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MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION – EXTENSION OF EXCLUSIVITY PERIOD

Reference is made to the voluntary announcement of the Company dated 18 July 2016 (“**Announcement**”) in relation to the MOU entered into between the Company, the Sellers and the Target Company in relation to their intention to enter into the Definitive Agreement in respect of the Proposed Acquisition. Capitalised terms used in this announcement have the same meanings as those defined in the Announcement unless otherwise specified.

Pursuant to the MOU, the Group shall pay to the Target Group RMB30,000,000 on or before 25 July 2016 as Earnest Money, which shall be returned to the Company by the Target Group if (1) no Definitive Agreement is entered into between the Company, the Sellers and the Target Company by 18 January 2017, being the end of a six-month period from the signing of the MOU (the “**Exclusivity Period**”); or (2) where the Definitive Agreement is entered into between the Company, the Sellers and the Target Company, the Proposed Acquisition fails to complete according to the terms of the Definitive Agreement.

As the Company and the Sellers are at the advanced stage of negotiation on the structure of the Proposed Acquisition and the parties intended that the Company shall acquire 51% interest, instead of 100% interest, of the Target Company, the parties are in the process of finalising the terms of the Definitive Agreement. After arm’s length negotiation between the parties, the Company, the Sellers and the Target Company mutually agreed to enter into a supplemental agreement to the MOU (“**Supplemental MOU**”) on 21 February 2017, pursuant to which the Exclusivity Period has been extended from being the six-month period from the signing of the MOU (i.e. up to 18 January 2017) to the eight-month period from the signing of the MOU (i.e. up to 18 March 2017).

Save and except for the extension of the Exclusivity Period as stated above, all other terms and conditions of the MOU shall remain unchanged.

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

Hong Kong, 21 February 2017

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. 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.