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## **China Smartpay Group Holdings Limited**

### **中國支付通集團控股有限公司**

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

**(Stock Code: 8325)**

## **(1) PROPOSED REFRESHMENT OF GENERAL MANDATE AND (2) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

The Board proposes to refresh the general mandate for the Directors to allot, issue and otherwise deal with new Shares up to 20% of the total number of the issued Shares as at the date of passing of the relevant resolution(s) at the EGM. Pursuant to Rule 17.42A of the GEM Listing Rules, the Refreshment of General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company.

The Company has not refreshed the Existing General Mandate since the AGM. The proposed New General Mandate, if granted, will continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its memorandum and articles of association or any other applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority granted to the Directors under the New General Mandate.

As at the date of this announcement, the Company has an aggregate of 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 date of the EGM, the Directors are authorised to allot, issue and otherwise deal with up to 394,603,738 new Shares under the New General Mandate, representing approximately 20.00% of the total number of the issued Shares as at the date of this announcement.

## **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

The Old Share Option Scheme, which was adopted by the Company on 14 August 2009 for a term of ten years commencing on the date of its adoption, expired on 13 August 2019. In light of the expiration of the Old Share Option Scheme, the Board proposes to adopt the New Share Option Scheme.

The Board hereby announces that the Board has resolved to propose the adoption of the New Share Option Scheme to be approved by the Shareholders at the EGM.

The New Share Option Scheme constitutes a share option scheme under Chapter 23 of the GEM Listing Rules and its provisions comply with the relevant requirements as set out therein.

Further details of the proposed adoption of the New Share Option Scheme and a summary of the principal terms of the New Share Option Scheme will be set out in the circular to be despatched to the Shareholders as referred to in the section headed “EGM” below.

**As at the date of this announcement, the New Share Option Scheme remains subject to and conditional upon the fulfilment of the conditions as set out in the section headed “Proposed Adoption of New Share Option Scheme” below. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### **EGM**

An EGM will be convened and held to consider and, if thought fit, approve the Refreshment of General Mandate and the proposed adoption of the New Share Option Scheme. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin, will be established to advise the Independent Shareholders on the Refreshment of General Mandate. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate.

A circular containing, among others, (i) further details regarding the Refreshment of General Mandate, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Refreshment of General Mandate, (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, (iv) further details of the proposed adoption of the New Share Option Scheme and (v) a summary of the principal terms of the New Share Option Scheme, together with a notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules, where appropriate.

## **PROPOSED REFRESHMENT OF GENERAL MANDATE**

The Board proposes to refresh the general mandate for the Directors to allot, issue and otherwise deal with new Shares up to 20% of the total number of the issued Shares as at the date of passing of the relevant resolution(s) at the EGM.

### **Existing General Mandate**

On 3 September 2020, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and otherwise deal with not exceeding 328,837,738 Shares, being approximately 20.00% of the total number of the issued Shares as at the date of passing of the relevant resolution at the AGM.

During the period from the date of grant of the Existing General Mandate up to the date of this announcement, 328,830,000 Shares (representing approximately 20.00% of the total issued share capital of the Company immediately prior to completion of the Placing) were allotted and issued following completion of the Placing which took place on 6 January 2021, whereupon almost all of the Existing General Mandate has been utilised as a result of completion of the Placing. Please refer to the announcements of the Company respectively dated 15 December 2020 and 6 January 2021 for details of the Placing and its completion.

### **Proposed grant of the New General Mandate**

In light that almost all of the Existing General Mandate has been utilised as at the date of this announcement, the Board proposes to convene the EGM at which ordinary resolution(s) will be proposed to the Independent Shareholders for approving the Refreshment of General Mandate that:

- (i) the Directors be authorised to allot, issue and otherwise deal with new Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of the relevant ordinary resolution(s) at the EGM; and
- (ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

The Company has not refreshed the Existing General Mandate since the AGM. The proposed New General Mandate, if granted, will continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its memorandum and articles of association or any other applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority granted to the Directors under the New General Mandate.

As at the date of this announcement, the Company has an aggregate of 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 date of the EGM, the Directors are authorised to allot, issue and otherwise deal with up to 394,603,738 new Shares under the New General Mandate, representing approximately 20.00% of the total number of the issued Shares as at the date of this announcement.

### **Reasons for the Refreshment of General Mandate**

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 section headed “Reasons for the Placing and Use of Proceeds” of the announcement (the “**Placing Announcement**”) of the Company dated 15 December 2020, the Company intends to apply the net proceeds of approximately HK\$51,888,000 (a) as to approximately HK\$15.56 million to repay part of its current debts (including but not limited to the partial repayment of 9% fixed rate senior secured bonds (the “**Bonds**”) issued by the Company in 2016 in the aggregate outstanding principal amount of approximately HK\$287 million as at the date of the Placing Announcement, together with the interest accrued thereon) and (b) as to approximately HK\$36.32 million 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 Company’s current debts as referred to in (a) above.

As at the date of this announcement, approximately HK\$7,500,000 of the net proceeds from the Placing has been utilised as general working capital of the Group. Meanwhile, 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, and hence the aforesaid net proceeds of approximately HK\$15.56 million has yet to be utilised. Taking into account the financial position of the Group and the remaining balance of the net proceeds from the Placing, the Group does not have sufficient funds to repay its current debts (including but not limited to the Bonds) and to support the business operation of the Group in long run.

As disclosed in the interim report of the Company for the six months ended 30 September 2020, the outbreak of the COVID-19 pandemic has a material adverse effect on the business operation of the Group, while the Group will stay alert to the development and situation of the COVID-19 pandemic, continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to maintain the stability of the businesses on one hand; and will keep proactive to seek business opportunities that will contribute and sustain the Group’s future development on generating better return to the Shareholders on the other hand.

It is expected that the next annual general meeting of the Company will be held on or before 30 September 2021, which is about eight months from the date of this announcement. The Board proposes to seek the approval of Independent Shareholders at the EGM on the Refreshment of General Mandate such that if any funding needs arise or suitable business opportunities become available, the Board will be able to respond to its operation need, the market and such business opportunities promptly. In addition, fund raising exercise pursuant to a general mandate provides the Company a more efficient process than other types of fund raising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

Having considered that (i) almost all the Existing General Mandate has been utilised by the Company following completion of the Placing; (ii) the New General Mandate, if granted, will allow the Directors to allot, issue and otherwise deal with new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, which may arise; and (iii) equity financing does not create any interest payment obligations on the Group, the Board considers that the Refreshment of General Mandate is fair and reasonable and is in the best interests of the Group and the Shareholders as a whole.

Save as disclosed in this announcement, the Company has no concrete plan or agreement with any party to issue Shares by utilising the New General Mandate as at the date of this announcement.

### **GEM Listing Rules Implication**

Pursuant to Rule 17.42A of the GEM Listing Rules, the Refreshment of General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling shareholders and their respective associates, or where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution(s) to approve the Refreshment of General Mandate.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) the Company has no controlling shareholder; and (ii) neither the Directors and the chief executive of the Company nor their respective associates hold any Shares. Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Refreshment of General Mandate at the EGM.

### **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

The Old Share Option Scheme, which was adopted by the Company on 14 August 2009 for a term of ten years commencing on the date of its adoption, expired on 13 August 2019. In light of the expiration of the Old Share Option Scheme, the Board proposes to adopt the New Share Option Scheme.

The Board hereby announces that the Board has resolved to propose the adoption of the New Share Option Scheme to be approved by the Shareholders at the EGM.

The New Share Option Scheme constitutes a share option scheme under Chapter 23 of the GEM Listing Rules and its provisions comply with the relevant requirements as set out therein.

The purpose of the New Share Option Scheme is for the Group to attract, retain and motivate Participants to strive for future developments and expansion of the Group, to recognise and reward the Participants for their past contributions and to maintain on-going relationship with the Participants. The New Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

The New Share Option Scheme shall take effect subject to and conditional upon:

- (a) the passing of ordinary resolution(s) by the Shareholders to approve and adopt the New Share Option Scheme, and to authorise the Directors to grant Options to subscribe for the Shares thereunder and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any Options to be granted under the New Share Option Scheme; and
- (b) the GEM Listing Committee granting approval (whether subject to conditions to not) for the listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of Options to be granted under the New Share Option Scheme.

Further details of the proposed adoption of the New Share Option Scheme and a summary of the principal terms of the New Share Option Scheme will be set out in the circular to be despatched to the Shareholders as referred to in the section headed “EGM” below.

**As at the date of this announcement, the New Share Option Scheme remains subject to and conditional upon the fulfilment of the aforesaid conditions. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **EGM**

An EGM will be convened and held to consider and, if thought fit, approve the Refreshment of General Mandate and the proposed adoption of the New Share Option Scheme. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin, will be established to advise the Independent Shareholders on the Refreshment of General Mandate. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate.

A circular containing, among others, (i) further details regarding the Refreshment of General Mandate, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Refreshment of General Mandate, (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, (iv) further details of the proposed adoption of the New Share Option Scheme and (v) a summary of the principal terms of the New Share Option Scheme, together with a notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules, where appropriate.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 3 September 2020 at which the Shareholders had approved, among other matters, the Existing General Mandate
“associate(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Director(s)
“Business Associate(s)”	(a) any advisor or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group; (b) any provider of goods and/or services to the Group; or (c) any other person who, at the sole determination of the Board, has contributed to the Group (the assessment criterion of which are (i) such person’s contribution to the development and performance of the Group; (ii) the quality of work performed by such person for the Group; (iii) the initiative and commitment of such person in performing his or her duties; and (iv) the length of service or contribution of such person to the Group)
“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 and the Shares of which are listed on GEM (stock code: 8325)
“controlling shareholder(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders (or the Independent Shareholders, as the case may be) for the purpose of considering and, if thought fit, approving, among other matters, the Refreshment of General Mandate and the proposed adoption of the New Share Option Scheme
“Employee(s)”	(a) any full-time employee and director (including executive director, non-executive director and independent non-executive director) of the Group; and (b) any part time employee with weekly working hours of 10 hours or above of the Group
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and otherwise deal with up to 328,837,738 new Shares, being approximately 20.00% of the total number of the issued Shares as at the date of passing of the relevant resolution(s) at the AGM
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning as 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 Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, to advise the Independent Shareholders on the Refreshment of General Mandate
“Independent Shareholder(s)”	Shareholder(s) other than any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant resolution(s) at the EGM

“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company upon approval by the Shareholders at the EGM
“Old Share Option Scheme”	the share option scheme which was adopted by the Company on 14 August 2009 and expired on 13 August 2019
“Option(s)”	the options to be granted under the New Share Option Scheme to subscribe for the Shares in accordance with the terms and conditions thereof
“Participant(s)”	any Employee(s), Business Associate(s) and Trustee(s)
“Placing”	the placing of 328,830,000 Shares under the Existing General Mandate 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
“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 People’s Republic of China
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate by way of granting the New General Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust(s)”	any trust(s) (whether family, discretionary or otherwise) whose beneficiaries or objects include any Employee or Business Associate
“Trustee(s)”	the trustee(s) of any Trust(s)
“%”	per cent.

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

Hong Kong, 11 February 2021

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Zhang Xi, Mr. Wu Hao, Mr. Song Xiangping and Mr. Lin Xiaofeng; 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>.*