of HK\$1.85 per conversion share) represent (i) approximately 4.04% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 3.89% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares A upon exercise of the conversion rights attaching to the Convertible Bonds A in full (based on the initial Conversion Price of HK\$1.85 per conversion share); and (iii) approximately 3.48% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds in full (based on the initial Conversion Price of HK\$1.85 per conversion share).

The Company will allot and issue the Conversion Shares A upon exercise of the conversion rights attaching to the Convertible Bonds A under the General Mandate.

Conditions precedent to First Subscription Completion

Completion of the First Subscription is conditional upon the following First Subscription Conditions Precedent being fulfilled (or waived by Subscriber A as provided below):

- (a) the GEM Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Conversion Shares A;
- (b) the Company having satisfied or obtained all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of the Convertible Bonds A (if any); and
- (c) the First Subscription Warranties remaining true and accurate in all material respects.

In relation to the granting of listing of, and permission to deal in, the Conversion Shares A, any condition which may be imposed by the Stock Exchange and/or the GEM Listing Committee thereof requiring approval or consent of the Stock Exchange before the Convertible Bonds A may be transferred to a connected person of the Company shall be a condition to which Subscriber A shall not object.

The Company shall use its reasonable endeavors to procure the fulfillment of all the First Subscription Conditions Precedent. If any of the First Subscription Conditions Precedent have not been fulfilled or waived (in respect of the First Subscription Conditions Precedent specified in (c) above only) by Subscriber A on or before the First Subscription Longstop Date (or such later date as may be agreed by the parties thereto in writing) then the First Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the First Subscription Agreement shall have any claim against or liability or obligation to other party under the First Subscription Agreement.

Guarantee by the Guarantors

Pursuant to the First Subscription Agreement, each of the Guarantors jointly and severally guarantees to Subscriber A the Company's payment obligations under the term and conditions of the Convertible Bonds A by:

- (a) undertaking that whenever the Company does not pay any amount when due and payable under the terms and conditions of the Convertible Bonds A, he shall immediately on demand pay that amount as if he was the principal obligor; and

- (b) indemnifying Subscriber A immediately on demand against any cost, loss, damage, claim, proceeding, or liability suffered or costs or expenses incurred by Subscriber A as a result of or in connection with the default or failure of the Company to perform its obligations under the terms and conditions of the Convertible Bonds A, the breach of warranties made by the Company under the terms and conditions of the Convertible Bonds A, or if any obligation guaranteed by it (or anything which would have been an obligation if not unenforceable, invalid or illegal) or any term of any of the terms and conditions of the Convertible Bonds A is or becomes unenforceable, invalid or illegal.

First Subscription Completion

Subject to all the First Subscription Conditions Precedent being fulfilled or waived (to the extent it is capable of being waived), First Subscription Completion shall take place at 12:00 noon Hong Kong time on the first Business Day next following the date of fulfilment of all the First Subscription Conditions Precedent last in time to be fulfilled or waived by Subscriber A (as the case may be) (or such other date as the parties thereto may agree in writing) (the “**First Subscription Completion Date**”).

The First Subscription Completion is not inter-conditional with the Placing Completion and the Second Subscription Completion.

Termination by Subscriber A

Notwithstanding anything contained in the First Subscription Agreement, Subscriber A may by prior notice to the Company terminate the First Subscription Agreement at any time prior to payment for the Convertible Bonds A to the Company on the First Subscription Completion Date if:

- (a) there develops, occurs or comes into effect:
 - (i) any development or change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature (including acts of terrorism), whether or not eiusdem generis with any of the foregoing, resulting in a material and adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which shall materially and adversely affect the business or the financial or trading position of the Company;
- (iv) any suspension of dealings in the Shares for a period exceeding seven (7) Business Days other than due to the clearance of this announcement;
- (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would materially and adversely affect the business, financial or trading position of the Company; or
- (vi) the instigation of any bona fide litigation or claim of material importance by any third party against any member of the Group which would, if successful, materially and adversely affect the business, financial or trading position of the Company,

and which can reasonably be expected, in the opinion of Subscriber A acting reasonably and in good faith, to have or has had a material adverse effect upon the condition, (financial or otherwise) or earnings, business affairs or business prospects of the Company;

- (b) there is any breach of any of the First Subscription Warranties made by the Company as set out in the First Subscription Agreement which has come to the knowledge of Subscriber A or any event which has occurred or any matter which has arisen on or after the date of the First Subscription Agreement and prior to the First Subscription Completion which (i) if it had occurred or arisen before the date thereof would have rendered any of such First Subscription Warranties untrue, inaccurate or misleading in any material respects, or (ii) in the opinion of Subscriber A acting reasonably, materially and adversely affects the condition (financial or otherwise) or earnings, business affairs or business prospects of the Company; or
- (c) there has been a breach of or failure to perform any of the Company's obligations in any material respect under the First Subscription Agreement.

In the event that Subscriber A terminates the First Subscription Agreement, all obligations of each of the parties under the First Subscription Agreement (save for certain general provisions which shall continue) shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the First Subscription Agreement except for any antecedent breach.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS A

- Principal amount: US\$10,000,000
- Denomination: The Convertible Bonds A are issued in registered form in the denomination of US\$100,000 each or in integral multiples of US\$100,000.
- Interest rate: 6% per annum (from the date on which the Convertible Bonds A are issued) calculated based on the principal amount of the Convertible Bonds A, payable semi-annually in arrears on each interest payment date, provided that the first interest payment date shall fall on 30 October 2015. If an interest payment date would otherwise fall on a day which is not a Business Day, it shall be brought forward to the immediately preceding Business Day.
- Maturity date: The third anniversary of the Issue Date, or, if that is not a Business Day, the Business Day immediately thereafter.
- Conversion rights: Holder(s) of the Convertible Bonds A shall have the right at any time during any time on or after 41 days after the date of first issue of the Convertible Bonds A until 10 days prior to the maturity date, unless previously redeemed, converted, or repurchased and cancelled (the “**Conversion Period**”) require the Company to convert the whole or any part (in authorised denominations) of the principal amount outstanding under the Convertible Bonds A into Shares at the Conversion Price subject to adjustments as hereinafter described.

At any time during the Conversion Period, the Company may, having given not less than ten (10) nor more than fifteen (15) days' notice in writing to the holder(s) of the Convertible Bonds A (which notice shall be irrevocable), mandatorily convert the principal amount outstanding under the Convertible Bonds A in whole, but not in part, into Shares at the then prevailing Conversion Price ("**Mandatory Conversion**") provided that no such conversion may be made unless the closing price of the Shares as quoted on the Stock Exchange for each of five (5) consecutive trading days is at least HK\$3.00 per Share (such amount being subject to adjustment in the event of any subdivision or consolidation of the Shares). Such notice shall specify details of the event that triggers the Mandatory Conversion, the principal amount to be converted, the conversion date, the Conversion Price and the number of Conversion Shares A.

Conversion Price:

The initial Conversion Price is HK\$1.85 per Conversion Share A (subject to adjustments), which represents:

- (i) a discount of approximately 6.09% to the closing price of HK\$1.97 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 19.82% over the average closing price of HK\$1.544 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiation between the Company and Subscriber A with reference to the recent closing prices of the Shares on the Stock Exchange.

Adjustment to the
Conversion Price:

The Conversion Price shall from time to time be adjusted in accordance with the terms and conditions of the Convertible Bonds A upon occurrence of, among other things, the following events:

- (a) any alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification of Shares;
- (b) any issue of Shares (other than in lieu of a cash dividend) by way of capitalisation of profits or reserves or any issue of Shares being made by the Company to the Shareholders pursuant to a scrip dividend scheme;
- (c) any capital distribution made by the Company to Shareholders (whether on a reduction of capital or otherwise) or the grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) the offer to Shareholders new Shares for subscription by way of rights, or the grant to Shareholders of any options or warrants to subscribe for new Shares, at a price that is less than 80% of the market price at the date of the announcement of the terms of the offer or grant;
- (e) the issue of wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, under which the total effective consideration (as defined as the aggregate consideration credited as being paid for Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue) (the “**Total Effective Consideration**”) per Share initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
- (f) the issue of wholly for cash any Shares at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue;

- (g) issue of Shares for the acquisition of any asset at a Total Effective Consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue;
- (h) if the Company or the holder(s) of the Convertible Bonds A determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs (a) to (g) above), or that an adjustment should be made in a manner other than in accordance with sub-paragraphs (a) to (g) above, the Company or the holder(s) of the Convertible Bonds A may, at its own expense, request an approved investment bank, acting as expert, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take into account thereto and is appropriate to give the result which the approved investment bank considers in good faith to reflect the intentions of the provisions in the terms and conditions of the Convertible Bonds A; and (ii) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (h) if the approved investment bank is so requested to make such a determination.

Conversion Shares A:

The number of Conversion Shares A to be issued on conversion of the Convertible Bonds A will be determined by dividing the principal amount of the Convertible Bonds A to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.755 = US\$1.00) by the Conversion Price in effect at the date of conversion.

The Conversion Shares A, when issued, will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of the Conversion Shares A.

Redemption:

Unless previously converted or purchased or redeemed in accordance with the terms and conditions of the Convertible Bonds A, upon presentation by the holder(s) of the Convertible Bonds A of the original of the Convertible Bonds A, the Company shall redeem the Convertible Bonds A on the Maturity Date at the redemption amount which is 119.405% of the principal amount of the Convertible Bonds A then outstanding together with interest accrued thereon which remains unpaid on the Maturity Date.

At any time the Company may, on giving not less than thirty (30) nor more than sixty (60) days' notice to the holder(s) of the Convertible Bonds A (which notice shall be irrevocable) redeem all, but not some only, of the Convertible Bonds A for the time being outstanding at its principal amount together with accrued interest (calculated up to but excluding the date of redemption) on the date fixed for redemption, if immediately prior to the giving of such notice, (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Cayman Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the First Subscription Agreement, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

On giving not less than thirty (30) nor more than ninety (90) days' notice to the holder(s) of the Convertible Bonds A (which notice will be irrevocable), the Company may at any time redeem all, but not some only, of the Convertible Bonds A for the time being outstanding at its principal amount together with accrued interest (calculated up to but excluding the date of redemption) on the date fixed for redemption provided that prior to the date of such notice at least ninety per cent. (90%) in principal amount of the Convertible Bonds A originally issued has already been converted, redeemed or purchased and cancelled.

Status of the Convertible Bonds A:	The Convertible Bonds A constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, rank pari passu and rateably without any preference among themselves, and with all other present and future unsecured, unconditional and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
Transferability:	Any assignment or transfer of Convertible Bonds A shall be of the whole or any part (being an authorised denomination) of the outstanding principal amount of the Convertible Bonds A. Title to the Convertible Bonds A passes only upon the entry on the register of the relevant transfer. The Company shall use all reasonable endeavours to facilitate any such assignment or transfer of the Convertible Bonds A, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the GEM Listing Rules.
Voting rights:	The Convertible Bonds A do not confer any voting rights at general meetings of the Company on the holder(s) of the Convertible Bonds A.
Events of default:	<p>If any of the following events of default occurs, the holder(s) of the Convertible Bonds A of the Convertible Bonds A may give notice in writing (a “Default Redemption Notice”) to the Company that the principal amount of the Convertible Bonds A then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Convertible Bonds A shall become immediately due and payable:</p> <ul style="list-style-type: none"> (a) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange: <ul style="list-style-type: none"> (i) ceases; or

- (ii) is suspended for a continuous period of thirty (30) Business Days on each of which the Stock Exchange is generally open for trading due to the default of the Company or any of its directors, officers, employees or agents; or
- (b) the Company defaults in performance or observance or compliance with any of its obligations contained in the terms and conditions of the Convertible Bonds A (other than the covenant to pay the principal and interest in respect of the Convertible Bonds A and the issuance of Conversion Shares A) and such default continues for a period of fourteen (14) Business Days next following after service by the holder(s) of the Convertible Bonds A holding, or holder(s) of the Convertible Bonds A together holding, at least 75% of the then outstanding principal amount of the Convertible Bonds A, of notice requiring such default to be remedied; or
- (c) the Company fails to pay the principal when due or the Company fails to pay interest on the Convertible Bonds A when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within fourteen (14) Business Days of the due date thereof or the Company fails to issue the Conversion Shares A in accordance with the terms and conditions thereof; or
- (d) the occurrence of any event or any action taken or omission made by the Company so as to render unlawful the performance or observance or compliance by the Company with of any of its material obligations contained in the terms and conditions thereof; or

- (e) (i) any present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred equals or exceeds US\$1,000,000 or its equivalent in any other currency or currencies;
- (f) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company and is not discharged, paid out, withdrawn or remedied within twenty-eight (28) Business Days; or
- (g) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or the whole or any material part of the undertaking, property, assets or revenues of the Company or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (h) an order is made or an effective resolution passed for winding-up of the Company, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the holder(s) of the Convertible Bonds A or holder(s) of the Convertible Bonds A together holding not less than 75% of the then outstanding principal amount of the Convertible Bonds A; or
- (i) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company; or
- (j) The Company fails to maintain the minimum interest coverage ratio (which shall be calculated by dividing the operating cash flow of the Company by its interest expenses as appeared in its annual report) of 2.00, based on the cash flow from operations in any fiscal year commencing from the year ended 31 March 2016 before maturity date.

The Company shall forthwith on becoming aware of any such event above give notice in writing thereof to the holder(s) of the Convertible Bonds A. Notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares A in accordance with the terms and conditions thereof, any holder(s) of the Convertible Bonds A shall be entitled to bring an action against the Company for either specific performance or damages.

The Second Subscription Agreement

Date

9 April 2015

Parties involved

- (1) the Company;
- (2) Subscriber B; and
- (3) the Guarantors.

Before entering into the Second Subscription Agreement, neither Subscriber B nor its associates have any interests in the Shares or any business dealings with the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Subscriber B and (if applicable) its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

Pursuant to the Second Subscription Agreement, Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds B in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million), which entitle the holder(s) thereof to subscribe for a maximum of 41,918,918 Conversion Shares B based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustment).

The maximum of 41,918,918 Conversion Shares B to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds B in full (based on the initial Conversion Price of HK\$1.85 per conversion share) represent (i) approximately 4.04% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 3.89% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares B upon exercise of the conversion rights attaching to the Convertible Bonds B in full (based on the initial Conversion Price of HK\$1.85 per conversion share); and (iii) approximately 3.48% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds in full (based on the initial Conversion Price of HK\$1.85 per conversion share).

The Company will allot and issue the Conversion Shares B upon exercise of the conversion rights attaching to the Convertible Bonds B under the General Mandate.

Conditions precedent to Second Subscription Completion

Completion of the Second Subscription is conditional upon the following Second Subscription Conditions Precedent being fulfilled (or waived by Subscriber B as provided below):

- (a) the GEM Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Conversion Shares B;
- (b) the Company having satisfied or obtained all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of the Convertible Bonds B (if any); and
- (c) the Second Subscription Warranties remaining true and accurate in all material respects.

In relation to the granting of listing of, and permission to deal in, the Conversion Shares B, any condition which may be imposed by the Stock Exchange and/or the GEM Listing Committee thereof requiring approval or consent of the Stock Exchange before the Convertible Bonds B may be transferred to a connected person of the Company shall be a condition to which Subscriber B shall not object.

The Company shall use its reasonable endeavors to procure the fulfillment of all the Second Subscription Conditions Precedent. If any of the Second Subscription Conditions Precedent have not been fulfilled or waived (in respect of the Second Subscription Conditions Precedent specified in (c) above only) by Subscriber B on or before the Second Subscription Longstop Date (or such later date as may be agreed by the parties thereto in writing) then the Second Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Second Subscription Agreement shall have any claim against or liability or obligation to other party under the Second Subscription Agreement.

Guarantee by the Guarantors

Pursuant to the Second Subscription Agreement, each of the Guarantors jointly and severally guarantees to Subscriber B the Company's payment obligations under the term and conditions of the Convertible Bonds B by:

- (a) undertaking that whenever the Company does not pay any amount when due and payable under the terms and conditions of the Convertible Bonds B, he shall immediately on demand pay that amount as if he was the principal obligor; and
- (b) indemnifying Subscriber B immediately on demand against any cost, loss, damage, claim, proceeding, or liability suffered or costs or expenses incurred by Subscriber B as

a result of or in connection with the default or failure of the Company to perform its obligations under the terms and conditions of the Convertible Bonds B, the breach of warranties made by the Company under the terms and conditions of the Convertible Bonds B, or if any obligation guaranteed by it (or anything which would have been an obligation if not unenforceable, invalid or illegal) or any term of any of the terms and conditions of the Convertible Bonds B is or becomes unenforceable, invalid or illegal.

Second Subscription Completion

Subject to all the Second Subscription Conditions Precedent being fulfilled or waived (to the extent it is capable of being waived), Second Subscription Completion shall take place at 12:00 noon Hong Kong time on the first Business Day next following the date of fulfilment of all the Second Subscription Conditions Precedent last in time to be fulfilled or waived by Subscriber B (as the case may be) (or such other date as the parties thereto may agree in writing) (the “**Second Subscription Completion Date**”).

Second Subscription Completion is not inter-conditional with the Placing Completion and the First Subscription Completion.

Termination by Subscriber B

Notwithstanding anything contained in the Second Subscription Agreement, Subscriber B may by prior notice to the Company terminate the Second Subscription Agreement at any time prior to payment for the Convertible Bonds B to the Company on the Second Subscription Completion Date if:

- (a) there develops, occurs or comes into effect:
 - (i) any development or change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature (including acts of terrorism), whether or not eiusdem generis with any of the foregoing, resulting in a material and adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
 - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent

authority in Hong Kong or any other jurisdiction relevant to the Group which shall materially and adversely affect the business or the financial or trading position of the Company;

- (iv) any suspension of dealings in the Shares for a period exceeding seven (7) Business Days other than due to the clearance of this announcement;
- (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would materially and adversely affect the business, financial or trading position of the Company; or
- (vi) the instigation of any bona fide litigation or claim of material importance by any third party against any member of the Group which would, if successful, materially and adversely affect the business, financial or trading position of the Company,

and which can reasonably be expected, in the opinion of Subscriber B acting reasonably and in good faith, to have or has had a material adverse effect upon the condition, (financial or otherwise) or earnings, business affairs or business prospects of the Company;

- (b) there is any breach of any of the Second Subscription Warranties made by the Company as set out in the Second Subscription Agreement which has come to the knowledge of Subscriber B or any event which has occurred or any matter which has arisen on or after the date of the Second Subscription Agreement and prior to the Second Subscription Completion which (i) if it had occurred or arisen before the date hereof would have rendered any of such Second Subscription Warranties untrue, inaccurate or misleading in any material respects, or (ii) in the opinion of Subscriber B acting reasonably, materially and adversely affects the condition (financial or otherwise) or earnings, business affairs or business prospects of the Company; or
- (c) there has been a breach of or failure to perform any of the Company's obligations in any material respect under the Second Subscription Agreement.

In the event that Subscriber B terminates the Second Subscription Agreement, all obligations of each of the parties under the Second Subscription Agreement (save for certain general provisions which shall continue) shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Second Subscription Agreement except for any antecedent breach.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS B

The principal terms of the Convertible Bonds B were arrived at after arm's length negotiations between the Company and Subscriber B. The principal amount of the Convertible Bonds B is US\$10,000,000 and other principal terms of the Convertible Bonds B are substantially the same as the principal terms of the Convertible Bonds A as set out in the paragraph headed "Principal terms of the Convertible Bonds A" above, except that all references therein as to "Convertible Bonds A", "Conversion Shares A" and "First Subscription Agreement" shall be replaced by "Convertible Bonds B", "Conversion Shares B" and "Second Subscription Agreement", respectively.

PROPOSED PLACING

The Placing Agreement

Date 10 April 2015

Parties involved

Issuer: The Company

Placing Agent: The Placing Agent, namely Haitong International Securities Company Limited

To the best information, knowledge and belief of the Directors having made all reasonable enquiries, the Placing Agent is independent of and not connected with the Company, its subsidiaries and their respective directors, chief executives and substantial shareholders, and their respective associates.

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure subscriber(s), on best effort basis, for and the Company has conditionally agreed to issue, the Convertible Bonds C in the aggregate principal amount of up to US\$20 million (equivalent to approximately HK\$155.1 million), which entitle the holder(s) thereof to subscribe for up to 83,837,837 Conversion Shares C based on the initial Conversion Price of HK\$1.85 per conversion share (subject to adjustments).

The maximum of 83,837,837 Conversion Shares C to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds C in full (based on the initial Conversion Price of HK\$1.85 per conversion share) represent (i) approximately 8.09% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 7.48% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares C upon exercise of the conversion rights attaching to the Convertible Bonds B in full (based on the initial Conversion Price of HK\$1.85 per conversion share); and (iii) approximately 6.96% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds in full (based on the initial Conversion Price of HK\$1.85 per conversion share).

Under the Placing Agreement, subject to the fulfillment of the Placing Conditions Precedent, the Company has agreed to pay the Placing Agent a placing commission of 1.5% of the amount equal to the aggregate principal amount of the Convertible Bonds actually placed by the Placing Agent to the selected Placees in the Proposed Placing. The placing commission rate was determined after arm's length negotiation between the Company and the Placing Agent and the Directors considered that the terms of the Placing Agreement are fair and reasonable.

Placees

The Placing Agent shall use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will ensure that none of the Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company upon full conversion of the Conversion Rights as a result of the Proposed Placing.

Conditions precedent to Placing Completion

Completion of the Placing Agreement is conditional upon the following Placing Conditions Precedent being fulfilled:

- (a) the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Conversion Shares C under the Proposed Placing (subject to conditions to which neither the Placing Agent nor the Company may reasonably object);
- (b) (where appropriate) the approval of the relevant statutory and regulatory authority for the issue of the Convertible Bonds C and the Conversion Shares C issuable on conversion of the Convertible Bonds shall have been obtained; and
- (c) the Placing Warranties remaining true and accurate in all material respects.

If the foregoing provisions are not fulfilled on or prior to the Placing Longstop Date, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement). The Placing Agent shall provide to the Company all information concerning itself and the Placees as the Stock Exchange may reasonably require.

Completion of the Proposed Placing of the Convertible Bonds

The Proposed Placing shall be completed on the Placing Completion Date.

At 12:00 noon on the Placing Completion Date, the Company shall provide to the Placing Agent the Convertible Bond C certificates issued in favour of each of the Placees in respect of the relevant principal amount of Convertible Bonds C subscribed for by each Placee. The Placing Agent (or its nominees or agents) shall, in respect of the subscribed Convertible Bonds C procured by it make or procure the making of payments to the Company in United States dollars of the aggregate principal amount of such subscribed Convertible Bonds C less all commissions, fees and expenses payable to the Placing Agent under the Placing Agreement.

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may by prior notice to the Company terminate the Placing Agreement at any time prior to 10:00 a.m. on the Placing Completion Date if:

- (a) there develops, occurs or comes into effect:
 - (i) any development or change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature (including acts of terrorism), whether or not eiusdem generis with any of the foregoing, resulting in a material and adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
 - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which shall materially and adversely affect the business or the financial or trading position of the Company;

- (iv) any suspension of dealings in the Shares for a period exceeding seven (7) Business Days other than due to the clearance of the announcement in relation to the Proposed Placing;
- (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would materially and adversely affect the business, financial or trading position of the Company; or
- (vi) the instigation of any bona fide litigation or claim of material importance by any third party against any member of the Group which would, if successful, materially and adversely affect the business, financial or trading position of the Company,

and which can reasonably be expected, in the opinion of the Placing Agent acting reasonably and in good faith, to have or has had a material adverse effect upon the condition, (financial or otherwise) or earnings, business affairs or business prospects of the Company;

- (b) there is any breach of any of the Placing Warranties made by the Company as set out in the Placing Agreement which has come to the knowledge of the Placing Agent or any event which has occurred or any matter which has arisen on or after the date of the Placing Agreement and prior to the Placing Completion which (i) if it had occurred or arisen before the date hereof would have rendered any of such Placing Warranties untrue, inaccurate or misleading in any material respects, or (ii) in the opinion of the Placing Agent acting reasonably, materially and adversely affects the condition (financial or otherwise) or earnings, business affairs or business prospects of the Company; or
- (c) there has been a breach of or failure to perform any of the Company's obligations in any material respect under the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement, shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS C

The principal terms of the Convertible Bonds C were arrived at after arm's length negotiations between the Company and the Placing Agent. The principal amount of the Convertible Bonds C is US\$20,000,000 and other principal terms of the Convertible Bonds C are substantially the same as the principal terms of the Convertible Bonds A as set out in the paragraph headed "Principal terms of the Convertible Bonds A" above, except that all references therein as to "Convertible Bonds A", "Conversion Shares A" and "First Subscription Agreement" shall be replaced by "Convertible Bonds C", "Conversion Shares C" and "Placing Agreement", respectively.

GENERAL MANDATE FOR THE ISSUE OF THE CONVERSION SHARES

The issue of the Conversion Shares is not subject to Shareholders' approval.

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the EGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the EGM (i.e. 207,360,000 Shares, representing 20% of 1,036,800,000 Shares in issue as at the date of the EGM). As at the date of this announcement, no portion of the General Mandate has been utilised. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Conversion Shares. As such, the issue of the Conversion Shares is not subject to further Shareholders' approval. The issue and allotment of 167,675,673 Conversion Shares will utilise approximately 80.86% of the General Mandate. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

RANKING OF THE CONVERSION SHARES

The Conversion Shares, when allotted and issued shall rank pari passu with, and carry the same rights in all aspects as, the other Shares in issue as at the date of issue and be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to calls for further funds.

APPLICATION FOR LISTING

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

INFORMATION ON SUBSCRIBER A

Subscriber A, namely, Haitong International Financial Solutions Limited, is a company incorporated in Hong Kong, is a subsidiary of Haitong International Securities Group Limited which is listed on the main board of the Stock Exchange (Stock code: 665). The controlling shareholder of Haitong International Securities Group Limited, Haitong International Holdings Limited (“**Haitong International**”) is a company well-established to provide comprehensive and quality corporate finance, brokerage and margin financing, investment management, fixed income, currency and commodities as well as leveraged and acquisition financing and equity derivative products and services to institutional clients and individual investors domestically and around the globe. Haitong International has a robust retail client base and extensive distribution channels, with over 10 branches in Hong Kong and Macau.

Before entering into the First Subscription Agreement, neither Subscriber A nor its associates have any interests in the Shares or any business dealings with the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Subscriber A is an Independent Third Party as at the date of this announcement.

INFORMATION ON SUBSCRIBER B

Subscriber B, namely, Jiayin Finance Holding Group Co., Limited, is a company incorporated in Hong Kong. It is wholly owned by the controlling shareholder of 上海你我貸金融信息服務有限公司 (transliterated as Shanghai Niwodai Financial Information Services Company Limited*), an internet-based financial services platform, providing peer-to-peer lending services in over 100 cities across 30 provinces in the PRC.

Before entering into the Second Subscription Agreement, neither Subscriber B nor its associates have any interests in the Shares or any business dealings with the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Subscriber B and (if applicable) its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

* *For identification purpose only*

REASONS FOR THE PROPOSED SUBSCRIPTION AND THE PROPOSED PLACING AND USE OF PROCEEDS

The Group is principally engaged in payment business in the PRC and South East Asia and operate a nationwide prepaid and internet payment network in the PRC.

The aggregate gross proceeds of the Proposed Subscription and the Proposed Placing will be approximately HK\$310 million and the aggregate net proceeds of the Proposed Subscription and the Proposed Placing, after deduction of expenses, are estimated to be approximately HK\$307 million. On this basis, the net price per Conversion Share to be issued upon exercise of the conversion rights attaching to the Convertible Bonds is approximately HK\$1.83.

The Company intends to use the net proceeds raised from the Proposed Subscription and the Proposed Placing (i) to pursue acquisition in the payment and internet finance industry in the PRC and the Company has been in preliminary discussions with potential investment targets but no definite terms have been agreed as at the date of this announcement; (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; and (iii) as general working capital of the Group.

The initial Conversion Price of HK\$1.85 per Conversion Share (subject to adjustments) represents (i) a discount of approximately 6.09% to the closing price of HK\$1.97 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 19.82% over the closing price of HK\$1.544 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day.

The Directors consider that the issuance of the Convertible Bonds is in the interests of the Company considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position of the Group for its future business developments and broaden the Shareholder base of the Company. Having considered that the Company is exploring for business opportunities to diversify risk and broaden the sources of income of the Group, the Board considers that the terms of the Proposed Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, the Directors consider that the First Subscription Agreement, the Second Subscription Agreement and the Placing Agreement are entered into on normal commercial terms following arm's length negotiations between the Company, Subscriber A, Subscriber B and the Placing Agent and that the terms of the First Subscription Agreement, the Second Subscription Agreement and the Placing Agreement are fair and reasonable so far as to the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

The effect of the Proposed Subscription and the Proposed Placing on the shareholding structure of the Company immediately upon full exercise of the conversion rights attaching to the Convertible Bonds is set out below (assuming that there is no other change in the shareholding structure of the Company from the date of this announcement to immediately prior to completion of the Proposed Subscription and Proposed Placing and the issue of the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bonds):

	As at the date of this announcement		Immediately after the issue and allotment of the Conversion Shares A upon the full conversion of the Convertible Bonds A		Immediately after the issue and allotment of the Conversion Shares B upon the full conversion of the Convertible Bonds B		Immediately after the issue and allotment of the Conversion Shares C upon the full conversion of the Convertible Bonds C		Immediately after the issue and allotment of all the Conversion Shares upon the full conversion of all the Convertible Bonds	
	Approximate		Approximate		Approximate		Approximate		Approximate	
	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.
Directors										
Mr. Cheng Nga Ming Vincent (Note 1)	174,500,000	16.83	174,500,000	16.18	174,500,000	16.18	174,500,000	15.57	174,500,000	14.49
Mr. Cao Guoqi (Note 2)	52,040,000	5.02	52,040,000	4.82	52,040,000	4.82	52,040,000	4.64	52,040,000	4.32
Mr. Zhang Huaqiao	4,750,000	0.46	4,750,000	0.44	4,750,000	0.44	4,750,000	0.42	4,750,000	0.39
(A) Sub-total of Directors	231,290,000	22.31	231,290,000	21.44	231,290,000	21.44	231,290,000	20.64	231,290,000	19.20
Public Shareholders										
Subscriber A	-	-	41,918,918	3.89	-	-	-	-	41,918,918	3.48
Subscriber B	-	-	-	-	41,918,918	3.89	-	-	41,918,918	3.48
Placees	-	-	-	-	-	-	83,837,837	7.48	83,837,837	6.96
Other public Shareholders	805,510,000	77.69	805,510,000	74.67	805,510,000	74.67	805,510,000	71.88	805,510,000	66.88
(B) Sub-total of non-public Shareholders	805,510,000	77.69	847,428,918	78.56	847,428,918	78.56	889,347,837	79.36	973,185,673	80.80
Total (A) + (B)	1,036,800,000	100.00	1,078,718,918	100.00	1,078,718,918	100.00	1,120,637,837	100.00	1,204,475,673	100.00

Notes:

- 174,500,000 Shares were 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.
- Of 52,040,000 Shares, 51,270,000 were held by Probest Limited (“**Probest**”) which in turn is wholly-owned by Mr. Cao Guoqi (“**Mr. Cao**”), an executive Director. As Mr. Cao is the sole shareholder of Probest, he is deemed to be interested in these 51,270,000 Shares held by Probest under the SFO. The other 770,000 Shares were held by Ms. Zheng Lu who is the spouse of Mr. Cao. Accordingly, Mr. Cao is deemed to be interested in these 770,000 Shares held by Ms. Zheng Lu under the SFO.

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 Announcement	Description of the fund raising activities	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
10 September 2014	<p>(i) Placing of 104,310,000 existing shares at a placing price of HK\$1.46 per placing Share on a best effort basis and top-up subscription of 104,310,000 new Shares at a subscription price of HK\$1.46 per subscription Share;</p> <p>(ii) subscription of 68,490,000 new Shares at a subscription price of HK\$1.46 per Share</p>	Approximately HK\$248 million	To finance the LC Acquisition, capital may be required under the strategic cooperation agreement between 中海思信息技術(北京)有限公司 (Zhongchao Hismart Information Technology (Beijing) Co., Ltd.*) and the Company or otherwise as general working capital of the Group or towards other lucrative business and investment opportunities or as general working capital of the Group	<p>(i) approximately HK\$224 million was used to fund the LC Acquisition;</p> <p>(ii) approximately HK\$6 million was used as investment deposit for a company in China's payment industry; and</p> <p>(iii) approximately HK\$18 million was used as general working capital (as to approximately HK\$4 million was used to purchase IT equipment in support of PRC payment business, as to approximately HK\$5 million was used to pay for legal and professional fees, as to approximately HK\$6 million was used to pay for salaries and as to approximately HK\$3 million was used as prepayment for MCONE's suppliers).</p>

Shareholders and potential investors should be cautioned that the First Subscription, the Second Subscription and the Proposed Placing is subject to the fulfilment of the First Subscription Conditions Precedent, the Second Subscription Conditions Precedent and the Placing Conditions Precedent, respectively, and therefore may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* for identification purpose only

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 9 April 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 13 April 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”	a day (other than a Saturday, Sunday, public holiday, or days on which a tropical cyclone warning signal no. 8 or above or black rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong;
“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 thereto in the GEM Listing Rules;
“Conversion Price”	HK\$1.85 per Conversion Share, subject to adjustment;
“Conversion Shares”	the Conversion Shares A, the Conversion Shares B and the Conversion Shares C;
“Conversion Shares A”	those Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bond A;
“Conversion Shares B”	those Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bond B;

“Conversion Shares C”	those Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bond C;
“Convertible Bond(s)”	the Convertible Bond A, the Convertible Bond B and the Convertible Bond C;
“Convertible Bonds A”	the 6% convertible bonds due on 30 April 2018 in the principal amount of US\$10,000,000 to be issued by the Company to Subscriber A pursuant to the First Subscription Agreement;
“Convertible Bonds B”	the 6% convertible bonds due on 30 April 2018 in the principal amount of US\$10,000,000 to be issued by the Company to Subscriber B pursuant to the Second Subscription Agreement;
“Convertible Bonds C”	the 6% convertible bonds due on 30 April 2018 in the aggregate principal amount of up to US\$20,000,000 to be issued by the Company pursuant to the Placing Agreement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company held on 25 February 2015;
“First Subscription”	subscription of the Convertible Bonds A in the principal amount of US\$10,000,000 by Subscriber A pursuant to the First Subscription Agreement;
“First Subscription Agreement”	the conditional subscription agreement dated 9 April 2015 entered into between the Company and Subscriber A in relation to the subscription of the Convertible Bonds A in the principal amount of US\$10 million;
“First Subscription Completion”	completion of the issue and subscription of the Convertible Bonds A pursuant to the First Subscription Agreement or, the performance by the parties thereto of their respective obligations under the First Subscription Agreement;

“First Subscription Conditions Precedent”	the conditions precedent to First Subscription Completion under the First Subscription Agreement which are summarised in the paragraph headed “Conditions precedent to First Subscription Completion” in this announcement;
“First Subscription Longstop Date”	the day which falls on the expiry of 30 calendar days immediately following the date of the First Subscription Agreement;
“First Subscription Warranties”	the representations, warranties and undertakings under the First Subscription Agreement;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“General Mandate”	the general mandate granted to the Directors passed by resolutions of Shareholders at the EGM to allot, issue and deal with up to 207,360,000 Shares, representing approximately 20% of the issued share capital of the Company as at the date of the EGM;
“Group”	the Company and its subsidiaries;
“Guarantors”	Mr. Zhang Huaqiao, Mr. Cao Guoqi, Mr. Xiong Wensen and Mr. Lin Xiaofeng, all being directors or senior management of the Company;
“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;
“Issue Date”	the date of first issue of the Convertible Bond;
“Last Trading Day”	8 April 2015, being last trading day immediately prior to the entering into of the First Subscription Agreement and the Second Subscription Agreement;

“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any principal amount of the Convertible Bonds C under the Placing Agreement;
“Placing Agent”	Haitong International Securities Company Limited, a company incorporated in Hong Kong and a licensed corporation under the SFO to carry on type 1 (dealing in securities), type 3 (leveraged foreign exchange trading and type 4 (advising on securities) regulated activities;
“Placing Agreement”	the conditional placing agreement dated 10 April 2015 entered into between the Company and the Placing Agent in relation to the Proposed Placing;
“Placing Completion”	completion of the Proposed Placing;
“Placing Completion Date”	a date falling within four (4) Business Days following the Placing Conditions being fulfilled or such other date as the Company and the Placing Agent shall agree;
“Placing Conditions Precedent”	the conditions precedent to the Placing Completion under the Placing Agreement which are summarised in the paragraph headed “Conditions precedent to the Placing Completion”;
“Placing Longstop Date”	30 April 2015 (or such later date as may be agreed between the Company and the Placing Agent), being the longstop date for the fulfilment or waiver (as the case may be) of the Placing Conditions or if such date is not a Business Day, the immediate preceding Business Day;
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the Placing Completion Date, unless terminated earlier pursuant to the terms of the Placing Agreement;
“Placing Warranties”	the representations, warranties and undertakings under the Placing Agreement;

“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Proposed Placing”	the placing of the Convertible Bonds with an aggregate principal amount of US\$20,000,000 procured by or on behalf of the Placing Agent to selected Placees pursuant to the Placing Agreement;
“Proposed Subscription”	the First Subscription and the Second Subscription;
“Second Subscription”	subscription of the Convertible Bonds B in the principal amount of US\$10,000,000 by Subscriber B pursuant to the Second Subscription Agreement;
“Second Subscription Agreement”	the conditional subscription agreement dated 9 April 2015 entered into between the Company and Subscriber B in relation to the subscription of the Convertible Bonds B in the principal amount of US\$10 million;
“Second Subscription Completion”	completion of the issue and subscription of the Convertible Bonds B pursuant to the Second Subscription Agreement or, the performance by the parties thereto of their respective obligations under the Second Subscription Agreement;
“Second Subscription Conditions Precedent”	the conditions precedent to Second Subscription Completion under the Second Subscription Agreement which are summarised in the paragraph headed “Conditions precedent to Second Subscription Completion” in this announcement;
“Second Subscription Longstop Date”	the day which falls on the expiry of 30 calendar days immediately following the date of the Second Subscription Agreement;
“Second Subscription Warranties”	the representations, warranties and undertakings under the Second Subscription Agreement;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber A”	Haitong International Financial Solutions Limited, a company incorporated in Hong Kong, being an Independent Third Party;
“Subscriber B”	Jiayin Finance Holding Group Co., Limited, a company incorporated in Hong Kong, being an Independent Third Party;
“Subscribers”	Subscriber A and Subscriber B;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America;
“%”	per cent.

In this announcement, the translation of US\$ into HK\$ is based on the exchange rate of US\$1:HK\$7.755, for illustration purposes only.

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

Hong Kong, 12 April 2015

As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Cheng Nga Ming Vincent, Mr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; (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 Rule 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 for at least 7 days from the date of its posting and on the Company’s website at www.chinasmartpay.com.