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 **中国创新支付集团**
CHINA INNOVATIONPAY GROUP
China Innovationpay Group Limited
中國創新支付集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8083)

ANNOUNCEMENT

On 3 July 2012, after the trading hours, the Company, entered into a Deed of Settlement with Luck Fame International Investment Holdings Limited (“Luck Fame”), pursuant to which both parties agreed to bring their respective claims against each other to an end immediately.

References are also made to the Company’s announcements dated 17 July 2007, 23 October 2007, 22 February 2011 and 25 February 2011 concerning the terminated transaction and its subsequent developments.

On 26 April 2011, the Company filed a writ of summon against Luck Fame to seek for the Court’s legal declaration that the termination of the agreement between the Company and Luck Fame was lawful; that the Company should be entitled to the forfeiture money of HK\$57,500,000.00 and related costs thereof.

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DEED OF SETTLEMENT

Date

3 July 2012

Parties

- (i) China Innovationpay Group Limited;
- (ii) Luck Fame International Investment Holdings Limited.

Terms of Deed of Settlement

Pursuant to Deed of Settlement, amongst other things:

- (A) The Company shall release and cancel the writ (HCCL12/2011) dated 26 April 2011 against Luck Fame.
- (B) Luck Fame shall voluntarily stop its claim and any further action against the Company in relation to the terminated transaction.

Conditions Precedent

Completion of Deed of Settlement is conditional upon:

Payment of Hong Kong Dollars Six Million (HK\$6,000,000.00) payable by China Innovationpay Group Limited to Luck Fame as final and conclusive settlement of the dispute.

Reason for the Settlement

In order to avoid prolonged legal proceedings which may be time consuming and expensive; the Board is of the view that this settlement is the best way for a cutoff and to enable the Board to concentrate on the present innovative third-party payment business and to benefit the shareholders as a whole.

By order of the Board
China Innovationpay Group Limited
Guan Guisen
Chairman

Hong Kong, 4 July 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Guan Guisen and Dr. Lei Chunxiong; and three independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Wang Zhongmin and Mr. Gu Jiawang.

This announcement, for which 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 Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the Company's website at www.innovationpay.com.hk