

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



## **China Smartpay Group Holdings Limited**

### **中國支付通集團控股有限公司**

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

**(Stock Code: 8325)**

#### **PROPOSED ISSUE OF (I) FIXED RATE SENIOR SECURED BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF US\$32,000,000 AND (II) FIXED RATE SENIOR SECURED CONVERTIBLE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF US\$8,000,000**

The Board is pleased to announce that on 29 July 2016, the Company entered into a Subscription Agreement with the Subscribers pursuant to which the Subscribers have agreed to (i) subscribe for the Bonds in the aggregate principal amount of US\$32,000,000; and (ii) subscribed for the Convertible Bonds in the aggregate principal amount of US\$8,000,000.

The estimated net proceeds from the issue of the Bonds and the Convertible Bonds, after giving effect to Placing Agent's underwriting commissions (but before giving effect to certain transaction-related expenses) will be US\$39,341,935.

The Company intends to use the net proceeds received from the Bonds and the Convertible Bonds for, among others, the capital of a microcredit company in Chongqing and business expansion and other acquisitions of the Group.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$1.90, the Convertible Bonds will be convertible into 32,631,578 Conversion Shares (subject to adjustments as set out in the conditions for issue of the Convertible Bonds), representing approximately 2.27% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

The Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds. No listing application will be made for the Bonds or the Convertible Bonds on the Stock Exchange or any other stock exchange.

**Completion of the Subscription Agreement is subject to fulfilment or waiver of the conditions precedent set out therein. Accordingly, the issue of the Bonds and the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **PROPOSED ISSUE OF BONDS AND CONVERTIBLE BONDS**

The Board is pleased to announce that on 29 July 2016, the Company entered into a Subscription Agreement with the Subscribers pursuant to which the Subscribers have agreed to (i) subscribe for the Bonds in the aggregate principal amount of US\$32,000,000; and (ii) subscribe for the Convertible Bonds in the aggregate principal amount of US\$8,000,000.

### **SUBSCRIPTION AGREEMENT**

#### **Date**

29 July 2016

#### **Parties to the Subscription Agreement**

- (a) the Company; and
- (b) the Subscribers.

Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC — Fund I SP), Hai Tong Asset Management (HK) Limited and Sun Create Richly Holdings (Asia) Limited (陽光創富控股(亞洲)有限公司) are the Subscribers in respect of the offer and sale of the Bonds and the Convertible Bonds. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscribers are independent third parties and not connected persons of the Company.

The Bonds and the Convertible Bonds have not been, and will not be, registered under the U.S. Securities Act. Accordingly, the Bonds and the Convertible Bonds are being offered or sold outside the United States in accordance with Regulation S under the U.S. Securities Act. The Bonds and the Convertible Bonds will not be offered to the public in Hong Kong.

## Completion Conditions

- (1) Bonds Completion is conditional upon the following conditions being fulfilled (or waived in accordance with (4) below) to the satisfaction of the Subscribers:
- (a) the Company shall have obtained all necessary consents, authorisations and approvals in relation to the Transaction Documents and transactions contemplated thereunder (except for the approval of the Stock Exchange for the listing of and permission to deal in the Conversion Shares which shall be obtained prior to the Convertible Bonds Issue Date) and such consents, authorisations and approvals shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;
  - (b) the Company shall have passed all the necessary resolutions of the board of directors of the Company approving, *inter alia*, the terms of, and the transactions contemplated by, the Transaction Documents and resolving that it executes the Transaction Documents to which it is a party and such resolutions shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;
  - (c) each of the Bonds Transaction Documents together with all ancillary documents to be delivered thereunder, shall have been duly executed by the relevant parties (other than the Subscribers);
  - (d) the opinions of legal counsel shall be in a form satisfactory to the Subscribers;
  - (e) at the Bonds Issue Date, (i) the Warranties shall be true, accurate and correct at, and as if made on, such date; (ii) the Company shall have performed all of its obligations under this Agreement expressed to be performed on or before such date;
  - (f) at the Bonds Issue Date, there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the condition (financial or other), prospects, results of operations or properties of the Group which, in the reasonable opinion of the Subscribers, has a Material Adverse Effect;
  - (g) approval of the transactions contemplated under the Transaction Documents from the investment committee of each Subscriber, if applicable, have been obtained and such approval not being revoked;
  - (h) each Subscriber is satisfied with the results of all necessary “know your customer” requirements and other anti-money laundering checks;
  - (i) no Event of Default is outstanding or would result from the issuance by the Company of any Bond or Convertible Bond to each Subscriber;
  - (j) satisfactory commercial, financial and legal due diligence of each Obligor, the Group and their respective business;

- (k) the Issue Price (including 100% of the principal amount of the Convertible Bonds as contemplated by the Convertible Bonds Transaction Documents) shall be no less than US\$25,000,000 (for the avoidance of doubt, the entering into of the Subscription Agreement confirming the agreement of the Company and the Subscribers that the aggregate principal amounts of the Bonds and the Convertible Bonds shall be US\$40,000,000, shall be deemed to have satisfied and/or fulfilled this clause (k) and nothing in this clause (k) shall be deemed to be construed that the Bonds Completion and the Convertible Bonds Completion shall have to take place simultaneously for the purpose of fulfilment of this clause (k) notwithstanding that the Issue Price under the Bonds Completion may amount to less than US\$25,000,000);
  - (l) the equity attributable to the Company (as of the cut off date of the statement of financial position in the Company's most recent financial report published in accordance with the Listing Rules) shall be no less than HK\$1,200,000,000 (or its equivalent in any other currency);
  - (m) the consolidated interest bearing borrowings of the Company shall not exceed 50% of the equity attributable to the Company as of the cut off date of the statement of financial position in the Company's most recent financial report published in accordance with the Listing Rules;
  - (n) the listing of the Shares (as a class) on the Stock Exchange shall not have been suspended for a continuous period of ten (10) days on each of which the Stock Exchange is generally open for trading;
  - (o) the most recent audit opinions issued by the Company's independent auditors in connection with the Company's audited financial reports shall be clean and unqualified; and
  - (p) the Transaction Documents (other than the Subscription Agreement) are in substantially agreed form.
- (2) Convertible Bonds Completion is conditional upon the following conditions being fulfilled (or waived in accordance with (4)) to the satisfaction of the Subscribers:
- (a) the Company shall have obtained all necessary consents, authorisations and approvals in relation to the Convertible Bonds Transaction Documents and transactions contemplated thereunder, including but not limited to the approval of the Stock Exchange for the listing of and permission to deal in Conversion Shares and such consents, authorisations and approvals shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;
  - (b) the Company shall have passed all the necessary resolutions of the board of directors of the Company approving, *inter alia*, the terms of, and the transactions contemplated by, the Convertible Bonds Transaction Documents and resolving that it executes the Convertible Bonds Transaction Documents to which it is a party and such resolutions shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the Subscribers;

- (c) each of the Convertible Bonds Transaction Documents together with all ancillary documents to be delivered thereunder, shall have been duly executed by the relevant parties (other than the Subscribers);
  - (d) the opinions of legal counsel shall be in a form satisfactory to the Subscribers;
  - (e) at the Convertible Bonds Issue Date, (i) the Warranties shall be true, accurate and correct at, and as if made on, such date; (ii) the Company shall have performed all of its obligations under this Agreement expressed to be performed on or before such date;
  - (f) at the Convertible Bonds Issue Date, there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the condition (financial or other), prospects, results of operations or properties of the Group which, in the reasonable opinion of the Subscribers, has a Material Adverse Effect;
  - (g) approval of the transactions contemplated under the Transaction Documents from the investment committee of each Subscriber, if applicable, have been obtained and such approval not being revoked;
  - (h) each Subscriber is satisfied with the results of all necessary “know your customer” requirements and other anti-money laundering checks;
  - (i) no Event of Default is outstanding or would result from the issuance by the Company of any Bond or Convertible Bond to each Subscriber;
  - (j) satisfactory commercial, financial and legal due diligence of each Obligor, the Group and their respective business;
  - (k) the equity attributable to the Company (as of the cut off date of the statement of financial position in the Company’s most recent financial report published in accordance with the Listing Rules) shall be no less than HK\$1,200,000,000 (or its equivalent in any other currency);
  - (l) the consolidated interest bearing borrowings of the Company shall not exceed 50% of the equity attributable to the Company as of the cut off date of the statement of financial position in the Company’s most recent financial report published in accordance with the Listing Rules;
  - (m) the listing of the Shares (as a class) on the Stock Exchange shall not have been suspended for a continuous period of ten (10) days on each of which the Stock Exchange is generally open for trading; and
  - (n) the most recent audit opinions issued by the Company’s independent auditors in connection with the Company’s audited financial reports shall be clean and unqualified.
- (3) The Company shall use its best endeavours to procure and ensure due fulfilment of each and all of the conditions.

(4) The Subscribers may, to such extent as they think fit and are legally entitled to do so, at any time waive in writing any of the conditions set out in (1) and (2) on such terms as they may decide (save for the conditions set out in (1)(a) and (2)(a) which cannot be waived).

## **PRINCIPAL TERMS OF THE BONDS**

### **Bonds Offered**

Subject to certain conditions to completion, the Company will issue the Bonds in an aggregate principal amount of US\$32,000,000 which will mature on the third anniversary of the Issue Date of the Bonds unless redeemed prior to their maturity pursuant to the terms thereof.

### **Principal Amount**

Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC — Fund I SP)	US\$20,000,000
Hai Tong Asset Management (HK) Limited	US\$4,000,000
Sun Create Richly Holdings (Asia) Limited	<u>US\$8,000,000</u>
<b>Total</b>	<b><u><u>US\$32,000,000</u></u></b>

### **Denomination**

The Bonds are issued in registered form in the denominations of US\$200,000 and integral multiples of US\$10,000 in excess thereof.

### **Issue Price of the Bonds**

100% of the aggregate principal amount of the Bonds

### **Interest**

The Bonds will bear interest at a rate of 9% per annum, payable semi-annually in arrears in the sixth month after the Issue Date and in every sixth month thereafter to and including the Maturity Date.

### **Maturity Date**

The third anniversary of the Issue Date.

### **Transferability**

The Bonds may be freely assigned or transferred to any third party who has confirmed to the Holder of the Bonds in writing it is not a connected person of the Company within the meaning of the Listing Rules (save that the Bonds may be assigned or transferred to a connected person when the Company has given its written consent), subject to the compliance with (i) the terms and conditions of the Bonds Instrument; (ii) the Listing Rules; and (iii) all applicable laws and regulations.

## **Ranking of the Bonds**

The Bonds will constitute direct, unsubordinated and secured general obligations of the Company and will at all times rank *pari passu* and without preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **Redemption on Maturity**

Unless previously redeemed or purchased and cancelled, the Bonds shall be redeemed at the principal amount of the Bonds plus accrued but unpaid interest and costs and expenses reasonably incurred and are due and payable under the Transaction Documents (if any) on the Maturity Date.

## **Redemption at the option of the Company**

By giving no later than seven (7) Business Days but no earlier than thirty (30) Business Days' written notice to the Holder of the Bonds in accordance with the terms of the Bonds Instrument, the Company may redeem the Bonds, in whole but not in part, (i) on the first anniversary of the Issue Date of the Bonds, at a redemption price equals to 102% of the outstanding principal amount of the Bonds or (ii) on the second anniversary of the Issue Date of the Bonds, at a redemption price equals to 105% of the outstanding principal amount of the Bonds, in each case together with accrued and unpaid interest (if any), Default Interest (if any) and costs and expenses reasonably incurred and are due and payable under the Transaction Documents (if any), to (but not including), the redemption date.

## **Covenants of the Company**

Other than the customary covenants of the Company that are contained in the Bonds Instrument, the Company covenants to the Holder of the Bonds that for so long as the Bonds remain outstanding:

- (i) the Company shall hold and continue to hold (directly or indirectly through any wholly-owned subsidiaries) 100% of the issued capital of and shall not create any encumbrance on the shares held by it in Firm Idea Limited; Firm Idea Limited shall hold and continue to hold (directly or indirectly through any wholly-owned subsidiaries) 100% of the issued capital of and shall not create any encumbrance on the shares held by it in Goodgate Limited (unless otherwise agreed by the Majority Bondholders) (except for the Share Charge); the Company shall Control and shall not create or procure the creation of any encumbrance on its direct or indirect Controlling interests in 開聯通支付服務有限公司 and/or its holding companies (except for the Share Charge);
- (ii) The equity attributable to the Company as shown in the annual or semi annual reports of the Company published in accordance with the Listing Rules shall be no less than HK\$1,200,000,000 (or its equivalent in any other currency) (unless otherwise agreed by the Majority Bondholders);

- (iii) The consolidated interest bearing borrowings of the Company as shown in the annual or semi annual reports of the Company published in accordance with the Listing Rules shall not exceed 50% of the equity attributable to the Company (unless otherwise agreed by the Majority Bondholders);
- (iv) Mr. Zhang Huaqiao (or any such other person as agreed by the Company and the Majority Bondholders) remains the chairman of the board of directors of the Company;
- (v) If the Company proposes to incur any further Financial Indebtedness (other than the Bonds or the Convertible Bonds (the “**Further Financing**”)) at any time after the date of the Bonds Instrument until the Maturity Date (unless previously redeemed, purchased and cancelled), the terms of such Further Financing shall not be more favourable than the terms set out in the Transaction Documents. The Company further agrees and acknowledges that the Holders shall have the right of first refusal (but not the obligation) to participate in any of the Further Financing;
- (vi) unless otherwise agreed by Majority Bondholders, the Company shall not transfer more than 50% of the Group’s total assets based on the latest consolidated financial statements of the Group.

#### **Events of Default**

If any Event of Default occurs and is continuing, and subject to the confirmation by the Majority Creditors in writing that there is an occurrence of an Event of Default, the Majority Creditors shall, during the continuance of the Event of Default, have the right at their sole option (but are not obliged) to require by notice the Company to redeem the Bonds then outstanding at the Default Redemption Amount.

Other than the customary Events of Default provisions that are contained in the Bonds Instrument, certain additional Events of Default are set out as follows:

- (i) (a) any of 深圳前海雍勒信息技術服務有限公司 or 上海雍勒信息技術有限公司 or 開聯通支付服務有限公司 (the “**Relevant Subsidiaries**”) is insolvent or bankrupt, or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of its debts and proposes or makes any agreement for the deferral, re-scheduling, re-adjustment, assignment or other composition arrangement of all or substantially all of its debts with the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Company or any of the Relevant Subsidiaries, or (b) the Company or any of the Material Subsidiaries of the Company (excluding the Relevant Subsidiaries) is insolvent or bankrupt, or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of its debts and proposes or makes any agreement for the deferral, re-scheduling, re-adjustment, assignment or other composition arrangement of all or substantially all of its debts with the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of any Material Subsidiaries (excluding the Relevant Subsidiaries);

- (ii) (a) any present or future material indebtedness of the Company or any of the Company's Subsidiaries for or in respect of moneys borrowed or raised exceeding HK\$50,000,000 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 (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Company or any of the Company's Subsidiaries fails to pay when due any material amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;
- (iii) a Change of Control (unless otherwise agreed by the Majority Bondholders);
- (iv) unless otherwise agreed by Majority Bondholders, Mr. Zhang Huaqiao or Dr. Cao Guoqi ceases to be a member of the board of the Company or Mr. Zhang Huaqiao ceases to be the chairman of the board of directors of the Company; and
- (v) for any reason, any of these licences is withdrawn or cancelled or the relevant business is suspended by any authority in the PRC: (i) the licence for the issuance of prepaid cards in the PRC; and (ii) the licence of the internet payment.

For the period commencing on the date of occurrence of certain Events of Default as stipulated in the Bonds Instrument and ending on the date on which such Event of Default is remedied (if it is capable of being remedied), the rate of interest shall be automatically increased to the Default Interest with effect from the date of such occurrence.

## **Listing**

No application will be made for the listing of the Bonds.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

### **Convertible Bonds Offered**

Subject to certain conditions to completion, the Company will issue the Convertible Bonds in an aggregate principal amount of US\$8,000,000 which will mature on the third anniversary of the Issue Date of the Convertible Bonds unless redeemed or converted prior to their maturity pursuant to the terms thereof.

### **Principal Amount**

Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC — Fund I SP)	US\$5,000,000
Hai Tong Asset Management (HK) Limited	US\$1,000,000
Sun Create Richly Holdings (Asia) Limited	<u>US\$2,000,000</u>
<b>Total</b>	<b><u><u>US\$8,000,000</u></u></b>

## **Denomination**

The Convertible Bonds are issued in registered form in the denominations of US\$200,000 and integral multiples of US\$10,000 in excess thereof.

## **Issue Price of the Convertible Bonds**

100% of the aggregate principal amount of the Convertible Bonds

## **Interest**

The Convertible Bonds will bear interest at a rate of 4% per annum, payable semi-annually in arrears in the sixth month after the Issue Date and in every sixth month thereafter to and including the Maturity Date.

## **Maturity Date**

The third anniversary from the Issue Date.

## **Transferability**

The Convertible Bonds may be freely assigned or transferred to any third party who has confirmed to the Holder of the Convertible Bonds in writing it is not a connected person of the Company within the meaning of the Listing Rules (save that the Convertible Bonds may be assigned or transferred to a connected person when the Company has given its written consent), subject to the compliance with (i) the terms and conditions of the Convertible Bonds Instrument; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations.

## **Ranking of the Convertible Bonds**

The Convertible Bonds constitute the direct, unsubordinated and secured general obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **Redemption on Maturity**

Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds shall be redeemed at the principal amount of the Convertible Bonds plus the Additional Amount and costs and expenses reasonably incurred and are due and payable under the Transaction Documents (if any) on the Maturity Date.

## Conversion right

At any time after the Issue Date and up to and inclusive of the Maturity Date, the Holder of the Convertible Bonds shall have the right, but not the obligation, to convert in whole or in part, the outstanding principal amount of the Convertible Bonds, into such number of fully paid Shares of the Company as determined in accordance with the following formula:

$$N = A/C$$

Where:

“N” is the number of Shares to be issued by the Company upon conversion.

“A” is the principal amount of the Convertible Bonds to be converted, expressed in Hong Kong Dollars to be determined based on the Hong Kong Dollar Exchange Rate.

“C” is the Conversion Price, as adjusted from time to time.

“**Hong Kong Dollar Exchange Rate**” is a fixed rate of HK\$7.75 = US\$1.

The Holder of the Convertible Bonds shall effect conversions by delivering to the Company notice in the form prescribed in the Conversion Bonds Instrument.

The Conversion Shares, 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.

## Conversion Price

The Conversion Price at which the Company shall issue Conversion Shares to the Holder of Convertible Bonds upon conversion will initially be HK\$1.90 per Share but will be subject to adjustment in the circumstances, among others, (i) alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification; (ii) issue of any Shares (other than scrip dividend) by way of capitalization of profits or reserves; (iii) issue of any Shares in lieu of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), and the current market price of such Shares as at the last trading day preceding the issue of such Shares exceeds 105% of the Relevant Cash Dividend; (iv) capital distribution other than by way of scrip dividend; (v) cash dividend paid or declared (other than in accordance with the normal dividend policy); (vi) offer of new Shares for subscription by way of rights, or grant of options or warrants to subscribe for new Shares; (vii) issue of Convertible Securities by the Company wholly for cash; (viii) modification of the rights of conversion or exchange or subscription attached to any such Convertible Securities; (ix) issue of Shares wholly for cash; and (x) issue of Shares by the Company for the acquisition of asset.

In the case of (vi) to (x) above, such adjustment will take place only where the issue price or total effective consideration per share (as the case may be) for such securities is less than 95% of the current market price per Share.

## **Comparison of Conversion Price**

The initial Conversion Price of HK\$1.90 represents:

- (1) a premium of approximately 54.5% over the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 50.8% over HK\$1.26 which is the average closing price per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (3) a premium of approximately 47.3% over HK\$1.29, which is the average of closing price per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the closing price of the Shares quoted on the Stock Exchange on the Last Trading Day.

## **Redemption at the option of the Company**

By giving no later than seven (7) Business Days but no earlier than 30 Business Days' written notice to the Holder of the Convertible Bonds in accordance with the terms of the Convertible Bonds Instrument, the Company may redeem the Convertible Bonds, in whole but not in part, (i) on the first anniversary of the Issue Date of the Convertible Bonds, at a redemption price equals to 102% of the outstanding principal amount of the Convertible Bonds or (ii) on the second anniversary of the Issue Date of the Convertible Bonds, at a redemption price equals to 105% of the outstanding principal amount of the Convertible Bonds, in each case together with the Additional Amount and costs and expenses reasonably incurred and are due and payable under the Transaction Documents (if any), to (but not including), the redemption date.

## **Covenants of the Company**

Other than the customary covenants of the Company that are contained in the Convertible Bonds Instrument, the Company covenants to the Holder of the Convertible Bonds that for so long as the Convertible Bonds remain outstanding:

- (i) the Company shall hold and continue to hold (directly or indirectly through any wholly-owned subsidiaries) 100% of the issued capital of and shall not create any encumbrance on the shares held by it in Firm Idea Limited; Firm Idea Limited shall hold and continue to hold (directly or indirectly through any wholly-owned subsidiaries) 100% of the issued capital of and shall not create any encumbrance on the shares held by it in Goodgate Limited (unless otherwise agreed by the Majority Convertible Bondholders); the Company shall Control and shall not create or procure the creation of any encumbrance on its direct or indirect Controlling interests in 開聯通支付服務有限公司 and/or its holding companies (except for the Share Charge);

- (ii) The equity attributable to the Company as shown in the annual or semi annual reports of the Company published in accordance with the Listing Rules shall be no less than HK\$1,200,000,000 (or its equivalent in any other currency) (unless otherwise agreed by the Majority Convertible Bondholders);
- (iii) The consolidated interest bearing borrowings of the Company as shown in the annual or semi annual reports of the Company published in accordance with the Listing Rules shall not exceed 50% of the equity attributable to the Company (unless otherwise agreed by the Majority Convertible Bondholders);
- (iv) Mr. Zhang Huaqiao (or any such other person as agreed by the Company and the Majority Convertible Bondholders) remains the chairman of the board of directors of the Company;
- (v) If the Company proposes to incur any Further Financing at any time after the date of the Convertible Bonds Instrument until the Maturity Date (unless previously redeemed, converted or purchased and cancelled), the terms of such Further Financing shall not be more favourable than the terms set out in the Transaction Documents. The Company further agrees and acknowledges that the Holders shall have the right of first refusal (but not the obligation) to participate in any of the Further Financing;
- (vi) unless otherwise agreed by Majority Convertible Bondholders, the Company shall not transfer more than 50% of the Group's total assets based on the latest consolidated financial statements of the Group.

### **Events of Default**

If any Event of Default occurs and is continuing, and subject to the confirmation by the Majority Creditors in writing that there is an occurrence of an Event of Default, the Majority Creditors shall, during the continuance of the Event of Default, have the right at their sole option (but are not obliged) to require by notice the Company to redeem the Convertible Bonds then outstanding at the Default Redemption Amount.

Other than the customary Events of Default provisions that are contained in the Convertible Bonds Instrument, certain additional Events of Default are set out as follows:

- (i) (a) any of Relevant Subsidiaries is insolvent or bankrupt, or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of its debts and proposes or makes any agreement for the deferral, re-scheduling, re-adjustment, assignment or other composition arrangement of all or substantially all of its debts with the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Company or any of the Relevant Subsidiaries, or (b) the Company or any of the Material Subsidiaries of the Company (excluding the Relevant Subsidiaries) is insolvent or bankrupt, or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of its debts and proposes or makes any agreement for the deferral, re-scheduling, re-adjustment, assignment or other composition

arrangement of all or substantially all of its debts with the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of any Material Subsidiaries (excluding the Relevant Subsidiaries);

- (ii) (a) any present or future material indebtedness of the Company or any of the Company's Subsidiaries for or in respect of moneys borrowed or raised exceeding HK\$50,000,000 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 (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Company or any of the Company's Subsidiaries fails to pay when due any material amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;
- (iii) a Change of Control (unless otherwise agreed by the Majority Convertible Bondholders);
- (iv) unless otherwise agreed by Majority Convertible Bondholders, Mr. Zhang Huaqiao or Dr. Cao Guoqi ceases to be a member of the board of the Company or Mr. Zhang Huaqiao ceases to be the chairman of the board of directors of the Company; and
- (v) for any reason, any of these licences is withdrawn or cancelled or the relevant business is suspended by any authority in the PRC: (i) the licence for the issuance of prepaid cards in the PRC; and (ii) the licence of the internet payment.

For the period commencing on the date of occurrence of certain Events of Default as stipulated in the Convertible Bonds Instrument and ending on the date on which such Event of Default is remedied (if it is capable of being remedied), the rate of interest shall be automatically increased to the Default Interest with effect from the date of such occurrence.

## Fund Raising Exercise by the Company in the Past Twelve Months

The Company conducted the following equity fund raising activities in the 12 months immediately before the date of this announcement:

Date of announcement	Fund raising activity	Estimated net proceeds (approximately)	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
25 October 2015	Subscription of 422,809,720 new Shares under specific mandate at the subscription price of HK\$1.90 per Share	<p>The net proceeds had been estimated to be HK\$802 million where:</p> <p>(i) Approximately HK\$350 million was actually received;</p> <p>(ii) For the remaining approximately HK\$453 million, please refer to the announcement of the Company dated 31 May 2016.</p>	<p>(i) pursue acquisition in the payment, internet finance and e-commerce industry in the PRC;</p> <p>(ii) as general working capital of the Group.</p>	<p>(i) approximately HK\$69 million was used in the subscription of new shares issued by Zhi Cheng Holdings Limited (Stock code: 8130);</p> <p>(ii) approximately HK\$61 million was used to invest in internet micro credit business;</p> <p>(iii) approximately HK\$95 million was used to invest in payments and prestige benefits business;</p> <p>(iv) approximately HK\$90 million was used as general working capital of the Group;</p> <p>(v) the remaining will continue to be utilised for the proposed use.</p>

## Effect on the share capital of the Company as a result of conversion of the Convertible Bonds

Based on the initial Conversion Price of the HK\$1.90 per Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 32,631,578 Shares, representing approximately 2.27% of the issued share capital of the Company on the Last Trading Day and approximately 2.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds.

The following table illustrates (i) the existing shareholding structure of the Company; (ii) the shareholding structure immediately after the issue of the Convertible Bonds and assuming no conversion of the Convertible Bonds into Conversion Shares; and (iii) the shareholding structure immediately after the issue of the Convertible Bonds and full conversion of the Convertible Bonds.

	Existing (as at the date of this announcement)		Immediately after the issue of the Convertible Bonds and assuming no conversion of any Convertible Bonds		Immediately after the issue of the Convertible Bonds and assuming full conversion of the Convertible Bonds into Shares at the initial Conversion Price	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged issued share capital of the Company
<b>Substantial Shareholder</b>						
LJF Payment Company Limited	184,210,000	12.83%	184,210,000	12.83%	184,210,000	12.54%
Mr. Cheng Nga Ming Vincent ( <i>Note 1</i> )	174,500,000	12.15%	174,500,000	12.15%	174,500,000	11.88%
The Subscribers	—	—	—	—	32,631,578	2.22%
(A) <i>Sub-total of Substantial Shareholder(s)</i>	<u>358,710,000</u>	<u>24.98%</u>	<u>358,710,000</u>	<u>24.98%</u>	<u>391,341,578</u>	<u>26.65%</u>
<b>Directors</b>						
Dr. Cao Guoqi	64,260,000	4.47%	64,260,000	4.47%	64,260,000	4.38%
Mr. Zhang Huaqiao	6,460,000	0.45%	6,460,000	0.45%	6,460,000	0.44%
(B) <i>Sub-total of Director(s)</i>	<u>70,720,000</u>	<u>4.92%</u>	<u>70,720,000</u>	<u>4.92%</u>	<u>70,720,000</u>	<u>4.82%</u>
<b>Public Shareholders</b>						
Public Shareholders	<u>1,006,619,159</u>	<u>70.10%</u>	<u>1,006,619,159</u>	<u>70.10%</u>	<u>1,006,619,159</u>	<u>68.54%</u>
(C) <i>Sub-total of Public Shareholders(s)</i>	<u>1,006,619,159</u>	<u>70.10%</u>	<u>1,006,619,159</u>	<u>70.10%</u>	<u>1,006,619,159</u>	<u>68.54%</u>
<b>Total</b> ( <i>Note 2</i> )	<u><u>1,436,049,159</u></u>	<u><u>100.00%</u></u>	<u><u>1,436,049,159</u></u>	<u><u>100.00%</u></u>	<u><u>1,468,680,737</u></u>	<u><u>100.00%</u></u>

*Note 1:* 174,500,000 Shares are held by Tian Li Holdings Limited (“**Tian Li**”), which is in turn owned as to 70% and 30% by Mr. Cheng Nga Ming Vincent (“**Mr. Cheng**”) and Ms. Cheng Nga Yee (“**Ms. Cheng**”). 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

*Note 2:* The percentages of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not add up to 100% due to rounding.

## General Mandate

By an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 10 August 2015, the Shareholders granted the general mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company as at the date of passing such resolution, being 1,268,429,159 Shares (the “**General Mandate**”).

As at the date of this announcement, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 253,685,832 Shares pursuant to the General Mandate. The Conversion Shares will be issued under the General Mandate,. The issue of Conversion Shares is not subject to the Shareholders' approval.

## **Listing**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds. No listing application will be made for the listing of the Convertible Bonds.

## **SECURITY**

The obligations of the Company under the Bonds Instrument and the Convertible Bonds Instrument are secured by the Share Charge.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS**

After evaluating the current position of the Company, in order to extend its positive momentum, the Board considers that the issue of the Bonds and Convertible Bonds presents an opportunity to solidify the Company capital base and financial position to ensure an on-going development and better execution of its business plans.

The proceeds of the issue would be primarily used to fund the establishment of the Internet micro-credit company in Chongqing that the company obtained preliminary approval to set up, as disclosed in the Company's announcement dated 19th of May 2016.

The development of the Company's Internet micro-credit capability, as a result of the issue, would create synergy with the Company's other payment service activities by leveraging an ever-growing potential customer base, which would complement the Company's current payment systems with merchant O2O, e-commerce business and robust internet finance operation. Having considered that, the Board regards the terms of the Transaction Documents are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Bonds and the Convertible Bonds, after giving effect to Placing Agent's underwriting commissions (but before giving effect to certain transaction-related expenses) will be US\$39,341,935.

The proceeds of the Bonds and the Convertible Bonds are to be applied for:

- (i) first, the payment of the fees, costs and expenses reasonably incurred under, or in connection with, the Transaction Documents; and

- (ii) Secondly, the capital of the microcredit company in Chongqing and business expansion and other acquisitions of the Group.

**Completion of the Subscription Agreement is subject to fulfillment or waiver of the conditions precedent set out therein. Accordingly, the issue of the Bonds or the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

- “Additional Amount” : with respect to any outstanding Convertible Bonds as of any date of redemption as specified by the Company in such notice(s) relating to redemption of the Convertible Bonds as stipulated hereunder (the “**Date of Determination**”), an amount representing the remainder of:
- (a) a premium (for the avoidance of doubt, inclusive of all interest accrued on or prior to the Date of Determination) calculated at an interest rate of (i) 14% per annum; or (ii) upon the occurrence of an Event of Default and during the period where an Event of Default is continuing, 18% per annum, on the outstanding principal amount of the Convertible Bonds thereof for the period from and including the Issue Date (as defined in the Conditions) to but excluding such Date of Determination, on an annual simple interest basis rounded (if necessary) to the nearest cent, with US\$0.005 or more being rounded upwards and any other amount less than US\$0.005 being rounded downwards (for the avoidance of doubt, whenever it is necessary to compute an amount in respect of the Additional Amount for a period of less than a year, such Additional Amount shall be calculated on the basis of the actual number of days in such period divided by 360),  
  
minus
  - (b) (in the case of (a)(i)) all interest paid thereon on or prior to such Date of Determination and (in the case of (a)(ii)) all interest and Default Interest paid thereon on or prior to such Date of Determination;

provided that, for the avoidance of doubt, in the event that such computed amount is less than zero, the Additional Amount shall be zero;

- “Board” : the board of Directors;
- “Bonds” : 9% senior secured bonds in the aggregate principal amount of US\$32,000,000 proposed to be issued by the Company (which shall include, unless the context requires, otherwise, any additional bonds issued in accordance with the terms and conditions of the bonds and consolidated and forming a single series therewith), as described in this announcement;
- “Bonds Completion” : the completion of the subscription of the Bonds;
- “Bonds Instrument” : the instrument to be executed by the Company by way of a deed poll constituting the Bonds, together with the schedules thereto (as from time to time altered in accordance with such instrument) and any other documents executed in accordance with such instrument (as from time to time so altered) and expressed to be supplemental to such instrument;
- “Bonds Transaction Documents” : the Bonds Instrument, the Subscription Agreement (and the subscription agreement for any bonds issued in accordance with the terms and conditions of the Bonds Instrument), the certificates of the Bonds, the Share Charge, the Intercreditor Agreement and any other documents relating to the transactions contemplated therein which may be entered into from time to time;
- “Business Day” : means a day on which banks in Hong Kong are open for business, excluding a Saturday, Sunday and public holiday;

- “Change of Control” : for the purposes of the covenants and Events of Default in relation to the Bonds and Convertible Bonds:
- a “**Change of Control**” occurs when (i) Lin Xiaofeng (林曉峰) ceases to directly or indirectly hold or own 90% of or create any encumbrance on the issued share capital of 上海雍勒信息技術有限公司; (ii) 上海雍勒信息技術有限公司 ceases to directly or indirectly hold or own 100% of or create any encumbrance on the issued share capital of 微科睿思在線(北京)科技有限公司; or (iii) the Company ceases to have Control over or create any encumbrance on its direct or indirect Controlling interest in 開聯通支付服務有限公司, except for the Share Charge; and
- “**Control**” means (where applicable): (i) the direct or indirect ownership, acquisition or control of more than 50% of the voting rights of the issued share capital of a person; (ii) the right to appoint and/or remove all or the majority of the members of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (iii) the power to control (directly or indirectly) the affairs and policies of a person, whether by ownership of share capital, the possession of voting rights, contract or otherwise;
- “Chargor” : New United Global Limited, a company incorporated under the laws of the British Virgin Islands with registration number 1785632;
- “Company” : China Smartpay Group Holdings Limited, a company incorporated with limited liability under the laws of the Cayman Islands, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8325);
- “Conditions” : the terms and conditions of the Bonds, or as the case may be, the terms and conditions of the Convertible Bonds;
- “Conversion Shares” : Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds;

- “Convertible Bonds” : 4% senior secured convertible bonds in the aggregate principal amount of US\$8,000,000 proposed to be issued by the Company (which shall include, unless the context requires, otherwise, any additional convertible bonds issued in accordance with the terms and conditions of the convertible bonds and consolidated and forming a single series therewith), as described in this announcement;
- “Convertible Bonds Completion” : the completion of the subscription of the Convertible Bonds;
- “Convertible Bonds Instrument” : the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bonds, together with the schedules thereto (as from time to time altered in accordance with such instrument) and any other documents executed in accordance with such instrument (as from time to time so altered) and expressed to be supplemental to such instrument;
- “Convertible Bonds Transaction Documents” : the Convertible Bonds Instrument, the Subscription Agreement (and the subscription agreement for any additional convertible bonds issued in accordance with the terms and conditions of the Convertible Bonds Instrument), the certificate of the Convertible Bonds, the Share Charge, the Intercreditor Agreement and any other documents relating to the transactions contemplated therein which may be entered into from time to time;
- “Convertible Securities” : any securities issued by the Company (other than securities issued pursuant to any share option scheme) which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares;
- “Creditors” : collectively, (i) the Holders of the Bonds; (ii) the Holder of the Convertible Bonds; and (iii) any holder of the Bonds, other than the Holders of the Bonds, who has become a party to the Intercreditor Agreement pursuant to the terms thereof; and (iv) any holder of the Convertible Bonds, other than the Holders of the Convertible Bonds, who has become a party to the Intercreditor Agreement pursuant to the terms thereof;

“Default Interest” : an amount calculated at an interest rate of 1.5% per month on the principal amount of the Bonds or the Convertible Bonds (as the case may be) then outstanding, with respect to certain Events of Default as specified in the Bonds Instrument and the Convertible Bonds Instrument respectively, for the period commencing on the date of occurrence of such Event of Default and ending on the date on which such Event of Default is remedied (if it is capable of being remedied);

“Default Redemption Amount” : means an amount calculated as follows:

- (a) the aggregate principal amount of the Bonds or the Convertible Bonds then outstanding;
- (b) a premium calculated at an interest rate of 20% per annum on the principal amount of the Bonds or the Convertible Bonds then outstanding, calculated from (and including) (depending on the types of Events of Default as specified in the Bonds Instrument and the Convertible Bonds Instrument, respectively) (i) the Issue Date, or (ii) the date an Event of Default occurs (in which case together with any accrued but unpaid interest) until (and including) the date on which the Default Redemption Amount is unconditionally and irrevocably paid and discharged in full. Such amount shall accrue daily and be calculated on the basis of a 360-day year by reference to the actual number of days in the period to which the calculation relates; and
- (c) in the case of (b)(ii), any accrued but unpaid interest on the Bonds or the Convertible Bonds.

The calculation of the premium shall take into account the (i) interest amount on the principal amount of the Bonds or the Convertible Bonds which has accrued and has been paid, and (ii) any Default Interest which has accrued and has been paid. For the avoidance of doubt, the Default Interest accrued but unpaid shall not be payable in addition to the Default Redemption Amount provided that the Bonds and/or the Convertible Bonds are redeemed by the Holders in accordance with the Conditions and the Default Redemption amount is made in full;

“Directors” : the directors of the Company;

“Events of Default”	:	means the events of defaults as specified in the Bonds Instrument and Convertible Bonds Instrument, respectively;
“Financial Indebtedness”	:	means any indebtedness for or in respect of (a) any bond, note, debenture, loan stock or other similar instrument; or (b) any Convertible Securities;
“Group”	:	the Company and its Subsidiaries from time to time and a “Group Company” means each member of the Group;
“Holder”	:	a person in whose name a Bond is registered in the register of holders of the Bonds (or in the case of joint holders, the first named thereof), or as the case may be, a person in whose name a Convertible Bond is registered in the register of holders of Convertible Bonds (or in the case of joint holders, the first named thereof);
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC;
“Intercreditor Agreement”	:	the intercreditor agreement to be entered between the Subscribers, the Company and the Security Agent at the earlier of the Bonds Issue Date and the Convertible Bonds Issue Date relating to the intercreditor arrangement;
“Issue Date”	:	the respective dates on which the Bonds and the Convertible Bonds are issued;
“Issue Price”	:	100% of the aggregate principal amount of the Bonds, or as the case may be, 100% of the aggregate principal amount of the Convertible Bonds;
“Last Trading Day”	:	29 July 2016, being the last full trading day immediately before the date of this announcement;
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Majority Bondholders”	:	the Holder(s) of at least 85% in principal amount of the Bonds then outstanding;
“Majority Convertible Bondholders”	:	the Holder(s) of at least 85% in principal amount of the Convertible Bonds then outstanding;

- “Majority Creditors” : the Creditor(s) who collectively represent more than 85% of the aggregate principal amount of Secured Obligations (as defined in the Share Charge) outstanding under the Bonds, the Convertible Bonds, the Bonds Instrument, the Convertible Bonds Instrument, the Subscription Agreement, the Intercreditor Agreement, the Share Charge and any other document designated in writing as such by the Security Agent, as the same may from time to time be amended, varied, modified, substituted or supplemented;
- “Material Adverse Effect” : a material adverse effect on or a material adverse change in the:
- (a) financial condition, assets, liabilities, prospects, business, results of operations or properties of the Group taken as a whole;
  - (b) ability of the Company to perform and comply with its obligations under the Bonds and Convertible Bonds;
  - (c) validity, legality or enforceability of the Bonds and Convertible Bonds;
  - (d) rights or remedies of the Holder under the Bonds and Convertible Bonds; or
  - (e) validity, legality or enforceability of the Security expressed to be created under the Share Charge or the priority and ranking of such Security;
- “Maturity Date” : the third anniversary of the Bonds Issue Date, or as the case may be, the third anniversary of the Convertible Bonds Issue Date;
- “Material Subsidiary” : a Subsidiary of the Company whose total asset or net profit before tax is not less than 10% of the consolidated total asset or consolidated net profit before tax of the Group respectively and 深圳前海雍勒信息技術服務有限公司, 上海雍勒信息技術有限公司 and 開聯通支付服務有限公司
- “Obligor” : means the Company and the Chargor;
- “Placing Agent” : Haitong International Securities Company Limited in its capacity as the arranger of the private placement of the Bonds and Haitong International Securities Company Limited and Guoyuan Capital (Hong Kong) Limited in its capacity as the arranger of the private placement of the Convertible Bonds;

“PRC”	:	the People’s Republic of China;
“Security”	:	a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
“Security Agent”	:	Hau, Lau, Li & Yeung Solicitors;
“Share Charge”	:	the charge over 100% of the shares in Goodgate Limited to be executed by the Chargor in favour of the Security Agent;
“Shareholders”	:	the holder(s) of the Shares;
“Shares”	:	the ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited;
“Subscribers”	:	(i) Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC — Fund I SP);  (ii) Hai Tong Asset Management (HK) Limited; and  (iii) Sun Create Richly Holdings (Asia) Limited (陽光創富控股(亞洲)有限公司)
“Subscription Agreement”	:	the subscription agreement dated 29 July 2016 between the Company and the Subscribers relating to the subscription of the Bonds and the Convertible Bonds;
“Subsidiary”	:	in respect of any person (the “ <b>first person</b> ”) at any particular time, any other person (the “ <b>second person</b> ”):  (a) control: whose affairs and policies the first person controls or has the power to control (directly or indirectly), whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or  (b) consolidation: whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;

“Transaction Documents”	:	the Bonds Transaction Documents, the Convertible Bonds Transaction Documents and any other documents relating to the transactions contemplated therein which may be entered into from time to time;
“United States”	:	the United States of America;
“U.S. Securities Act”	:	the United States Securities Act of 1933, as amended;
“USD”	:	the United States dollar, the lawful currency of the United States of America;
“Warranties”	:	the representations, warranties and undertakings by the Company as set out in the Subscription Agreement; and
“%”	:	per cent.

For the purpose of illustration only, conversion of US dollars into Hong Kong dollars in this announcement is based on the exchange rate of US\$1.00 to HK\$7.75. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be exchanged at this or any other rate.

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

Hong Kong, 31 July 2016

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 Growth Enterprise Market of the Stock Exchange 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).*