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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)**

**PLACING OF NEW SHARES UNDER NEW GENERAL MANDATE**

**Placing Agent**



**THE PLACING**

On 21 May 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 394,603,738 Placing Shares to not less than six Placees at the Placing Price of HK\$0.18 per Placing Share on a best effort basis.

Assuming that there will be no change in the total issued share capital of the Company between the date of this announcement and the Completion Date and the maximum of 394,603,738 Placing Shares are successfully placed, the maximum number of the Placing Shares of up to 394,603,738 Shares represents (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$71,028,673 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$70,118,000.

Completion is conditional upon the fulfilment of the Condition as set out below (i.e. the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares). In the event that the Condition is not fulfilled by the Long Stop Date, the Placing will lapse and all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties thereto shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Placing Shares.

### **NEW GENERAL MANDATE**

The Placing Shares will be issued under the New General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 394,603,738 Shares, representing approximately 20.00% of the total number of issued Shares as at the extraordinary general meeting of the Company held on 13 May 2021 approving, among other matters, the granting of the New General Mandate. As at the date of this announcement, no part of the New General Mandate have been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

**Given that Completion is subject to the fulfilment of the Condition, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **THE PLACING**

The Board hereby announces that after trading hours on 21 May 2021, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 394,603,738 Placing Shares to not less than six Placees at the Placing Price of HK\$0.18 per Placing Share on a best effort basis.

### **THE PLACING AGREEMENT**

Principal terms of the Placing Agreement are summarised as follows:

**Date:** 21 May 2021 (after trading hours)

**Parties:** (i) The Company; and  
(ii) the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

## **The Placing**

Upon the terms and subject to the conditions as set out in the Placing Agreement, the Placing Agent conditionally agreed to procure not less than six Placees on a best effort basis to subscribe for up to 394,603,738 Placing Shares at the Placing Price of HK\$0.18 per Placing Share during the Placing Period.

## **Placees**

Pursuant to the terms of the Placing Agreement, the Company shall appoint the Placing Agent as its exclusive agent to procure Placing for the Placing Shares on a best effort basis to not less than six institutional, corporate or independent individual investors to subscribe for the Placing Shares.

The Placing Agent undertakes to use its best endeavours to procure that the Placing Shares shall only be placed to each of the Placee(s) and/or their respective ultimate beneficial owner(s) who or which is a third party independent of and not connected with, or is not acting in concert with, the Company as well as its connected persons (including but not limited to the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associate(s)), and to ensure that none of the Placees will, immediately after the Placing, become a substantial shareholder of the Company.

## **Placing Shares**

The Placing Agent conditionally agreed to place a maximum of 394,603,738 Placing Shares on a best effort basis during the Placing Period.

As at the date of this announcement, the Company has 1,973,018,693 Shares in issue. Assuming that there will be no change in the total issued share capital of the Company between the date of this announcement and the Completion Date and the maximum of 394,603,738 Placing Shares are successfully placed, the maximum number of Placing Shares of up to 394,603,738 Shares represents (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be HK\$3,946,037.38.

The Placing Shares, when issued and fully paid up, shall rank *pari passu* in all respects *inter se* and with all other Shares then in issue.

## **Placing Price**

The Placing Price of HK\$0.18 represents:

- (a) a premium of approximately 7.78% over the closing price of HK\$0.167 per Share quoted on the Stock Exchange on 21 May 2021, being the date of the Placing Agreement; and
- (b) a premium of approximately 7.02% over to the average closing price of HK\$0.1682 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price, the recent trading volume of the Shares and the prospects of the Company.

The estimated expenses for the Placing are approximately HK\$910,000, comprising placing commission and other fees, costs, charges and expenses of the Placing. Assuming that all the Placing Shares could be placed successfully, the net price of each Placing Share is approximately HK\$0.178 per Placing Share.

## **Commission**

Subject to Completion, the Placing Agent will be entitled to a placing commission, in Hong Kong dollars, of 1% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent, upon receipt of subscription moneys for the Placing Shares. The Placing Agent is authorised to deduct such commission, all reasonable fees and expenses incurred by the Placing Agent in connection with the Placing as well as the Stock Exchange trading fee, SFC transaction levy, investor compensation levy and CCASS stock settlement fee (if any) from the payment to be made by the Placing Agent to the Company at Completion pursuant to the Placing Agreement. Assuming all the Placing Shares have been placed, the maximum commission payable by the Company to the Placing Agent shall be approximately HK\$710,287.

The placing commission under the Placing Agreement was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

## **Condition**

Completion is conditional upon the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Both the Company and the Placing Agent shall use their reasonable endeavours to procure the fulfillment of the Condition. In the event that the Condition is not fulfilled by the Long Stop Date, the Placing will lapse and all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties thereto shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

## **Completion**

Completion shall take place on the fifth Business Day following the day on which the Condition is satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing).

On the Completion Date, the Placing Agent shall make or procure the making of payment in Hong Kong dollars in immediately available funds to the Company of the aggregate Placing Price of the Placing Shares (after deduction of the placing commission, all reasonable fees and expenses incurred by the Placing Agent in connection with the Placing as well as the Stock Exchange trading fee, SFC transaction levy, investor compensation levy and CCASS stock settlement fee (if any) to such bank account as the Company may nominate in writing.

## **Termination**

Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled by giving written notice to the Company prior to 10:30 a.m. on the Completion Date to terminate the Placing Agreement if the following event or circumstance occur:

- (i) any Specified Event comes to the notice of the Placing Agent at any time prior to 10:00 a.m. on the Completion Date; or
- (ii) there develops, occurs or comes into force at any time prior to 10:00 a.m. on the Completion Date:
  - (a) any new law, rule or regulation or any change in existing laws, rules or regulations or the interpretation thereof which will in the reasonable opinion of the Placing Agent materially and adversely affect the business or financial condition or prospects of the Company as a whole; or

- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date of the Placing Agreement) of a political, military, economic or other nature which will in the reasonable opinion of the Placing Agent have a material adverse effect on the Placing; or
  - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent has a material adverse effect on the Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and is in the reasonable opinion of the Placing Agent material in the context of the Placing.

If a written notice is given by the Placing Agent to the Company in accordance with the aforesaid manner, the Placing Agreement shall terminate and be of no further effect and neither party to the Placing Agreement shall be under any liability to the other party in respect of the Placing Agreement, save for any antecedent breach or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

## **NEW GENERAL MANDATE**

The Placing Shares will be issued under the New General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 394,603,738 Shares, representing approximately 20.00% of the total number of issued Shares as at the extraordinary general meeting of the Company held on 13 May 2021 approving, among other matters, the granting of the New General Mandate. As at the date of this announcement, no part of the New General Mandate have been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

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

The Group is principally engaged in operating prepaid cards and internet payment business and prestige benefits business in the PRC and merchant acquiring business in Thailand.

As disclosed in the interim report of the Group for the six months ended 30 September 2020, the Group recorded net current liabilities of approximately HK\$42.6 million and approximately HK\$113.6 million as at 31 March 2020 and 30 September 2020, respectively, while the cash and bank balances of the Group amounted to approximately HK\$65.5 million and HK\$190.9 million as at 31 March 2020 and 30 September 2020, respectively.

Further, as disclosed in the third quarterly report of the Group for the nine months ended 31 December 2020, the Group recorded a total revenue of approximately HK\$59.0 million for the nine months ended 31 December 2020, representing a decrease of approximately 68.8% as compared to that of the corresponding period in 2019, which was mainly due to the outbreak of the COVID-19 pandemic. The unaudited loss of approximately HK\$65.0 million for the nine months ended 31 December 2020 was mainly attributable to the decrease in revenue contributed by the adverse effect on the business operation caused by the outbreak of the COVID-19 pandemic. The Board considers that the uncertainty arising from and the impact of the COVID-19 pandemic may continuously affect the Group's operation.

As at the date of this announcement, (i) the Third Party Loan in the amount of RMB67 million (equivalent to approximately HK\$73,769,000) which is repayable on or before 28 September 2021 remains outstanding; and (ii) the outstanding principal amount of the Bonds amounts to approximately HK\$209 million, where the Company has been communicating and negotiating with the subscribers of the Bonds for the repayment proposal of the outstanding principal amount of the Bonds, together with the interest accrued thereon, with view to improving its financial position.

Despite the fact that the Company raised net proceeds of approximately HK\$51.88 million from the 2020 Placing, such net proceeds were all utilised in the manner as particularised in the section headed "Fund Raising Activity of the Company in the Past Twelve Months" of this announcement. Taking into account the financial position of the Group and the outstanding indebtedness of the Group, the Group does not have sufficient funds to repay its current debts (including the Bonds and the Third Party Loan) and to support the business operation of the Group in long run.

In view of the foregoing reason(s) and given that the New General Mandate has been granted to the Directors to allot, issue and otherwise deal with up to 394,603,738 Shares, representing approximately 20.00% of the total number of issued Shares as at the extraordinary general meeting of the Company held on 13 May 2021, which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intends to utilise the New General Mandate and to conduct a fund raising exercise by way of Placing.

The Directors consider the Placing offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner, thereby increasing the liquidity of the Shares as well as to improve the financial position of the Group. The Directors consider that the terms of Placing Agreement (including but not limited to the Placing Price and the placing commission) are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.



Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$71,028,673 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$70,118,000. The Company intends to apply the net proceeds from the Placing (a) as to approximately HK\$21,035,400 to repay part of the current debts of the Group (including but not limited to the partial repayment of the Bonds, together with the interest accrued thereon) and (b) as to approximately HK\$49,082,600 as general working capital of the Group, where to the extent that any parts of the net proceeds from the Placing is not applied for such purpose, such proceeds are intended to be applied for repaying the Group's current debts as referred to in (a) above.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there will be no change in the total issued share capital of the Company between the date of this announcement and the Completion Date) are set out below:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate % (Note 3)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 3)</i>
Mr. Zhang Chang ("Mr. Zhang") (Note 1)	263,090,000	13.33	263,090,000	11.11
Mr. Yan Dinggui ("Mr. Yan") (Note 2)	14,369,430	0.73	14,369,430	0.61
Placees	—	—	394,603,738	16.67
Public Shareholders	1,695,559,263	85.94	1,695,559,263	71.61
<b>Total</b>	<b>1,973,018,693</b>	<b>100.00</b>	<b>2,367,622,431</b>	<b>100.00</b>

Notes:

- (1) As at the date of this announcement, out of these 263,090,000 Shares, 93,090,000 Shares are directly held by Mr. Zhang, whereas the remaining 170,000,000 Shares are held by Sino Starlet Limited ("Sino Starlet"), which is in turn wholly owned by Mr. Zhang, as disclosed in the disclosure of interests notice filed by Mr. Zhang on 7 January 2021. As such, Mr. Zhang is deemed to be interested in these 263,090,000 Shares, respectively, held by Sino Starlet and himself pursuant to Part XV under the SFO. In addition, as disclosed in the disclosure of interest notices both filed by Vered Capital Limited ("Vered Capital") on 29 August 2018, Vered Capital acquired the security interests of 170,000,000 Shares from Sino Starlet and 90,090,000 Shares from Mr. Zhang, respectively, on 27 July 2018.



- (2) As at the date of this announcement, these 14,369,430 Shares are held by Invech Holdings Limited (“**Invech**”). Invech is wholly owned by Bright New Vision Inc. (“**BNV**”), which is in turn wholly owned by Jiayin Asia Limited (“**Jiayin**”). Jiayin is wholly owned by 上海嘉凝信息技術有限公司 (“**Shanghai Jiaying**”), which is in turn wholly owned by 上海嘉銀金融服務有限公司 (“**Shanghai Jiayin**”). Shanghai Jiayin is held by Mr. Yan, who resigned as an executive Director on 24 September 2020, as to 75%. Accordingly, Mr. Yan, Shanghai Jiayin, Shanghai Jiaying, Jiayin and BNV are deemed to be interested in such 14,369,430 Shares held by Invech pursuant to Part XV of the SFO.
- (3) Percentages may not add up to 100% due to rounding.

## FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The following table summarises the fund raising activity by the Company in the past twelve months immediately prior to the date of this announcement:

Date(s) of announcements	Fund raising activities	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds
15 December 2020 and 6 January 2021	2020 Placing	HK\$51,888,000	<p>(i) Approximately HK\$15.56 million of the net proceeds was intended to repay part of the current debts (including but not limited to the partial repayment of the Bonds, together with the interest accrued thereon) of the Group.</p> <p>(ii) The remaining amount of approximately HK\$36.32 million of the net proceeds was intended to be used as general working capital of the Group, where to the extent that any part of the net proceeds was not applied for such purpose, such proceeds were intended to be applied for repaying the Group’s current debts as referred to in (i) above.</p>	<p>(i) All of these net proceeds was applied for repayment of the Group’s current debts.</p> <p>(ii) Approximately HK\$28.82 million out of these net proceeds was used for repayment of the Company’s current debts while the remaining amount of approximately HK\$7.5 million was used as general working capital of the Group (such as the Bonds related interest payment, salary payment, professional fees and rental expenses, etc).</p>

Save as disclosed above, as at the date of this announcement, the Company has not conducted any other fund raising activities in the past twelve months immediately prior to the date of this announcement.

## GENERAL

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

**Given that Completion is subject to the fulfilment of the Condition, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“2020 Placing”	the placing of 328,830,000 Shares pursuant to the placing agreement dated 15 December 2020 entered into between the Company and Venus Sky Investment Limited as the placing agent, completion of which took place on 6 January 2021
“acting in concert”	has the meaning ascribed to it under the Takeovers Codes
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Director(s)
“Bonds”	9% fixed rate senior secured bonds in the aggregate principal amount of US\$48,000,000 issued by the Company in 2016, the aggregate outstanding principal amount of which is approximately HK\$209 million as at the date of this announcement
“Business Day”	a day (excluding a Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours

“chief executive”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	China Smartpay Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM (Stock Code: 8325)
“Completion”	actual completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the date on which Completion takes place
“Condition”	condition precedent to Completion as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) who is (are) third party(ies) independent of, and not connected with, the Company and any of its connected persons
“Long Stop Date”	11 June 2021 (or such later date as may be agreed by the parties to the Placing Agreement in writing)
“New General Mandate”	the refreshed and new general mandate granted to the Directors to allot, issue and otherwise deal with up to 394,603,738 Shares, representing approximately 20.00% of the total number of the issued Shares as at the extraordinary general meeting of the Company held on 13 May 2021

“Placee(s)”	any institutional, corporate or independent individual investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	SBI China Capital Financial Services Limited (軟庫中華金融服務有限公司), a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 21 May 2021 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the date falling on the fifteenth Business Day thereafter (both dates inclusive)
“Placing Price”	HK\$0.18 per Placing Share (exclusive of the Stock Exchange trading fee, SFC transaction levy, investor compensation levy, CCASS stock settlement fee and brokerage as may be payable by the Placees in respect of the Placing Shares)
“Placing Share(s)”	a total of up to a maximum of 394,603,738 Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong as may be amended from time to time)
“Share(s)”	ordinary share(s) of a nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Specified Event”	an event occurring or matter arising on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect in any material respect and such would have a material adverse impact or effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeover Codes”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as may be amended from time to time)
“Third Party Loan”	the loan in the amount of RMB67 million (equivalent to approximately HK\$73,769,000) advanced by an independent third party to the Group as secured by the Group’s 25% equity interests in Keen Best Investments Limited and the personal guarantee provided by a substantial shareholder of the Company, as disclosed in the interim report of the Company for the six months ended 30 September 2020
“%”	per cent.

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

Hong Kong, 21 May 2021

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Zhang Xi, Mr. Wu Hao, Mr. Lin Xiaofeng and Mr. Song Xiangping; and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.*

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

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting. The announcement will also be published on the Company’s website at <http://www.chinasmartpay.com>.*