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*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.*

 **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)**

**ISSUE OF NON-LISTED WARRANTS  
UNDER GENERAL MANDATE**

On 6 February 2015 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the Warrants, at the Issue Price of HK\$0.002 per Warrant.

The aggregate face value of the Warrants is HK\$381,600,000 and the Warrants entitle the Subscriber to subscribe for the Warrant Shares at the initial Subscription Price of HK\$0.72 per Warrant Share for a period of five (5) years commencing from the date of issue of the Warrants. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the initial Subscription Price of HK\$0.72 per Warrant Share, a maximum of 530,000,000 Warrant Shares will be allotted and issued by the Company upon full exercise of the subscription rights attaching to the Warrants. Such Warrant Shares represent approximately 9.45% of the issued share capital of the Company as at the date of this announcement and approximately 8.64% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares.

Each Warrant carries the right to subscribe for one Warrant Share. The Warrant Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the GEM or any other stock exchanges.

The gross proceeds from the Warrant Subscription is HK\$1,060,000 and the net proceeds from the Warrant Subscription, after deduction of related expenses, is estimated to be approximately HK\$860,000. It is intended that the net proceeds from the Warrant Subscription of approximately HK\$860,000 will be applied as general working capital of the Group. The additional gross proceeds and net proceeds from the exercise of the subscription rights attaching to the Warrants in full will be approximately HK\$381.60 million and HK\$381.40 million respectively. The additional net proceeds from the exercise of the subscription rights attaching to the Warrants in full is intended to be utilised by the Group for its general working capital and as funds for future business development.

**Shareholders and potential investors should note that completion of the Subscription Agreement is subject to the fulfillment of the conditions stated in the paragraph headed “Issue of Non-listed Warrants under General Mandate — Conditions of the Subscription Agreement” in this announcement. As the Warrant Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **ISSUE OF NON-LISTED WARRANTS UNDER GENERAL MANDATE**

The Board is pleased to announce that on 6 February 2015 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the Warrants, at the Issue Price of HK\$0.002 per Warrant.

### **THE SUBSCRIPTION AGREEMENT**

Date: 6 February 2015 (after trading hours)

Parties: (i) Issuer: the Company  
(ii) Subscriber: the Subscriber

### **Information of the Subscriber**

The Subscriber is Greater China Select Fund, which is managed by OP Investment Management Limited, a hedge fund manager based in Hong Kong with over US\$200 million in assets under management.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owners is an Independent Third Party who is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

### **Securities to be issued**

Subject to the fulfillment of the conditions to the Subscription Agreement, the Company shall issue, and the Subscriber shall subscribe for, the Warrants. Further details about the Warrants are set out in the section headed “Information about the Warrants” below.

## **Conditions of the Subscription Agreement**

Completion of the Warrant Subscription shall be subject to and conditional upon, the following conditions:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and the permission to deal in, the Warrant Shares.

If the above conditions are not fulfilled at or before 5:00 p.m. (Hong Kong time) on 5 March 2015 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liabilities for any antecedent breaches of the provisions in the Subscription Agreement.

## **Completion**

Completion of the Warrant Subscription shall take place within three (3) business days after the date on which all conditions set out in the paragraph headed “Conditions of the Subscription Agreement” above have been fulfilled.

## **INFORMATION ABOUT THE WARRANTS**

The aggregate face value of the Warrants is HK\$381.60 million and the Warrants will be issued in registered form and constituted by a deed poll. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant carries the right to subscribe for one Warrant Share at the Subscription Price and is issued at the Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of five (5) years commencing from the date of issue of the Warrants at integral multiples of 10,000,000 Warrants.

Based on the initial Subscription Price of HK\$0.72 per Warrant Share, a maximum of 530,000,000 Warrant Shares will be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants in full. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the initial Subscription Price of HK\$0.72 per Warrant Share, a maximum of 530,000,000 Warrant Shares will be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants in full. Such Warrant Shares represent approximately 9.45% of the issued share capital of the Company as at the date of this announcement and approximately 8.64% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares.

The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing Shares.

### **Issue Price**

The Issue Price is HK\$0.002 per Warrant payable in cash. The net Issue Price per Warrant, after deduction of relevant expenses, is approximately HK\$0.0016.

### **Subscription Price**

The initial Subscription Price is HK\$0.720 per Warrant Share. The net Subscription Price per Warrant Share, after deduction of relevant expenses, is approximately HK\$0.719.

Both the Subscription Price and the aggregate number of the Warrant Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants in full are subject to adjustment based on the prescribed formulas as set out in the instrument constituting the Warrants upon occurrence of the following adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution in cash or in specie other than out of distributable profits of the Company being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such); or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of Shares for subscription by way of rights, or a grant of options or warrants to subscribe for Shares, at a price which is less than 90 per cent. of the market price of one Share on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Shares or other persons) (the “**Market Price**”);
- (v) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for shares, if in any case the total effective consideration per new Share is less than 90 per cent. of the Market Price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90 per cent. of such Market Price; and
- (vi) an issue of Shares being made wholly for cash at a price less than 90 per cent. of the market price.

Every adjustment to the Subscription Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

No adjustment will however be made to the Subscription Price in any case where the Warrant Shares to be allotted and issued by the Company upon full exercise of the subscription rights attached attaching to the Warrants at the adjusted Subscription Price (the “**Adjusted Warrant Shares**”) will exceed the maximum number of Shares that may be allotted and issued by the Company pursuant to the General Mandate until and after the Company has obtained a specific mandate from the Shareholders in respect of such issue of the Adjusted Warrant Shares and all other consents and approvals as may be necessary for such issue.

The initial Subscription Price of HK\$0.72 represents:

- (i) a premium of approximately 30.91% over the closing price of HK\$0.55 per Share as quoted on the GEM on 6 February 2015, being the last trading day prior to signing of the Subscription Agreement;
- (ii) a premium of approximately 22.45% over the average closing price of HK\$0.588 per Share as quoted on the GEM for the last five trading days up to and including 6 February 2015, being the last trading day prior to signing of the Subscription Agreement;
- (iii) a premium of approximately 17.46% over the average closing price of HK\$0.613 per Share as quoted on the GEM for the last ten trading days up to and including 6 February 2015, being the last trading day prior to signing of the Subscription Agreement; and
- (iv) a premium of 275.86% over the latest published unaudited net asset value per Share of approximately HK\$0.19 as at 30 June 2014.

The aggregate of the Issue Price and the initial Subscription Price of HK\$0.722 represents:

- (i) a premium of approximately 31.27% over the closing price of HK\$0.55 per Share as quoted on the GEM on 6 February 2015, being the last trading day prior to signing of the Subscription Agreement;
- (ii) a premium of approximately 22.79% over the average closing price of HK\$0.588 per Share as quoted on the GEM for the last five trading days up to and including 6 February 2015, being the last trading day prior to signing of the Subscription Agreement;
- (iii) a premium of approximately 17.78% over the average closing price of HK\$0.613 per Share as quoted on the GEM for the last ten trading days up to and including 6 February 2015, being the last trading day prior to signing of the Subscription Agreement; and
- (iv) a premium of 276.90% over the latest published unaudited net asset value attributable to the Shareholders per Share of approximately HK\$0.19 as at 30 June 2014.

The initial Subscription Price and the aggregate of it with the Issue Price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm’s length basis between the Company and the Subscriber.

Having considered that the aggregate of the Issue Price and the initial Subscription Price represents a substantial premium over the recent trading prices of the Shares prior to the entering into of the Subscription Agreement, the Board is of the view that both the initial Subscription Price and the aggregate of it with the Issue Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Transferability**

The Warrants shall be transferable in integral multiples of 10,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 10,000,000, the whole but not in part of the outstanding Warrants) by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. In the event of a transfer of the Warrants to a connected person (as defined in the GEM Listing Rules) of the Company, prior approval from the Company and the Stock Exchange shall be obtained.

### **Rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

### **Mandate to issue the Warrant Shares**

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 5 May 2014 to allot and issue up to 1,011,452,291 Shares, being approximately 20% of the aggregate nominal amount of the issued share capital of the Company on that date.

Save for the proposed issue of a maximum of 41,234,166 Incentive Shares pursuant to the Incentive Agreement, representing approximately 4.08% of the maximum number of Shares that can be issued under the General Mandate, the General Mandate has not been previously utilised prior to the date of the Subscription Agreement. The maximum of 530,000,000 Warrant Shares will utilise approximately 52.40% of the General Mandate. Taking into account the aggregate of the maximum number of the Incentive Shares and the Warrant Shares, approximately 56.48% of the General Mandate has been utilized.

No Shareholders' approval is required under the constitutional documents of the Company to issue the Warrants.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the GEM or any other stock exchanges.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Warrant Shares to be allotted and issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 23 of the GEM Listing Rules, convertible preference shares and convertible bonds are excluded for the purpose of such limit.

As at the date of this announcement, save for 80,000,000 Existing Warrants which entitles the holder thereof to subscribe for 80,000,000 Existing Warrant Shares, the Company does not have other securities with subscription rights outstanding and not yet exercised. The aggregate number of 530,000,000 Warrant Shares and the 80,000,000 Existing Warrant Shares to be allotted and issued represents approximately (i) 10.88% of the existing issued share capital of the Company; and (ii) 9.81% of the issued share capital as enlarged by the issue of the Shares under the Existing Warrants and the Warrants. Accordingly, the issue of the Warrants is in compliance with Rule 21.02(1) of the GEM Listing Rules.

## **REASONS FOR AND BENEFITS OF THE WARRANT SUBSCRIPTION**

The Company is an investment holding company and its subsidiaries are principally engaged in four segments, namely (i) general trading: trading of electronic products, network hardware equipment, financial equipment and communication products; (ii) prepaid card business: the operations of prepaid card business, including the issuance of various prepaid cards, part of which have multiple functions, in the PRC and recently in Hong Kong, as well as the sales of prepaid phone cards; (iii) the development and operations of travel VIP card products and the provision of online air-tickets and hotel reservation services for individual and corporate customers; and (iv) others.

The Directors are of the view that the Warrant Subscription represents a good opportunity to raise further capital which will strengthen the financial position of the Group for its future business development and general working capital requirement. The Board considers that issuance of the Warrants is appropriate as the Warrants does not have any immediate dilution effect on the shareholding of the existing Shareholders and they are non-interest bearing in nature. In addition, further capital will be raised in the event the Subscriber exercises its subscription rights attaching to the Warrants.

The Directors consider the terms of the Subscription Agreement (including the Issue Price and the initial Subscription Price) are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The gross proceeds from the Warrant Subscription is HK\$1,060,000 and the net proceeds from the Warrant Subscription, after deduction of relation expenses, is estimated to be approximately HK\$860,000. It is intended that the net proceeds from the Warrant Subscription of approximately HK\$860,000 will be applied as general working capital of the Group. The additional gross proceeds and net proceeds from the exercise of the subscription rights attaching to the Warrants in full will be approximately HK\$381.6 million and HK\$381.40 million respectively. The additional net proceeds from the exercise of the subscription rights attaching to the Warrants in full is intended to be utilised by the Group for its general working capital and as funds for future business development.

The net price per Warrant Share, which is calculated by dividing the aggregate net proceeds from the issue and full exercise of the Warrants at the initial Subscription Price by the initial maximum number of Warrant Shares, is approximately HK\$0.719.

## SUMMARY OF FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not carried out any fund raising activities during the past twelve months immediately preceding the date of this announcement:—

Date of announcement	Event	Net proceeds	Intended use of proceeds as disclosed in the announcement	Actual use of proceeds as at the date of this announcement
12 February 2014	Placing of new Shares under general mandate	HK\$126,940,000	(1) as to approximately HK\$70 million for the operation and expansion of the “高匯通•微樂付卡”;	used as intended
			(2) as to approximately HK\$30 million for the development and operation of the comprehensive merchant services system;	used as intended
			(3) the balance of the net proceeds as working capital of the Company.	used as intended

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 5,605,506,457 Shares in issue. Below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon exercise of the subscription rights attaching to the Warrants in full based on the best knowledge of the Directors and on the assumption that there will be no further issue or repurchase of Shares from the date of this announcement up to and including the date of exercise of the subscription rights attaching to the Warrants in full.

	As at the date of this announcement		Immediately after the exercise of the subscription rights attaching to the Warrants in full	
	Shares	%	Shares	%
<i>Directors</i>				
Mr. Guan Guisen ( <i>Note</i> )	1,300,200,000	23.20%	1,300,200,000	21.19%
Dr. Lei Chunxiong	159,290,000	2.84%	159,290,000	2.60%
Mr. Cao Chunmeng	47,620,000	0.85%	47,620,000	0.78%
Mr. Wang Zhongmin	600,000	0.01%	600,000	0.01%
Mr. Gu Jiawang	600,000	0.01%	600,000	0.01%
Mr. Yan Xiaotian	21,640,000	0.39%	21,640,000	0.35%
<i>Public Shareholders</i>				
The Subscriber	0	–	530,000,000	8.64%
Other Public Shareholders	4,075,556,457	72.70%	4,075,556,457	66.42%
Total	<u>5,605,506,457</u>	<u>100.00%</u>	<u>6,135,506,457</u>	<u>100.00%</u>

*Note:*

The Shares are held by Mighty Advantage Enterprises Limited (“**Mighty Advantage**”). Mighty Advantage is incorporated in the British Virgin Islands and is beneficially owned by Mr. Guan Guisen.

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors from time to time
“Company”	China Innovationpay Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the GEM

“connected person”	has the meaning as ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Existing Warrant(s)”	the non-listed warrant(s) issued by the Company on 27 July 2012 which entitles the holder thereof to subscribe for the Existing Warrant Shares at any time during a period of five years commencing from the date of issue of the Existing Warrants (i.e. 27 July 2012). For details, please refer to the announcements dated 16 July 2012 and 27 July 2012 issued by the Company. As at the date of this announcement, there are 80,000,000 Existing Warrants outstanding and not yet exercised
“Existing Warrant Share(s)”	the new Shares to be allotted and issued by the Company upon the exercise of its subscription rights by the holder thereof attaching to the Existing Warrants
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 5 May 2014
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Agreement”	the agreement dated 10 October 2014 entered by the Company in relation to the amount payable by the Company in the form of Incentive Shares pursuant to the terms and conditions of the Incentive Agreement. For details, please refer to the announcement dated 10 October 2014 issued by the Company
“Incentive Shares”	a maximum of 41,234,166 new Shares that shall be allotted and issued by the Company pursuant to the Incentive Agreement
“Independent Third Party(ies)”	third party(ies) independent of the Company and is/are not connected persons (as defined under the GEM Listing Rules) of the Company
“Issue Price”	HK\$0.002 per Warrant to be issued pursuant to the Warrant Subscription

“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Greater China Select Fund, the subscriber of the Warrants
“Subscription Agreement”	the subscription agreement dated 6 February 2015 entered into between the Company and the Subscriber relating to the Warrant Subscription
“Subscription Price”	HK\$0.72 per Warrant Share
“Warrant(s)”	the non-listed warrants constituted by the warrant instrument which entitle the Subscriber to subscribe for the Warrant Shares at the Subscription Price
“Warrant Share(s)”	the new Shares to be allotted and issued by the Company upon the exercise by the Subscriber of its subscription rights attaching to the Warrants
“Warrant Subscription”	the issue by the Company of, and the subscription by the Subscriber for, the Warrants in accordance with the terms and subject to the conditions of the Subscription Agreement
“%”	per cent

By Order of the Board  
**China Innovationpay Group Limited**  
**Guan Guisen**  
*Chairman*

Hong Kong, 6 February 2015

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Guan Guisen, Dr. Lei Chunxiong, Mr. Cao Chunmeng and Mr. Yan Xiaotian; 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](http://www.innovationpay.com.hk).*