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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)**

**INSIDE INFORMATION**

**AND**

**TERM SHEET IN RELATION TO SUBSCRIPTION OF NEW SHARES  
ISSUED BY ZHI CHENG HOLDINGS LIMITED**

On 18 December 2015 (before trading hours commence), the Company and the Issuer entered into the Term Sheet, pursuant to which the Company intends to subscribe and the Issuer intends to issue not more than 25% of the issued share capital of the Issuer as enlarged by the allotment and issuance of the Subscription Shares as at the date of Completion.

**The Board wishes to emphasize that no binding agreement in relation to the Subscription has been entered into as at the date of this announcement. As such, the Subscription may or may not proceed. Further announcement in compliance with the GEM Listing Rules in respect of the Subscription will be made by the Company as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 17.10(2) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **TERM SHEET IN RELATION TO SUBSCRIPTION OF NEW SHARES ISSUED BY THE ISSUER**

On 18 December 2015 (before trading hours commence), the Company and the Issuer entered into the Term Sheet, pursuant to which the parties have agreed on the indicative terms of the Subscription for the Subscription Shares at the Subscription Price of HK\$0.135 per Subscription Share. The Subscription pursuant to the Term Sheet is subject to the entering into of the Formal Agreement. The principal terms of the Term Sheet are as follows:

Date: 18 December 2015

Parties: (a) the Company

(b) the Issuer

To the best knowledge, information and belief of the Directors, the Issuer and its ultimate beneficial owners are Independent Third Parties.

### **Subscription Shares**

The Company intends to subscribe not more than 25% of the enlarged issued share capital of the Issuer as at the date of Completion.

### **Subscription Price**

The Subscription Price of HK\$0.135 per Subscription Share was arrived at after arm's length negotiations between the Company and the Issuer and after having considered the recent market price of the shares of the Issuer.

### **Grant of Put Options**

The Company shall grant to the Issuer an option (the "**Put Option**"), exercisable in the manner as detailed in the Formal Agreement, to require the Company to subscribe for such number of new shares of the Issuer (the "**Option Share(s)**") that no general offer obligation shall be triggered on the part of Company and its parties acting in concert (as defined in The Codes on Takeovers and Mergers and Share Repurchases (the "**Codes**") under Rule 26 of the Codes as a result of issue of the Subscription Shares and the Option Shares, at the price being equivalent to the Subscription Price per each Option Share.

## **Due Diligence Review**

The Company shall be entitled (but not obliged) to carry out a due diligence review and investigation on each member company of the Issuer including (without limitation to) its assets, liabilities, contracts, commitments and business and financial and legal aspects (the “**Due Diligence Review**”).

## **Formal Agreement**

The parties to the Term Sheet agree to proceed to negotiate and with the view to finalise detailed terms and conditions of the Formal Agreement based on the provisions of the Term Sheet following the execution of the Term Sheet as soon as possible and in any event no later than 30 days from the date of the Term Sheet, or such later date as the parties may otherwise agree in writing.

## **Conditions Precedent for Completion**

Completion will be subject to satisfaction of the conditions precedents as detailed in the Formal Agreement. Such conditions will include, inter alia, the following:

- (i) the Company shall have been reasonably satisfied with the results of the Due Diligence Review;
- (ii) where necessary, the shareholders of the Issuer shall have approved the Formal Agreement and other transactions contemplated thereunder including, without limitation to, issue of the Option Shares upon exercise of the Put Option, at a general meeting of the Company in accordance with the GEM Listing Rules;
- (iii) the Listing Committee of the Stock Exchange shall have granted the approval for listing of, and permission to deal in, the Subscription Shares and also the Option Shares;

- (iv) the Company shall have obtained all necessary approvals, consents and/or waivers from relevant governmental or regulatory authorities with respect to entering into of the Formal Agreement and other transactions contemplated thereunder including, without limitation to, grant of the Put Option; and
- (v) any other approval, consent and/or waiver as may be required by any applicable laws, rules and/or regulations for the Formal Agreement and other transactions contemplated thereunder shall have been obtained.

### **Binding Effect**

Save for the provisions relating to confidentiality, termination, costs and expenses as well as governing law and jurisdiction, which are intended to be binding, the provisions of the Term Sheet shall not be legally binding.

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

The Group offers a wide range of value-added and internet payment services to its customers and 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 Issuer is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM (stock code: 8130). The Issuer is principally engaged in the provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations. The Issuer also expanded into finance related business in 2015 and established a financial leasing company in the PRC, which has obtained relevant approval and license to operate a financial leasing business in the PRC. Its current focus is on the financial leasing of electronic equipment and urban infrastructures in respect of environmental protection, transportation and medical industries.

The Issuer is constantly looking for potential clients in the aforesaid industries via its business partners, whereas the Group is dedicated to developing prepaid card and intellectual point of sale system (“POS”) business, including but not limited to providing services for citizens, clients in transportation and medical industries. The Board believes that there is significant synergy between the businesses of the Group and the Issuer. The current business scope of the Issuer in the financial leasing business together with its existing business partners are expected to bring in a more diverse clientele to the Company. Meanwhile, the Company could rely on the financial leasing business of the Issuer to grow its prepaid card and POS business, and provide more comprehensive and diversified services for clients.

The underlying assets of a financial leasing business and its clients and business partners normally generate stable cash flow and a high yield. These quality assets are suitable underlying assets for financial products to be structured and provided by the Group to its clients. Therefore, the Board believes that the financial leasing business of the Issuer can provide quality underlying assets for the Group's planned internet finance business. Our cooperation with the Issuer in providing services for citizens, clients in transportation and medical industries is expected to provide our clients with a diversified and attractive return. In the meantime, such cooperation would provide a stable and quality source of underlying assets for the Group in its future business development, providing a strong support for the Group's effort to establish a leading internet finance platform.

Accordingly, the Directors consider acquiring a substantial shareholding in the Issuer would provide substantial strategic value and synergistic benefit to the Group.

## **GENERAL**

The Board wishes to emphasize that no binding agreement in relation to the Subscription has been entered into as at the date of this announcement. As such, the Subscription may or may not proceed. Further announcement in compliance with the GEM Listing Rules in respect of the Subscription will be made by the Company as and when appropriate.

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

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“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 (stock code: 8325)
“Completion”	completion of the Subscription subject to the terms and conditions of the Formal Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal legally binding definitive agreement in connection with the Subscription
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“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
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons
“Issuer”	Zhi Cheng Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM (stock code: 8130)
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the contemplated subscription for the Subscription Shares by the Company
“Subscription Price”	HK\$0.135 per Subscription Share
“Subscription Share(s)”	subject to the terms and conditions of the Formal Agreement, certain number of new ordinary shares to be allotted and issued by the Issuer to the Company at Completion, upon which the Company and parties acting in concert with it shall effectively hold not more than 25% interest in the Company

“Term Sheet” the term sheet dated 18 December 2015 entered into between the Company and the Issuer in relation to the Subscription

“%” per cent.

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

Hong Kong, 18 December 2015

*As at the date of this announcement, the board of the Company comprises five executive Directors, namely, Mr. Zhang Huaqiao, Mr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; and 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 Rule 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](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.chinasmartpay.com](http://www.chinasmartpay.com).*