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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)**

### **ENTERING INTO A MEMORANDUM OF AGREEMENT WITH NETS IN RESPECT OF THE HARDWARE AND SOFTWARE DEVELOPMENT FOR THE ELECTRONIC PAYMENT SERVICES**

This announcement is made by the Company pursuant to Rule 17.10(2) of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that after trading hours on 22 January 2015, the Company and NETS (Singapore's national payment system) entered into the MOA to connect the product developed by the Company to NETS system in accordance to NETS standards and to put forth the intent for future business collaboration on hardware and software development for the electronic payment services.

The MOA set out the framework of the future business collaboration between both parties and they may enter into further agreements to set out further details of the collaboration. Should the entering into of any of such further agreements constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules, the Company will comply with relevant provisions of the GEM Listing Rules accordingly.

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 MOA

The board (the “**Board**”) of directors (the “**Directors**”) of Company is pleased to announce that after trading hours on 22 January 2015, the Company and Network for Electronic Transfers (Singapore) Pte Ltd (“**NETS**”) have entered into a memorandum of agreement (the “**MOA**”) to put forth the intent for future business collaboration of the Company and NETS on hardware and software development for the electronic payment services.

The major terms of the MOA are set out as follows:-

Date: 22 January 2015

Parties: Party A: the Company

Party B: Network for Electronic Transfers (Singapore) Pte Ltd (“**NETS**”)

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, NETS and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Term: The MOA shall be effective for twelve months from the date of the execution of the MOA.

Major terms: The MOA is intended to connect the product developed by the Company to NETS’ system in accordance to NETS standards and to put forth the intent for future business collaboration on hardware and software development for the electronic payment services.

Based on the MOA, the Company agreed to develop, market and operate software applications (e.g. customer relationship management system, membership management, e-coupons, WIFI broadcast, and merchant management etc.) for different markets together with NETS for the customers of NETS. The Company will also provide training of hardware and software developed by the Company to NETS’ nominees.

Upon completion of the hardware certification, NETS will either (i) purchase the hardware developed by the Company; or (ii) develop a revenue sharing model with the Company for the purchase of the hardware for the deployment to the customers of NETS; or (iii) terminate this agreement. The hardware will be applied in Singapore and other markets where NETS's business covers. NETS also agreed to provide resources for the hardware and software development of the Company and to provide resources for the launch and commercialization of the value added services in the mobile operation of the Company.

Pursuant to the MOA, both parties mutually agreed (i) to work cooperatively to ensure appropriate, efficient communication in support of the objectives of the MOA; (ii) to ensure consistent attendance by the representatives of the Company and NETS at all meetings and functions related to accomplishing the objectives of the MOA; and (iii) to regularly share information about the intent to improve both hardware and software development.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MOA**

The Group is principally engaged in operating electronic payment, trading and settlement platforms in Mainland China, Hong Kong and Southeast Asia. Starting from 2013, the Company has endeavored tremendous amount of efforts to develop Online-to-Offline payment 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 a PRC company (the “**Licence Company**”) which is engaged in the issuance and acceptance of prepaid card and internet payment services in the PRC and it possesses a licence which allows it to issue and accept prepaid cards (both physical and virtual) 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 of the Company at the extraordinary general meeting held on 18 September 2014.

NETS is the leading electronic payment service provider based in Singapore. It is owned by Singapore's largest banks, DBS Bank, OCBC Bank and United Overseas Bank (UOB) and is designated as a national payment system by the Monetary Authority of Singapore. NETS was founded in 1985 to establish Singapore's national PIN Debit scheme, NETS Debit, enabling the earliest electronic payment service in Singapore. NETS is the scheme operator, processor

and acquirer of the service. ATM cards issued by participating banks DBS Bank, Maybank, OCBC Bank, Standard Chartered Bank and UOB, can be used to make NETS debit payments in Singapore at more than 85,000 acceptance points. NETS also issues CashCard, which is used extensively in the motoring market in Singapore, and FlashPay Card, which can be used for public transport as well as payments at all NETS acceptance points. NETS is also engaged in the internet payment business through eNETS. NETS is a member of the Asian Payment Network and a council member of UnionPay International.

The Company owns 22.22% of shareholding stake in Shanghai Koolcloud Technology, a manufacturer and operator of leading smart point-of-sale terminal (“**smart POS**”) technology. The Company also has an option to acquire further stakes, which, upon exercise, shall increase the Company’s shareholding stake to 30%. Through smart POS technology, e-coupons and/or internet payment methods (such as QR code payment) as well as traditional bank cards and NFC payments can be accepted at merchants. The Company and the Company’s partners can also provide value-added services for merchants through smart POS technology, including but not limited to membership management, marketing management, smart queuing, online booking and ordering.

The Board believes that the partnership with NETS will directly benefit the Company’s international expansion, particularly in the Southeast Asia region. Building upon its existing acceptance business in Thailand, the Company will extend its services and customer base to Singapore – the center of Southeast Asia’s economy, and thereby tapping into a mature and developed consumer market. By cooperating with a leading company like NETS in Singapore, the Company will benefit significantly from the joint operating experience and potential technology transfer, and prepare itself for further expansion in the region and other developed economies.

By deploying the Company’s smart POS technology, this partnership can also enlarge the acceptance network of the prepaid cards, especially the virtual prepaid cards and coupons issued by the Licence Company, making products of the Licence Company more useful and can therefore enlarge card issuance volume of the Licence Company. This partnership can also enable Licence Company’s products to be used internationally.

The cooperation will also enhance the long-term value of the smart POS and merchant management technology of Shanghai Koolcloud Technology. As the payment industry becomes increasingly mobile, the demand for corresponding merchant technologies will keep growing, providing further benefits for Shanghai Koolcloud Technology.

Moreover, by cooperating with a leading electronic payment company like NETS, the Company may open up more market opportunities in the future, in particular the opportunities in mobile payment and smart merchant technologies. Accordingly, the Board considers the MOA is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 27 January 2015

*As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Cheng Nga Ming Vincent, Mr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; (ii) one non-executive Director, namely, Mr. Joe 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](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).*