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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)

ANNOUNCEMENT

UPDATE ON THE DEVELOPMENT OF A POSSIBLE ACQUISITION

This announcement is made by China Smartpay Group Holdings Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 30 May 2014 in respect of a possible acquisition of interests in the issued share capital of a target company, which is, together with its subsidiaries, principally engaged in the payment card business in the People’s Republic of China. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined or referred to in the Announcement.

The Board would like to announce that the parties are still negotiating the terms of the Formal Agreement and in order to allow more time for finalising the Formal Agreement, the parties have, after trading hours of the Stock Exchange on 29 August 2014, entered into a fifth side letter (the “**Fifth Side Letter to the Confirmation Letter**”) to (a) extend the date for signing of the Formal Agreement to no later than 28 November 2014 (or such later date as the parties may otherwise agree in writing); and (b) terminate the MOU on the earlier of (i) the date on which the Formal Agreement is to be executed, or (ii) 28th day of November 2014 (or such later date as the parties may otherwise agree in writing).

Save for the above, all other terms and conditions of the MOU and the Confirmation Letter shall remain in full force and effect.

The terms of the Fifth Side Letter to the Confirmation Letter were arrived at after arm's length negotiations between the parties. The Board considers that the entering into of the Fifth Side Letter to the Confirmation Letter is in the interests of the Company and the Shareholders as a whole. The Company will make further announcement(s) regarding the progress of the Possible Acquisition as and when appropriate.

For the avoidance of doubt, this Possible Acquisition is not related to the Framework Agreement or any transactions contemplated thereunder as detailed in circular of the Company dated 1 September 2014.

Shareholders and potential investors should note that the Possible Acquisition may or may not proceed and are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 August 2014

As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Cheng Nga Ming Vincent, Mr. Cao Guoqi, Mr. Fung Weichang and Mr. Xiong Wensen; (ii) one non-executive Director, namely, Mr. Zhang Huaqiao; and (iii) 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.