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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)

INCORPORATION OF HEALTHCARE PAYMENT JOINT VENTURE

This announcement is made by China Smartpay Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Company is pleased to announce that on 16 October 2014, 北京七樂康科技有限公司 (Beijing Qilekang Technology Limited*, the “**Healthcare Payment JV**”), a joint venture between 開聯通網絡技術服務有限公司 (the Open Union Network Technology Services Limited*, “**Licence Company**”, a joint venture of the Company) and 廣州七樂康藥業連鎖有限公司 (Guangzhou Qilekang Pharmaceutical Chain Limited*, “**Qilekang**”) was incorporated in People’s Republic of China (“**PRC**”).

The Healthcare Payment JV has a registered capital of RMB5 million, of which the Licence Company will invest RMB0.75 million for a shareholding stake of 15%. The Healthcare Payment JV shall have a board composed of three board members, among whom the Licence Company is entitled to nominate one board member. The Licence Company is also entitled to nominate the chairman of the board, the authorized legal representative and will be in charge of issuing, accepting and settlement for the healthcare card product.

* *For identification purposes only.*

The healthcare card product issued by the Healthcare Payment JV will have cross-legal-entity payment functions, so it can be accepted not only on Qilekang's own online platforms, but can also be used to make purchases at other cooperating parties in the healthcare industry, including but not limited to medicine delivery, medical diagnosis, private doctor, health check, health insurance, fitness and nutritional products. Moreover, the parties plan to contribute each party's resources to introduce third-party cooperation, including insurance companies, to develop various value-added products including commercial health insurance.

THE REASONS FOR AND BENEFITS OF INCORPORATION OF THE HEALTHCARE PAYMENT JV

The Group is principally engaged in operating electronic payment, trading and settlement platforms in the PRC, Hong Kong and Thailand. Starting from 2013, the Company has endeavored tremendous amount of efforts to develop Online-to-Offline (“O2O”) services based on industry-specific co-brand payment cards, innovative personal prepaid account service and virtual payment cards and coupons. The Group is establishing the contractual arrangements with the Licence Company which is engaged in the issuance and acceptance of prepaid card and internet payment services in the PRC and possesses a licence which allows it to issue and accept prepaid cards within the PRC on a nationwide basis (Please refer to the circular of the Company 1 September 2014 for details). The aforesaid contractual arrangements have been approved by the Shareholders' at the extraordinary general meeting held on 18 September 2014.

In July 2014, the Licence Company entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with 易聯眾信息技術股份有限公司 (YLZ Information Technology Co., Ltd*, “YLZ”), a leading social and healthcare information service provider in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300096). Pursuant to the Strategic Cooperation Agreement, parties will set up joint venture in the PRC to develop value-added products, such as real-name prepaid cards, that are designed to be used for payment of medical expenses at hospitals and pharmacies in the PRC.

Qilekang is among the first batch of internet pharmacies approved by China Food and Drug Administration, and is one of the largest healthcare e-commerce service providers in the PRC. Since 2011, Qilekang's total sales at Tmall on Singles Day has topped the healthcare products ranking for three consecutive years.

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The Board is of the view that Qilekang and YLZ represent leading enterprises in both online (healthcare e-commerce) and offline (hospitals and pharmacies) healthcare industries, while the incorporation of Healthcare Payment JV will allow Licence Company's prepaid products to be used in both online and offline healthcare acceptance environments. This development will further enhance the Company's leading position in China's healthcare payment industry, further realize the value of Licence Company's nationwide payment licence, and further implement the Company's strategy of developing O2O services based on industry-specific co-brand payment cards, innovative personal prepaid account service and virtual payment cards and coupons. Accordingly, the Board considers the incorporation of the Healthcare Payment JV is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 16 October 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 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 for at least 7 days from the date of its posting and on the Company's website at www.chinasmartpay.com.