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COMPLETION OF MAJOR TRANSACTION ACQUISITION OF 51% EQUITY INTEREST IN YOUZAN

Financial Adviser to the Company



Reference is made to (i) the circular (“**Circular**”) of China Innovationpay Group Limited (“**Company**”) dated 2 January 2018; (ii) the announcement of the Company dated 26 January 2018 in relation to the poll results of the SGM; (iii) the announcement of the Company dated 29 March 2018 in relation to the supplemental agreement in relation to the further extension of long stop date of and extension of the latest time for fulfillment; and (iv) the announcement of the Company dated 16 April 2018 in relation to the completion of the placing of new shares of the Company under the specific mandate of the Company. Terms used in this announcement shall have the same meanings as those defined in the Circular.

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that the conditions set out in the Sale and Purchase Agreement have been fulfilled and the Acquisition was completed on 18 April 2018 in accordance with the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, 5,516,052,632 Consideration Shares were issued to the Sellers in proportion to their shareholding in Youzan at the issue price of HK\$0.38 per Consideration Share to satisfy the Consideration of HK\$2,096,100,000.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before Completion and (ii) immediately after Completion are as follows:

Name of the shareholders of the Company	Immediately before Completion		Immediately after Completion	
	<i>Number of shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of shares held</i>	<i>Approximate shareholding percentage</i>
Mighty Advantage Enterprises Limited (<i>Note 1</i>)	1,311,792,000	17.81%	1,311,792,000	10.18%
Cao Chunmeng (<i>Note 2</i>)	67,420,000	0.92%	67,420,000	0.52%
Yan Xiaotian (<i>Note 2</i>)	21,640,000	0.29%	21,640,000	0.17%
Fong Chi Wah (<i>Note 3</i>)	1,000,000	0.01%	1,000,000	0.01%
Gu Jiawang (<i>Note 3</i>)	1,000,000	0.01%	1,000,000	0.01%
Central Huijin Investment Limited (<i>Note 1</i>)	48,640,000	0.66%	48,640,000	0.38%

Sellers

Whitecrow Investment	–	–	1,440,601,703	11.18%
Rory Huang	–	–	407,543,167	3.16%
V5.Cui Investment	–	–	241,885,127	1.88%
Youzan Teamwork	–	–	363,170,101	2.82%
Xincheng Investment	–	–	370,607,335	2.88%
Aves Capital	–	–	201,123,478	1.56%
Tembusu HZ	–	–	905,961,684	7.03%
Matrix Partners China III L.P. (<i>Note 4</i>)	–	–	352,661,880	2.74%
Matrix Partners China III-A, L.P. (<i>Note 4</i>)	–	–	39,184,653	0.30%
Hillhouse KDWD	–	–	700,848,478	5.44%

Name of the shareholders of the Company	Immediately before Completion		Immediately after Completion	
	<i>Number of shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of shares held</i>	<i>Approximate shareholding percentage</i>
E&A Amigne	–	–	337,131,570	2.62%
Ralston Global	–	–	77,666,728	0.60%
Puhua Investment	–	–	77,666,728	0.60%
Sub-total	–	–	5,516,052,632	42.82%
SM Placees	386,000,000	5.24%	386,000,000	3.00%
Other public shareholders (<i>Note 5</i>)	5,527,463,197	75.05%	5,527,463,197	42.91%
Sub-total	<u>5,913,463,197</u>	<u>80.29%</u>	<u>5,913,463,197</u>	<u>45.91%</u>
Total	<u><u>7,364,955,197</u></u>	<u><u>100.00%</u></u>	<u><u>12,881,007,829</u></u>	<u><u>100.00%</u></u>

Notes:

1. Mighty Advantage Enterprises Limited (“**Mighty Advantage**”) is beneficially owned by Mr. Guan Guisen, who is an executive Director. Based on the best knowledge and information of the Directors as at the Latest Practicable Date, Mighty Advantage has a short position of 1,140,000,000 Shares under a legal charge in connection with certain financing provided by Chance Talent Management Limited to Mighty Advantage. Chance Talent Management Limited is a wholly owned subsidiary of the China Construction Bank Corporation which is in turn controlled by Central Huijin Investment Limited.
2. Each of Mr. Cao Chunmeng and Mr. Yan Xiaotian is an executive Director.
3. Each of Dr. Fong Chi Wah and Mr. Gu Jiawang is an independent non-executive Director.
4. As instructed by Matrix Partners China III, the 391,846,533 Consideration Shares will be issued to Matrix Partners China III, L.P. and Matrix Partners China III-A, L.P. respectively, each of which owns 90% and 10% of the issued shares of Matrix Partners China III respectively.

5. As the GM Placing was completed on 26 April 2017, the total number of issued shares of the Company as at the Latest Practicable Date included the 788,600,000 GM Placing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the GM Placees was not an existing Shareholder immediately before the GM Placing. For further details in relation to completion of the GM Placing, please refer to the announcement of the Company dated 26 April 2017.

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

Hong Kong, 18 April 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Guan Guisen, Mr. Cao Chunmeng and Mr. Yan Xiaotian; and three independent non-executive Directors, namely Dr. Fong Chi Wah,, Mr. Gu Jiawang and Mr. Xu Yanqing.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omissions of which would make any statement in this announcement misleading.

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.