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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

- (1) THE PROPOSED ACQUISITION FROM CONNECTED PERSONS
AT SUBSIDIARY LEVEL OF ISSUED SHARE CAPITAL OF
OCG THAILAND PURSUANT TO THE SHARE PURCHASE AGREEMENT
AND**
- (2) THE PROPOSED ISSUANCE OF NEW OCG THAILAND PREFERENCE
SHARES TO A CONNECTED PERSON AT SUBSIDIARY LEVEL, WITH
SUBSEQUENT REDUCTION OF REGISTERED CAPITAL OF OCG
THAILAND BY DELETION OF EXISTING OCG THAILAND PREFERENCE
SHARES**

THE SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 15 October 2015 (after trading hours), OCG Thailand BVI (an indirect non wholly-owned subsidiary of the Company), OCG Asia Pacific (an indirect non wholly-owned subsidiary of the Company), Seller 1 and Seller 2 entered into the Share Purchase Agreement, pursuant to which each of Seller 1 and Seller 2 has conditionally agreed to sell, and each of OCG Thailand BVI and OCG Asia Pacific has conditionally agreed to acquire, Transferred Shares A and Transferred Share B for the consideration of THB4,879,995.12 (approximately HK\$1,064,000) and THB4.88 (approximately HK\$1.06), respectively.

Completion of the Share Purchase Agreement is conditional upon the satisfaction of the Conditions Precedent as more particularly set out in the section headed "Conditions Precedent" below.

THE PROPOSED ISSUANCE OF NEW OCG THAILAND PREFERENCE SHARES, WITH SUBSEQUENT REDUCTION OF REGISTERED CAPITAL OF OCG THAILAND BY DELETION OF EXISTING OCG THAILAND PREFERENCE SHARES

The Board also announces that OCG Thailand proposed to (i) issue the New OCG Thailand Preference Shares for allotment to Seller 1 at par value of THB3 per New OCG Thailand Preference Share; and (ii) reduce the registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares.

Upon completion of the issuance of the New OCG Thailand Preference Shares, the Share Purchase Agreement and the reduction of the registered capital by deleting the Existing OCG Thailand Preference Shares, the Company's voting rights in OCG Thailand, through its non wholly-owned subsidiaries (namely, OCG Thailand BVI and OCG Asia Pacific), will increase from approximately 57.47% to approximately 90.74%.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition and the proposed issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares, on an aggregated basis, is more than 5% but less than 25%, the Acquisition and the proposed issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, since Seller 1 is entitled to exercise approximately 42.53% of the voting power at any general meeting of OCG Thailand (an indirect non wholly-owned subsidiary of the Company), Seller 1 is a substantial shareholder of OCG Thailand and thus a connected person of the Company at the subsidiary level. Accordingly, the Acquisition and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

As (i) the Board has approved the Share Purchase Agreement and the transactions contemplated thereunder and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares; and (ii) the independent non-executive Directors have confirmed that the terms of the Share Purchase Agreement and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares are fair and reasonable, and the transactions contemplated under the Share Purchase Agreement and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG

Thailand Preference Shares are on normal commercial terms and in the interests of the Group and the Shareholders as a whole, the Share Purchase Agreement and the transaction contemplated thereunder and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

The principal terms and conditions of the Share Purchase Agreement are as follows:

THE SHARE PURCHASE AGREEMENT

Date: 15 October 2015

Parties:

- (i) OCG Thailand BVI (an indirect non wholly-owned subsidiary of the Company);
- (ii) OCG Asia Pacific (an indirect non wholly-owned subsidiary of the Company);
- (iii) Seller 1; and
- (iv) Seller 2

As at the date of this announcement, since Seller 1 is entitled to exercise approximately 42.53% of the voting power at any general meeting of OCG Thailand (an indirect non wholly-owned subsidiary of the Company), Seller 1 is a substantial shareholder of OCG Thailand and thus a connected person of the Company at the subsidiary level.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Seller 2 is a third party independent of, and not connected with, the Company and its connected persons.

Asset to be acquired

Pursuant to the Share Purchase Agreement, Seller 1 has agreed to sell, and OCG Thailand BVI has agreed to purchase, Transferred Shares A held by Seller 1 whereas Seller 2 has agreed to sell, and OCG Asia Pacific has agreed to purchase Transferred Share B held by Seller 2, upon and subject to the terms and conditions of the Share Purchase Agreement.

Purchase Price

The purchase price payable for the Transferred Shares is, with reference to the net asset value of OCG Thailand as at 31 March 2015 after distribution of the interim dividend for the year ending 31 March 2016, to be an amount of THB4.88 per ordinary share and the aggregate purchase price payable to the Sellers shall be an amount of THB4,880,000 (approximately HK\$1,064,000).

The purchase price payable by OCG Thailand BVI to Seller 1 relating to sale and purchase of Transferred Shares A shall be THB4,879,995.12 (approximately HK\$1,064,000) (“**Purchase Price A**”). The purchase price payable by OCG Asia Pacific to Seller 2 relating to sale and purchase of Transferred Share B shall be THB4.88 (approximately HK\$1.06) (“**Purchase Price B**”).

On Completion, each of OCG Thailand BVI and OCG Asia Pacific shall pay Purchase Price A and Purchase Price B by telegraphic transfer to Seller 1 and Seller 2, respectively.

Conditions Precedent

Completion shall be subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Buyers) the waiver of the following Conditions Precedent (other than the Conditions Precedent set out in paragraphs (1) to (9) and (14) which cannot be waived):

1. the board of directors of OCG Thailand should have approved:
 - (a) transfer of the Transferred Shares.
 - (b) declaration and distribution of interim dividend for the year ending 31 March 2016; and
 - (c) convening of general meeting(s) of OCG Thailand for approval of those matters set out in Conditions Precedent 2 and 3 below;
2. a majority of the shareholders of OCG Thailand should have approved all the transactions contemplated under the Share Purchase Agreement;
3. a special resolution should have been passed at a general meeting of OCG Thailand approving:
 - (a) increase of the registered capital of OCG Thailand by issuing and allotting 2,550,000 New OCG Thailand Preference Shares to Seller 1, subject to waiver of the right of first refusal by other shareholders of OCG Thailand in accordance with the AOA (as defined below);
 - (b) amendment of the articles of association (“**AOA**”) of OCG Thailand and where appropriate, its memorandum of association (“**MOA**”);
 - (c) decrease of the registered capital of OCG Thailand by deleting existing 550,000 preference shares of OCG Thailand; and

- (d) amendment of the AOA in the form and substance prescribed in Share Purchase Agreement and where appropriate, its MOA as a result of the aforesaid decrease of the registered capital of OCG Thailand.
4. OCG Thailand should have paid the interim dividend for the year ending 31 March 2016, and should have registered the special resolution for the increase of capital and hence the amendment of the AOA and the MOA with the Ministry of Commerce of Thailand as well as update any relevant corporate documents to reflect such capital increase;
 5. Seller 1 should have paid for value of subscribing the New OCG Thailand Preference Shares;
 6. the Sellers should have caused OCG Thailand to publish in a local newspaper at least once and send a notice for decrease of registered capital to all creditors of OCG Thailand;
 7. the licence, consent, approval, authorization, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval whatsoever (collectively, (collectively, “**Approval**”) which entitle OCG Thailand to carry out its business in compliance with the relevant Thai laws, rules and regulations remain valid and binding and not being revoked and not being varied amended or modified without the prior written consent of the Buyers;
 8. the Thai legal opinion from the Thai legal advisers acceptable to the Buyers (all in forms and contents satisfactory to the Buyers in their absolute discretion) confirming, inter alia: (i) the due incorporation, shareholding structure and scope of business activities of OCG Thailand; (iii) the Approval having been unconditionally and validly issued by the proper Thai authority in favour of OCG Thailand; and (iv) such other matters as may be required by the Buyers, in form and substance acceptable to the Buyers have been delivered to the Buyers to their absolute discretion;
 9. it has not come to the attention of the Buyers that the warranties as set out in the Share Purchase Agreement being inaccurate and incorrect in any respect on the date of the Share Purchase Agreement and on each date on which they are deemed repeated, and as if made on, the date of Completion;
 10. it has not come to the attention of the Buyers that any material adverse change or effect has occurred prior to the date of Completion or are likely to occur whether before the date of Completion;
 11. the audited balance sheet and profit and loss account of OCG Thailand for the financial year ended 31 March 2015 shall have been delivered to the Buyers to the absolute satisfaction of the Buyers;
 12. in respect of completion of sale and purchase of Transferred Shares A, completion of sale and purchase of Transferred Share B;

13. in respect of completion of sale and purchase of Transferred Share B, completion of sale and purchase of Transferred Shares A; and
14. an approval is granted by the Bank of Thailand for change in registered capital of OCG Thailand.

In the event that any of the Conditions Precedent are deemed not to have been fulfilled or are not fulfilled, in each case, on 31 January 2016 (“**Long Stop Date**”) or such later date as the parties to the Share Purchase Agreement (the “**Party(ies)**”) may from time to time agree in writing, the Share Purchase Agreement and everything contained in it shall terminate and be null and void and of no further effect, except that the Parties shall use their best effort to restore to the condition in which they were previously, and no Party shall have any liability to any other Party, save in respect of any prior breaches of the Share Purchase Agreement.

Completion

Completion of sale and purchase of Transferred Shares A and Transferred Share B under the Share Purchase Agreement shall take place simultaneously on a date to be agreed by the Parties which shall be no later than 28 February 2016.

THE PROPOSED ISSUANCE OF NEW OCG THAILAND PREFERENCE SHARES, WITH SUBSEQUENT REDUCTION OF REGISTERED CAPITAL OF OCG THAILAND BY DELETION OF EXISTING OCG THAILAND PREFERENCE SHARES

The Board also announces that OCG Thailand proposed to (i) issue the New OCG Thailand Preference Shares for allotment to Seller 1 at par value of THB3 per New OCG Thailand Preference Share; and (ii) reduce the registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares.

Upon completion of the issuance of the New OCG Thailand Preference Shares, the Share Purchase Agreement and the reduction of the registered capital by deleting the Existing OCG Thailand Preference Shares, the Company’s voting rights in OCG Thailand, through its non wholly-owned subsidiaries (namely, OCG Thailand BVI and OCG Asia Pacific), will increase from approximately 57.47% to approximately 90.74%.

INFORMATION OF OCG THAILAND

OCG Thailand was incorporated on 27 September 2004 with limited liability in Thailand. The principal activities of OCG Thailand is the operation of the business process outsourcing in relation to electronic payment system i.e. clearing, settlement, transaction switching including e-Money. As at the date of this announcement, the total issued share capital of OCG Thailand (including both the OCG Thailand Ordinary Shares and the Existing OCG Thailand Preference Shares) are held by OCG Thailand BVI and the Sellers as to approximately 49.18% and 50.82%, respectively. As at the date of this announcement, OCG Thailand has 2,500,000 OCG Thailand Ordinary Shares in issue, which is

owned as to 60% by OCG Thailand BVI and as to 40% by the Sellers, respectively, whereas OCG Thailand has 550,000 Existing OCG Thailand Preference Shares in issue which is entirely owned by Seller 1.

In terms of voting powers, every one OCG Thailand Ordinary Share or every five Existing OCG Thailand Preference Shares has one vote for any resolution of OCG Thailand as at the date of this announcement, and hence through the existing shareholding structure of OCG Thailand (the “**Existing OCG Thailand Shareholding Structure**”), OCG Thailand BVI and the Sellers have approximately 57.47% and 42.53% voting rights in OCG Thailand, respectively. Pursuant to the new AOA, every one OCG Thailand Ordinary Share or every ten New OCG Thailand Preference Shares shall have one vote for any resolution of OCG Thailand.

SHAREHOLDING STRUCTURE OF OCG THAILAND

The following table sets out the number of shares, voting power and ordinary dividend entitlement in respect of OCG Thailand held by each of the shareholders of OCG Thailand as at the date of this announcement:

	Ordinary share capital		Preference share capital (Note 1)		Total issued share capital		Voting Power	Ordinary dividend entitlement (Note 2)
	No. of shares	%	No. of shares	%	No. of shares	% (Approximately)	% (Approximately)	%
OCG Thailand BVI	1,500,000	60.00	–	0.00	1,500,000	49.18	57.47	60.00 (Note 3)
Sellers	<u>1,000,000</u>	<u>40.00</u>	<u>550,000</u>	<u>100.00</u>	<u>1,550,000</u>	<u>50.82</u>	<u>42.53</u>	<u>40.00</u>
Total	<u><u>2,500,000</u></u>	<u><u>100.00</u></u>	<u><u>550,000</u></u>	<u><u>100.00</u></u>	<u><u>3,050,000</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

Upon completion of the issuance of the New OCG Thailand Preference Shares for allotment to Seller 1, the number of shares, voting power and ordinary dividend entitlement in respect of OCG Thailand held by each of the shareholders of OCG Thailand are as follows:

	Ordinary share capital		Preference share capital (Note 4)		Total issued share capital		Voting Power	Ordinary dividend entitlement (Note 5)
	No. of shares	%	No. of shares	%	No. of shares	% (Approximately)	% (Approximately)	%
OCG Thailand BVI Sellers	1,500,000	60.00	–	0.00	1,500,000	26.79	52.36	60.00 (Note 6)
	<u>1,000,000</u>	<u>40.00</u>	<u>3,100,000</u>	<u>100.00</u>	<u>4,100,000</u>	<u>73.21</u>	<u>47.64</u>	<u>40.00</u>
Total	<u>2,500,000</u>	<u>100.00</u>	<u>3,100,000</u>	<u>100.00</u>	<u>5,600,000</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Upon (i) completion of the issuance of the New OCG Thailand Preference Shares for allotment to Seller 1; and (ii) completion of the Share Purchase Agreement, the number of shares, voting power and ordinary dividend entitlement in respect of OCG Thailand held by each of the shareholders of OCG Thailand are as follows:

	Ordinary share capital		Preference share capital (Note 4)		Total issued share capital		Voting Power	Ordinary dividend entitlement (Note 5)
	No. of shares	%	No. of shares	%	No. of shares	% (Approximately)	% (Approximately)	%
Buyers	2,500,000	100.00	–	0.00	2,500,000	44.64	87.26	100.00 (Note 7)
Seller 1	<u>–</u>	<u>0.00</u>	<u>3,100,000</u>	<u>100.00</u>	<u>3,100,000</u>	<u>55.36</u>	<u>12.74</u>	<u>0.00</u>
Total	<u>2,500,000</u>	<u>100.00</u>	<u>3,100,000</u>	<u>100.00</u>	<u>5,600,000</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Upon (i) completion of the issuance of the New OCG Thailand Preference Shares for allotment to Seller 1; (ii) completion of the Share Purchase Agreement; and (iii) completion of the reduction of the registered capital by deleting the Existing OCG Thailand Preference Shares, the number of shares, voting power and ordinary dividend entitlement in respect of OCG Thailand held by each of the shareholders of OCG Thailand are as follows:

	Ordinary share capital		Preference share capital (Note 8)		Total issued share capital		Voting Power	Ordinary dividend entitlement (Note 5)
	No. of shares	%	No. of shares	%	No. of shares	(Approximately) %	(Approximately) %	%
Buyers	2,500,000	100.00	–	0.00	2,500,000	49.50	90.74	100.00 (Note 7)
Seller 1	–	0.00	2,550,000	100.00	2,550,000	50.50	9.26	0.00
Total	<u>2,500,000</u>	<u>100.00</u>	<u>2,550,000</u>	<u>100.00</u>	<u>5,050,000</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Notes:

1. The Existing OCG Thailand Preference Shares are classified as liabilities instead of equity in the Group's consolidated financial statements in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive fixed cumulative dividend of at the rate of 9% per year on the paid up value of the Existing OCG Thailand Preference Shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.
2. Each holder of OCG Thailand Ordinary Shares shall receive any dividend declared by the Company equally on each share, after distribution of the fixed cumulative dividend to holders of the Existing OCG Thailand Preference Shares.
3. The results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the Existing OCG Thailand Preference Shares issued and its related cumulative dividend and the non-controlling interests, to the extent of 42% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares of OCG Thailand indirectly held by the Company through OCG Thailand BVI.
4. The Existing OCG Thailand Preference Shares and the New OCG Thailand Preference Shares are classified as liabilities instead of equity in the Group's consolidated financial statements in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive fixed cumulative dividend of at the rate of 9% per year and 9.5% per year respectively on the paid up value of the respective Existing OCG Thailand Preference Shares and the New OCG Thailand Preference Shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

5. Each holder of OCG Thailand Ordinary Shares shall receive any dividend declared by the Company equally on each share, after distribution of the fixed cumulative dividend to holders of the Existing OCG Thailand Preference Shares and the New OCG Thailand Preference Shares.
6. The results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the Existing OCG Thailand Preference Shares and the New OCG Thailand Preference Shares issued and its related cumulative dividend and the non-controlling interests, to the extent of 42% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares of OCG Thailand indirectly held by the Company through OCG Thailand BVI.
7. The results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the Existing OCG Thailand Preference Shares and the New OCG Thailand Preference Shares issued and its related cumulative dividend and the non-controlling interests, to the extent of 70% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares of OCG Thailand indirectly held by the Company through OCG Thailand BVI.
8. The New OCG Thailand Preference Shares are classified as liabilities instead of equity in the Group's consolidated financial statements in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive fixed cumulative dividend of at the rate of 9.5% per year on the paid up value of the New OCG Thailand Preference Shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

Pursuant to the shareholding structure of OCG Thailand as a result of completion of the issuance of the New Preference Shares, the Share Purchase Agreement and the reduction of the registered capital by deleting the existing OCG Thailand Preference Shares (the "**New OCG Thailand Shareholding Structure**"), OCG Thailand BVI and OCG Asia Pacific will be entitled to receive 100% benefit on the dividend declared to the ordinary shareholders of OCG Thailand at any time and obtain approximately 90.74% voting power in the shareholders' meetings of OCG Thailand.

To comply with the relevant Thai laws and regulations on foreign invested companies, the Group operates its card acceptance business through OCG Thailand, and the Existing OCG Thailand Shareholding Structure was adopted because OCG Thailand is a Thai entity and shall not be considered a foreigner under the definition of the FBA because Thai shareholders hold more than 50% of the total issued share capital of OCG Thailand at all times. The FBA prevents foreigners from providing most services in Thailand without regulatory approval. As advised by the Company's Thai legal advisers, DLA Piper (Thailand) Limited ("**DLA Thailand**"), Section 4 of the FBA is not concerned about the different classes of shares in determining whether the entity is a "foreigner" and Section 4(3) and 4(4) make it clear that the concern relates to the total number of all capital shares in the Company (combination of all classes). DLA Thailand advised that the New OCG Thailand Shareholding Structure between OCG Thailand BVI and the Sellers upon completion of the issuance of the New OCG Thailand Preference Shares, the Share Purchase Agreement and reduction of the registered capital by deleting the Existing OCG Thailand Preference Shares is in compliance with the existing laws and regulations of Thailand.

As advised by DLA Thailand, the New OCG Thailand Shareholding Structure in relation to OCG Thailand was adopted because (i) the New OCG Thailand Shareholding Structure is in compliance with the laws of Thailand, (ii) OCG Thailand is a Thai entity and shall not be considered a foreigner under the definition of the FBA, as Thai shareholders hold more than 50% of all issued shares in OCG Thailand, whether in form of preference shares or ordinary shares as a result of the restructuring, and (iii) the New OCG Thailand Shareholding Structure allows OCG Thailand to carry on its business in Thailand.

FINANCIAL INFORMATION OF OCG THAILAND

The following table sets out the audited financial information of OCG Thailand for the two years ended 31 March 2015 extracted from OCG Thailand's audited financial statements for the year ended 31 March 2015 prepared in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities. The financial information of OCG Thailand is presented before any adjustments made by the Group to align with the Hong Kong Financial Reporting Standards.

	For the year ended 31 March 2014	For the year ended 31 March 2015
	<i>THB</i>	<i>THB</i>
Turnover	464,025,396	441,492,445
Profit before taxation	93,319,397	76,937,102
Net profit after taxation	74,596,922	61,639,624
	As at	As at
	31 March 2014	31 March 2015
	<i>THB</i>	<i>THB</i>
Net assets attributable to shareholders of OCG Thailand	57,805,866	69,132,789

REASONS FOR AND BENEFITS OF THE ABOVE TRANSACTIONS

The Group is principally engaged in pan-Asian payment, internet finance and cross-border e-commerce business and possesses one of the only six business licences to operate a nationwide prepaid and internet payment network in the PRC.

The Group operates its card acceptance business in Thailand through OCG Thailand. The card acceptance business is the business platform through which the Group is engaged in business partnership with UnionPay International Co., Ltd (“UPI”) in Thailand, whereby the Group installs point-of-sale (“POS”) card terminals, to enable such POS terminals to accept UPI cards at Thai merchants frequented by Chinese tourists (who are most likely UPI Card members) and both UPI credit and debit cards are accepted at the POS card terminals at Thai merchants.

As mentioned in the annual report of the Company for the year ended 31 March 2015, throughout the year, the total transaction volume handled by the Group in Thailand amounted to approximately THB 27,476 million, with a slight decrease of approximately 1% as compared with the same recorded in the year ended 31 March 2014. The decrease was mainly attributed to the political instability in the first quarter of the year, which was improved since July 2014. The Company is of the view that the card acceptance business in Thailand represents a stable source of revenue of the Group and such business remains profitable in recent years although the total transaction volume has experienced a slight decline for the year ended 31 March 2015. The Company believes that the above transactions, which would increase the Group's shareholding interest and economic benefits in OCG Thailand, will maximize the future contribution from OCG Thailand to the Group while the New OCG Thailand Shareholding Structure offers an opportunity for the Sellers to realize their investments in the OCG Thailand Ordinary Shares and reinvest into the New OCG Thailand Preference Shares for higher amount of stable income.

The Board (including the independent non-executive Directors) is of the view that the above transactions (including the signing of the Share Purchase Agreement and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares) are entered into on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition and the proposed issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares, on an aggregated basis, is more than 5% but less than 25%, the Acquisition and the proposed issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, since Seller 1 is entitled to exercise approximately 42.53% of the voting power at any general meeting of OCG Thailand (an indirect non wholly-owned subsidiary of the Company), Seller 1 is a substantial shareholder of OCG Thailand and thus a connected person of the Company at the subsidiary level. Accordingly, the Acquisition and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

As (i) the Board has approved the Share Purchase Agreement and the transactions contemplated thereunder and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares; and (ii) the independent non-executive Directors have confirmed that the terms of the Share Purchase Agreement and the issuance of the New OCG Thailand Preference Shares with subsequent reduction

of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares are fair and reasonable, and the transactions contemplated under the Share Purchase Agreement and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares are on normal commercial terms and in the interests of the Group and the Shareholders as a whole, the Share Purchase Agreement and the transaction contemplated thereunder and the issuance of the New OCG Thailand Preference Shares with subsequent reduction of registered capital of OCG Thailand by deleting the Existing OCG Thailand Preference Shares are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following meaning when used herein:

“Acquisition”	the proposed acquisition of the Transferred Shares by the Buyers from the Sellers pursuant to the terms and conditions of the Share Purchase Agreement
“Board”	the board of Directors
“Buyers”	OCG Thailand BVI and OCG Asia Pacific
“BVI”	the British Virgin Islands
“Company”	China Smartpay Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“Completion”	completion of the Share Purchase Agreement in accordance with its terms and conditions
“Conditions Precedent”	the conditions precedent to the Completion under the Share Purchase Agreement which are set out in the paragraph headed “Conditions Precedent” of this announcement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Existing OCG Thailand Preference Share(s)”	the issued and allotted preference share(s) of OCG Thailand as at the date of this announcement

“FBA”	the Foreign Business Act of Thailand of 1999
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“New OCG Thailand Preference Share(s)”	the 2,550,000 new preference share(s) of OCG Thailand proposed to be issued and allotted to Seller 1
“OCG Asia Pacific”	Oriental City Group Asia Pacific Limited, a company registered in the BVI with limited liability on 8 September 2011 and an indirect wholly-owned subsidiary of the Company, whose principal business activity is investment holding
“OCG Thailand”	Oriental City Group (Thailand) Co., Ltd., a company incorporated in Thailand with limited liability on 27 September 2004 and is currently held by three shareholders, namely OCG Thailand BVI, Seller 1 and Seller 2, in terms of their holding of both the OCG Thailand Ordinary Share(s) and the Existing OCG Thailand Preference Shares as to approximately 49.18033%, 50.81964% and 0.00003%, respectively
“OCG Thailand BVI”	Oriental City Group Thailand Limited, a company registered in the BVI with limited liability on 7 May 2007 and an indirect wholly-owned subsidiary of the Company, whose principal business activity is investment holding
“OCG Thailand Ordinary Share(s)”	the issued and allotted ordinary share(s) of OCG Thailand as at the date of this announcement
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Seller 1”	Mrs. Nongluck Anantachote, a Thai national, being the seller of 999,999 OCG Thailand Ordinary Shares to OCG Thailand BVI pursuant to the Share Purchase Agreement

“Seller 2”	Ms. Patcharin Pinkoksoong, a Thai national, being the seller of one OCG Thailand Ordinary Share to OCG Asia Pacific pursuant to the Share Purchase Agreement
“Sellers”	Seller 1 and Seller 2
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 15 October 2015 entered into amongst the Buyers and the Sellers in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“Transferred Shares A”	the 999,999 OCG Thailand Ordinary Shares agreed to be purchased by OCG Thailand BVI from Seller 1 pursuant to the Share Purchase Agreement
“Transferred Share B”	the one OCG Thailand Ordinary Share agreed to be purchased by OCG Asia Pacific from Seller 2 pursuant to the Share Purchase Agreement
“Transferred Shares”	Transferred Shares A and Transferred Share B
“%”	per cent

By order of the Board
China Smartpay Group Holdings Limited
Zhang Huaqiao
Chairman

Hong Kong, 15 October 2015

Unless the context otherwise requires, translations of THB into HK\$ are made, for illustration purpose only, at the rate of THB1.000 = HK\$0.218.

As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Zhang Huaqiao, Dr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen, and Mr. Song Xiangping; and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.

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 at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.chinasmartpay.com.