
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Smartpay Group Holdings Limited (the “Company”), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.



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)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL,
PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the Extraordinary General Meeting (the “EGM”) of China Smartpay Group Holdings Limited to be held at Office No. 01, 31st Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong on Thursday, 17 March 2016 at 11:00 a.m. is set out on pages 8 to 10 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s share registrar in Hong Kong, Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the Company’s website at <http://www.chinasmartpay.com> for at least seven (7) days from the date of its posting.

25 February 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“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);
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held on Thursday, 17 March 2016 for approving the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended, supplemented and/or otherwise modified from time to time;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Refreshment Resolution”	the ordinary resolution passed at the extraordinary general meeting of the Company held on 25 February 2015 for the refreshment of the Scheme Mandate Limit;
“Latest Practicable Date”	24 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Option(s)”	options(s) to subscribe for Shares granted under the Share Option Scheme;
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

DEFINITIONS

“Proposed Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,000,000,000 Shares;
“Proposed Refreshment of the Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit and the grant of the Scheme Mandate Limit;
“Scheme Mandate Limit”	the maximum number of Shares which may be issued pursuant to the exercise of Options granted under the Share Option Scheme or (following refreshment) the maximum number of Shares which may be issued pursuant to the exercise of Options granted under the Share Option Scheme following the date of refreshment of the Scheme Mandate Limit;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 14 August 2009;
“Shareholder(s)”	registered holder(s) of issued share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong;
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Huaqiao (*Chairman of the Board*)

Dr. Cao Guoqi

Mr. Fung Weichang

Mr. Xiong Wensen

Mr. Song Xiangping

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Wang Yiming

Mr. Lu Dongcheng

Dr. Yuan Shumin

Head Office and Principal Place

of business in Hong Kong:

Office No. 01, 31st Floor

Hong Kong Plaza

188 Connaught Road West

Hong Kong

25 February 2016

To the Shareholders,

Dear Sir or Madam,

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL,
PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit and to seek your approval of the resolutions to such matters at the EGM.

LETTER FROM THE BOARD

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each. As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each of which 1,452,639,159 Shares were in issue (inclusive of 4,730,000 Shares repurchased by the Company on 17 February 2016, 23 February 2016 and 24 February 2016 but not yet cancelled as at the Latest Practicable Date).

The Board proposes to increase the authorised share capital of the Company to HK\$30,000,000 divided into 3,000,000,000 Shares by the creation of an additional 1,000,000,000 Shares which shall rank pari passu with the existing Shares in all respects upon allotment and issue. The Proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

Immediately after the completion of Proposed Increase in Authorised Share Capital and assuming no Shares are issued or repurchased from the Latest Practicable Date up to the EGM, the authorised share capital of the Company will be HK\$30,000,000 divided into 3,000,000,000 Shares, with 1,452,639,159 Shares in issue (inclusive of 4,730,000 Shares repurchased by the Company on 17 February 2016, 23 February 2016 and 24 February 2016 but not yet cancelled) and 1,547,360,841 Shares remaining unissued.

The Board considers that the Proposed Increase in Authorised Share Capital will provide the Company with flexibility for fund raising by allotting and issuing new Shares in the future as and when appropriate for future investment opportunities and other corporate purposes. The Board believes that the Proposed Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole. The Proposed Increase in Authorised Share Capital of the Company will take effect upon the relevant resolution approving the same is passed by the Shareholders at the EGM.

PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed on 14 August 2009 (the “**Adoption Date**”). Apart from the Share Option Scheme, the Company has no other share option scheme currently in force. The existing Scheme Mandate Limit is 103,680,000 Shares, being 10% of the Shares in issue as at 25 February 2015, the date of passing of the Last Refreshment Resolution. The Scheme Mandate Limit has been previously refreshed twice since the adoption of the Share Option Scheme by the resolution passed on 20 December 2013 and the Last Refreshment Resolution.

Since the date of the passing of the Last Refreshment Resolution and up to the Latest Practicable Date, options carrying the rights to subscribe for a total of 235,680,000 Shares had been granted under the Share Option Scheme.

LETTER FROM THE BOARD

The following table sets out the details of the Company's share options granted pursuant to the Scheme Mandate Limit as refreshed by the Last Refreshment Resolution as at the Latest Practicable Date:

Total number of share options	As at the Latest Practicable Date
Granted	235,680,000
Exercised	0
Lapsed/cancelled	0
Outstanding	235,680,000

As at the Latest Practicable Date, the Company had utilized a substantial part of the Scheme Mandate Limit as refreshed by the Last Refreshment Resolution. In view of the increase in issued share capital of the Company, the Proposed Refreshment of the Scheme Mandate Limit will provide more flexibility to the Company. If the Scheme Mandate Limit is further "refreshed", on the basis of 1,452,639,159 Shares in issue (inclusive of 4,730,000 Shares repurchased by the Company on 17 February 2016, 23 February 2016 and 24 February 2016 but not yet cancelled) as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of the EGM and that no further Options will be granted under the Share Option Scheme prior to the date of the EGM, the number of Shares that may fall to be allotted and issued upon exercise in full of the options that may be granted, after the relevant resolution is passed at the EGM, would be 145,263,915 Shares (the "**Available Limit**").

Pursuant to the terms of the Share Option Scheme and the GEM Listing Rules, the Scheme Mandate Limit shall not in any event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeding 30% of the Shares in issue from time to time. On the basis of 1,452,639,159 Shares in issue as at the Latest Practicable Date, the 30% overall limit represents a total of 435,791,747 Shares. As at the Latest Practicable Date, the total number of Shares which might be issued upon the exercise of all outstanding options granted since the adoption of the Share Option Scheme and yet to be exercised was 235,680,000 Shares (the "**Outstanding Options**"). Accordingly, the number of Shares which might be issued upon the exercise of the Outstanding Options together with the Available Limit arising from the Proposed Refreshment of the Scheme Mandate Limit amounted to a maximum of 380,943,915 Shares representing approximately 26.22% of the issued Shares as at the Latest Practicable Date, and accordingly, would not exceed the 30% overall limit as at the Latest Practicable Date.

As at the Latest Practicable Date, save and except the Proposed Refreshment of the Scheme Mandate Limit, the Company had no intention to grant further share options under the existing Scheme Mandate Limit and had no present intention to grant any share options under the Scheme Mandate Limit to be refreshed upon the Proposed Refreshment of the Scheme Mandate Limit comes to effect.

The Proposed Refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Proposed Refreshment of the Scheme Mandate Limit; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of any share options that may be granted under the Scheme Mandate Limit to be refreshed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme within the Scheme Mandate Limit as refreshed by the Proposed Refreshment of the Scheme Mandate Limit.

The Company proposes to seek the approval by the Shareholders on the Proposed Refreshment of the Scheme Mandate Limit with a view to allowing the Company more flexibility to provide incentives or rewards to eligible participants for their contribution to the Group. The Directors consider that it will be for the benefit of the Company and the Shareholders as a whole that the eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of Options. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the EGM for approving the Proposed Refreshment of the Scheme Mandate Limit.

IMPLICATION UNDER THE GEM LISTING RULES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has material interest in the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit and accordingly, no Shareholder is required to abstain from voting in the EGM to approve the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement regarding the poll results will be published by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

EGM

The notice convening the EGM to be held at Office No. 01, 31st Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong on Thursday, 17 March 2016 at 11:00 a.m. is set out on pages 8 to 10 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.chinasmartpay.com>). Whether or not you intend to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, to the share registrar of the Company in Hong Kong, Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

LETTER FROM THE BOARD

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to have been revoked.

RECOMMENDATION

The Directors consider that the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of the Scheme Mandate Limit.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

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

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Smartpay Group Holdings Limited (the “**Company**”) will be held at Office No. 01, 31st Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong on Thursday, 17 March 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the authorised share capital of the Company be increased from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each (the “**Shares**”) to HK\$30,000,000 divided into 3,000,000,000 Shares by the creation of additional 1,000,000,000 Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

2. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, such number of shares of the Company (the “**Shares**”) which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company pursuant to an ordinary resolution of the shareholders of the Company passed on 14 August 2009 (the “**Share Option Scheme**”), representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, pursuant to the rules of the Share Option Scheme:

- (a) approval be and is hereby granted for refreshing the 10% limit under the Share Option Scheme (the “**Refreshed Scheme Mandate**”) provided that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company or its subsidiaries under the limit as refreshed hereby shall not exceed 10% of the issued share capital of the Company as at the date of passing of this resolution (options previously

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

granted under the Share Option Scheme and any other share option schemes of the Company or its subsidiaries (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or its subsidiaries) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and

- (b) the directors of the Company or a duly authorised committee thereof be and is/are hereby authorised: (i) at its/their absolute discretion, to grant options to subscribe for Shares within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

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

Hong Kong, 25 February 2016

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of business in Hong Kong:

Office No. 01, 31st Floor
Hong Kong Plaza,
188 Connaught Road West
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxies to attend and to vote on a poll in his/her stead. On a poll, votes may be given either in person (or in case of a shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the Meeting in person or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's share registrar in Hong Kong, Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the Meeting if he/she so wishes. In the event that a shareholder who has lodged the form of proxy attends the Meeting, his/her form of proxy will be deemed to have been revoked.
5. The resolutions set out in this notice of Meeting will be voted by way of a poll.