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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF EXISTING OPG SHARES BY WAY OF PLACING**

**Placing Agent**



**THE PLACING**

The Board hereby announces that on 3 February 2022, Charm Act, a wholly-owned subsidiary of the Company and the controlling shareholder holding 32.5% of the total issued share capital of OPG as at the date of this announcement, entered into the Placing Agreement with the Placing Agent, pursuant to which Charm Act agreed to place through the Placing Agent up to a maximum of 325,000,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.078 per Placing Share on a best effort basis.

Assuming that there will be no other change in the total issued share capital of OPG between the date of this announcement and the Placing Completion Date and all the 325,000,000 Placing Shares are successfully placed, the Placing Shares represent 32.5% of the total issued share capital of OPG as at the date of this announcement; and approximately 27.08% of the total issued share capital of OPG as enlarged by the allotment and issue of subscription shares under the Subscription, if materialised.

Upon Completion, assuming that all 325,000,000 Placing Shares have been successfully placed by the Placing Agent, the shareholding in OPG held by Charm Act will be reduced from 32.5% to 0%, whereupon the Group will no longer own any equity interests in OPG.

As disclosed in the Joint Announcement, OPG would cease to be a subsidiary of the Company and would be accounted for using the equity method as a result of the Deemed Disposal, if materialised. Assuming that all 325,000,000 Placing Shares have been successfully placed, on one hand, if the Deemed Disposal has not taken place prior to the Placing Completion or is not effected at all, OPG would cease to be a subsidiary of the Company as a result of the Disposal and the financial results and financial positions of the OPG Group would no longer be consolidated into the consolidated financial statements of the Group; and on the other hand, if the Deemed Disposal has taken place prior to the Placing Completion, OPG would cease to be accounted for using the equity method as a result of the Disposal.

## **GEM LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in relation to the Disposal, when aggregated with the Deemed Disposal (if materialised), exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **GENERAL**

Save for Mr. Lin Xiaofeng, both an executive Director and an executive director of OPG, having voluntarily abstained from voting on the resolution(s) of the Board approving the Placing Agreement and the transactions contemplated thereunder (including but not limited to the Disposal), no Director has a material interest or is required to abstain from voting on the said resolution(s).

## **THE PLACING**

The Board hereby announces that on 3 February 2022, Charm Act, a wholly-owned subsidiary of the Company and the controlling shareholder holding 32.5% of the total issued share capital of OPG as at the date of this announcement, entered into the Placing Agreement with the Placing Agent, pursuant to which Charm Act agreed to place through the Placing Agent up to a maximum of 325,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.078 per Placing Share on a best effort basis.

## **THE PLACING AGREEMENT**

Principal terms of the Placing Agreement are summarised as follows:

**Date:** 3 February 2022

**Parties:** (i) Charm Act

(ii) the Placing Agent

## **Placing Agent**

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

## **Placees**

Pursuant to the terms of the Placing Agreement, Charm Act shall appoint the Placing Agent as its agent to procure on a best effort basis not less than six independent institutional, corporate or individual investors to purchase the Placing Shares on and subject to the terms of the Placing Agreement. For the avoidance of doubt, the Placing Agent has no obligation to take up any Placing Shares by itself in case the Placing Agent fails to procure any Placees to purchase the Placing Shares.

The Placing Agent shall use its best endeavours to ensure that (i) each of the Placees and/or their respective ultimate beneficial owner(s) is a third party independent of and not connected with, and is not acting in concert with the Company, OPG and their respective connected persons; and (ii) immediately after the Placing, none of the Placees will become a substantial shareholder of OPG.

## **Number of the Placing Shares**

Assuming that there will be no other change in the total issued share capital of OPG between the date of this announcement and the Placing Completion Date and all the 325,000,000 Placing Shares are successfully placed, the Placing Shares represent 32.5% of the total issued share capital of OPG as at the date of this announcement; and approximately 27.08% of the total issued share capital of OPG as enlarged by the allotment and issue of subscription shares under the Subscription, if materialised.

The aggregate nominal value of all the Placing Shares will be HK\$3,250,000.

## **Placing Price**

The Placing Price of HK\$0.078 per Placing Share represents:

- (a) a discount of approximately 19.59% to the closing price of HK\$0.097 per OPG Share quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 16.84% to the average closing price of HK\$0.0938 per OPG 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 Charm Act and the Placing Agent with reference to, among other things, the prevailing market price, the recent trading volume of the OPG Shares, the prospects of OPG as well as the information set out in the profit warning announcement of OPG dated 27 January 2022.

## **Proceeds from the Placing**

Assuming all the 325,000,000 Placing Shares have been placed, the gross proceeds of the Placing will be HK\$25.35 million and the net proceeds (after deduction of placing commission and other costs, charges and expenses of the Placing) will be approximately HK\$24.2 million. On or prior to the Placing Completion Date, the Placing Agent (or its nominees or agents) shall make or procure the making of payments in immediately available funds to Charm Act in Hong Kong dollars of the aggregate Placing Price of the Placing Shares which have been placed and sold by the Placing Agent (after deduction of placing commission and other costs, charges and expenses of the Placing including but not limited to stamp duty, brokerage fees, Stock Exchange trading fee, SFC transaction levy, investor compensation levy, CCASS stock settlement fee or such other costs and expenses as may be payable by Charm Act in respect of the sale of the Placing Shares) pursuant to the terms of the Placing Agreement.

## **Commission**

The Placing Agent is entitled to a commission equivalent to 2.5% of the aggregate gross proceeds from the actual number of the Placing Shares placed by the Placing Agent at the Placing Price (such amount to be deducted from the payment to be made by the Placing Agent to Charm Act pursuant to the Placing Agreement). Assuming all the 325,000,000 Placing Shares have been placed, the maximum commission payable by Charm Act to the Placing Agent shall be HK\$633,750.

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

## **Rights**

The Placing Shares shall be sold free from any lien, charge, option, warrant, pre-emptive right or other encumbrance or third party right whatsoever and together with all rights attaching thereto.

## **Condition of the Placing**

The Placing is unconditional.

## **Placing Completion**

Placing Completion shall take place on a date falling within four Business Days after the Transaction Date or such other date as Charm Act and the Placing Agent may agree in writing.

## **Rescission**

If any of the following events occurs at any time prior to 10:00 a.m. on the Placing Completion Date, the Placing Agent may, by giving a written notice to Charm Act, at any time prior to 10:30 a.m. on the Placing Completion Date rescind the Placing Agreement without liability to Charm Act or any thereof (save and except for certain clauses in the Placing Agreement which survive termination and shall continue to have full force and effect) shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof, save for any antecedent breaches:

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

## **INFORMATION ON THE GROUP AND CHARM ACT**

As at the date of this announcement, 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. Charm Act, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

## **INFORMATION ON THE PLACING AGENT**

The Placing Agent is a licensed corporation 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.

## INFORMATION ON THE OPG GROUP

OPG is an investment holding company. The OPG Group is principally engaged in merchant acquiring business in Thailand.

## FINANCIAL INFORMATION OF THE OPG GROUP

Set out below is the audited financial information of the OPG Group extracted from its audited consolidated financial statements for each of the two financial years ended 31 March 2020 and 31 March 2021, respectively, prepared in accordance with the applicable accounting standards:

	<b>For the year ended 31 March 2021 <i>HK\$'000</i></b>	<b>For the year ended 31 March 2020 <i>HK\$'000</i></b>
(Loss) before taxation	(31,117)	(4,418)
(Loss) after taxation	(30,655)	(5,575)

## FINANCIAL EFFECTS OF THE DISPOSAL BY WAY OF PLACING

The unaudited aggregate net asset value of all the 325,000,000 Placing Shares as at 30 September 2021 amounted to approximately HK\$9,384,000.

Assuming all 325,000,000 Placing Shares have been successfully placed by the Placing Agent, the Group is expected to receive an unaudited gain on Disposal of approximately HK\$14.82 million, being the difference between the net proceeds from the Disposal of approximately HK\$24.2 million and the unaudited net asset value attributable to all 325,000,000 Placing Shares as at 30 September 2021 of approximately HK\$9.38 million, of which the assets and liabilities are retained at fair value. In any event, the actual gain or loss as a result of the Disposal to be recorded by the Company is to be determined as at Placing Completion and subject to audit and/or review by the auditors.

Upon Placing Completion, assuming that all 325,000,000 Placing Shares have been successfully placed by the Placing Agent, the shareholding in OPG of Charm Act will be reduced from 32.5% to 0%, whereupon the Group will no longer own any equity interests in OPG.

As disclosed in the Joint Announcement, OPG would cease to be a subsidiary of the Company and would be accounted for using the equity method as a result of the Deemed Disposal, if materialised. Assuming that all 325,000,000 Placing Shares have been successfully placed, on one hand, if the Deemed Disposal has not taken place prior to the Placing Completion or is not effected at all, OPG would cease to be a subsidiary of the Company as a result of the Disposal and the financial results and financial positions of the OPG Group would no longer be consolidated into the consolidated financial statements of the Group; and on the other hand, if the Deemed Disposal has taken place prior to the Placing Completion, OPG would cease to be accounted for using the equity method as a result of the Disposal.

## **REASONS FOR AND THE BENEFITS OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS**

As disclosed in the interim report of OPG for the six months ended 30 September 2021, the OPG Group recorded a decrease in revenue of approximately 72% from approximately HK\$7.6 million for the six months ended 30 September 2020 to approximately HK\$2.13 million for the six months ended 30 September 2021; and a loss attributable to its owners of approximately HK\$17.42 million for the six months ended 30 September 2021 as compared to that of approximately HK\$11.46 million for the six months ended 30 September 2020. Meanwhile, the OPG Group recorded an unaudited net assets of approximately HK\$28.88 million as at 30 September 2021, representing a decrease of approximately 39.14% as compared to that of approximately HK\$47.45 million as at 31 March 2021.

As further disclosed in the profit warning announcement of OPG dated 27 January 2022, the OPG Group is expected to record (1) a decrease in revenue by approximately 74% for the nine months ended 31 December 2021, as compared with the revenue of approximately HK\$10.4 million for the corresponding period in 2020; and (2) a loss attributable to equity holders of OPG of approximately HK\$25.0 million for the nine months ended 31 December 2021, as compared with the loss attributable to equity holders of OPG of approximately HK\$17.9 million for the corresponding period in 2020.

The foregoing decreases in the revenue, increases in the loss attributable to equity holders of OPG and decreases in net assets of OPG for the aforesaid relevant periods were primarily due to the continuous suspension of a majority of the international flights to Thailand resulting in a substantial drop of the Chinese tourists' spending in Thailand amid the outbreak of the COVID-19 pandemic, and hence a significant decrease in the transaction volume via UnionPay processed by the OPG Group for six months ended 30 September 2021 and subsequently for the nine months ended 31 December 2021 as compared with that of the preceding corresponding period as disclosed in the annual report of OPG for the year ended 31 March 2021. It is uncertain for the time being as to when the international flights to Thailand would be completely resumed and when the merchant acquiring market in Thailand would be completely recovered.

Taking into account the financial position of the OPG Group as well as the business environment in which the OPG Group is engaged, associated with the continuing uncertainties in the merchant acquiring market in Thailand, the Group is skeptical of the future prospect and growth of the merchant acquiring market in Thailand and intends to make a gradual shift of its business and operational focus, and hence re-allocate its investment and resources, to its other business segments (such as the prepaid card and internet payment business as well as the prestige benefits business in the PRC) in the long run.

As disclosed in the section headed “Financial effects of the Disposal by way of Placing” above, an unaudited gain of approximately HK\$14.82 million is expected to be recorded by the Group from the Disposal. The Directors consider that the Disposal represents an opportunity for the Group to realise its investment in the merchant acquiring business with an unaudited gain and the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Assuming that all 325,000,000 Placing Shares have been successfully placed, the gross proceeds of the Placing will be HK\$25.35 million and the net proceeds (after deduction of placing commission and other costs, charges and expenses of the Placing) will be approximately HK\$24.2 million. The Board also considers that the Disposal by way of Placing offers an opportunity for the Group to realise its investment as well as to enhance the cash position and working capital of the Group. The Group intends to apply the aggregate net proceeds from the Disposal (i) as to approximately 17 million thereof for the repayment of part of the current debts of the Group (including but not limited to the partial repayments of the Bonds, together with the interests accrued thereon); and (ii) as to the remaining 7.2 million thereof as general working capital of the Group, where to the extent that any parts of the net proceeds from the Disposal is not applied for such purpose, such proceeds are intended to be applied for repaying the Group’s current debts as referred to in (i) above.

Accordingly, the Directors consider that the Disposal, although not in the ordinary and usual course of business of the Group, is on normal commercial terms and the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Group and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in relation to the Disposal, when aggregated with the Deemed Disposal (if materialised), exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## GENERAL

Save for Mr. Lin Xiaofeng, both an executive Director and an executive director of OPG, having voluntarily abstained from voting on the resolution(s) of the Board approving the Placing Agreement and the transactions contemplated thereunder (including but not limited to the Disposal), no Director has a material interest or is required to abstain from voting on the said resolution(s).

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeover Codes
“Board”	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
“Business Day(s)”	any day(s) on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning No.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“BVI”	British Virgin Islands
“Company”	China Smartpay Group Holdings Limited (中國支付通集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM (stock code: 8325)
“Charm Act”	Charm Act Group Limited (美雅集團有限公司), a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company and a controlling shareholder of OPG
“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
“Deemed Disposal”	deemed disposal of the shareholding interest of the Company in OPG as a result of the dilution of shareholding interest of the Company in OPG as a result of the Subscription, which constitutes a discloseable transaction for the Company under the GEM Listing Rules, particulars of which are set out in the Joint Announcement
“Disposal”	disposal of the Placing Shares by way of Placing
“GEM”	GEM of the Stock Exchange
“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 its connected persons
“Last Trading Day”	28 January 2022, being the last day on which the OPG Shares were traded on the Stock Exchange prior to the publication of this announcement
“Joint Announcement”	joint announcement dated 31 January 2022 published by the Company and OPG in relation to the Subscription and the Deemed Disposal
“OPG”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM (with stock code: 8613)
“OPG Group”	OPG and its subsidiaries
“OPG Share(s)”	ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of OPG

“Placee(s)”	independent institutional, corporate or individual investor(s) which the Placing Agent will procure on a best effort basis to purchase the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of the Placing Shares by the Placing Agent in accordance with the terms of 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”	placing agreement dated 3 February 2022 entered into between Charm Act and the Placing Agent in relation to the Placing
“Placing Completion”	the actual completion of the Placing in accordance with the terms of the Placing Agreement
“Placing Completion Date”	a date falling within four Business Days after the Transaction Date or such other date as Charm Act and the Placing Agent may agree in writing
“Placing Period”	placing period commencing from the date of the Placing Agreement to the date falling on the 15th Business Day thereafter (i.e. 24 February 2022) (both days inclusive)
“Placing Price”	HK\$0.078 per Placing Share (exclusive of any brokerage fee, SFC transaction levy, Stock Exchange trading fee and other fee and levy as may be payable by the Placee(s) in respect of the purchase of the Placing Shares)
“Placing Share(s)”	up to a maximum of 325,000,000 OPG Shares to be sold by Charm Act, representing 32.5% of the total issued share capital of OPG as at the date of this announcement and approximately 27.08% of the total issued share capital of OPG as enlarged by the allotment and issue of subscription shares under the Subscription, if materialised
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 200,000,000 new ordinary OPG Shares by the subscriber pursuant to the subscription agreement dated 31 January 2022 entered into between OPG and the subscriber, particulars of which are set out in the Joint Announcement
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Codes”	The Codes on Takeovers and Mergers and Shares Buy-backs issued by the SFC (as may be supplemented and amended from time to time)
“Transaction Date(s)”	any day(s) falling within the Placing Period on which the Placing Agent has actually placed the Placing Shares
“%”	per cent.

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

Hong Kong, 3 February 2022

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

*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 [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.chinasmartpay.com](http://www.chinasmartpay.com).*