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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)

**DISCLOSURE UNDER RULE 17.21 OF THE GEM LISTING RULES
AND
INSIDE INFORMATION**

This announcement is made by China Smartpay Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 17.10 and 17.21 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to (i) the announcements of the Company respectively dated 31 July 2016, 2 August 2016 and 12 August 2016 in respect of, among others, its issue of fixed rate senior secured bonds (the “**Bonds**”) in the aggregate principal amount of USD48,000,000 (the “**Bonds Announcements**”); (ii) its announcement dated 28 June 2019 in respect of the breach of business operation covenant under the Bonds (the “**June 2019 Announcement**”); (iii) its announcement dated 6 August 2019 in respect of, among others, the extension of the maturity date of the Bonds (the “**August 2019 Announcement**”); (iv) its announcement dated 20 January 2020 in respect of, among others, breach of business operation covenant under, and other updates on, the Bonds (the “**January 2020 Announcement**”); and (v) its announcement dated 26 February 2020 in relation to update on the status of the breach of business operation covenant and the further extension of the maturity date of the Bonds (the “**February 2020 Announcement**”, together with the Bonds Announcements, the June 2019 Announcement, the August 2019 Announcement, the January 2020 Announcement and the February 2020 Announcement, collectively, the “**Announcements**”). Unless otherwise specifies, all capitalised terms used herein shall have the same meanings as defined in the Announcements.

The Board hereby announces that the Company has received a default notice dated 8 May 2023 (the “**Default Notice**”) in relation to the Bonds from the existing holders of the Bonds, namely, Honour Grace and AI SPC (the “**Bondholder(s)**”), notifying the Company that an Event of Default has allegedly occurred since 1 August 2020 and is continuing.

Pursuant to the Default Notice,

- (a) the Company is required to redeem all of the outstanding Bonds at the alleged Default Redemption Amount within 10 Business Days from the date of the Default Notice;
- (b) the alleged Default Redemption Amount payable by the Company to Honour Grace (calculated up to the date of the Default Notice) amounts to USD13,721,693.81 (equivalent to approximately HK\$107,715,296), which comprises (i) the aggregate outstanding principal amount of the Bonds of USD9,772,437.33; and (ii) the premium calculated at an interest rate of 20% per annum accrued thereon of USD3,949,256.48 (*Note*);
- (c) the alleged Default Redemption Amount payable by the Company to AI SPC (calculated up to the date of the Default Notice) amounts to USD20,744,069.44 (equivalent to approximately HK\$162,840,945), which comprises (i) the aggregate outstanding principal amount of the Bonds of USD14,580,000; and (ii) the premium calculated at an interest rate of 20% per annum accrued thereon of USD6,164,069.44 (*Note*); and
- (d) the Bondholders have alleged to reserve their rights to claim against the Company any Default Interest which has accrued but remains unpaid in addition to the alleged Default Redemption Amount in the event that the Company fails to redeem the Bonds and pay the alleged Default Redemption Amount in full.

Note:

As referred to in the Default Notice, the Default Redemption Amount specified above is calculated based on the assumption that repayment of the Bonds, together with accrued interest, default interest, and all other amounts accrued or outstanding under the Bonds Transaction Documents will be made on the date of the Default Notice. The actual Default Redemption Amount to be repaid by the Company will have to be re-calculated based on the actual date of repayment and the Bondholders reserve all rights to claim any further outstanding amount of the Default Redemption Amount against the Company calculated by reference to the actual date of payment.

The Company is currently seeking professional advice, including but not limited to legal and financial advice, on the actions it may take in relation to the Default Notice and to ascertain the amount of the Default Redemption Amount set out in the Default Notice. In addition, the Company is also making continuous efforts to secure fundings to settle any outstanding amounts of the Bonds or to seek further extension or refinancing of such borrowings.

Meanwhile, the Company is continuously assessing the legal, financial and operational impact of the Default Notice on the Group. The Company will closely monitor the development of the abovementioned matters and will further issue announcement(s) as and when appropriate pursuant to the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

For the purpose of this announcement, the exchange rate of USD1 = HK\$7.85 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in USD or HK\$ have been, could have been or may be converted at such rate or any other exchange rate.

By Order of the Board
China Smartpay Group Holdings Limited
ZHANG Xi
Executive Director and Chairman

Hong Kong, 9 May 2023

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 Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.chinasmartpay.com.