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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)

(1) CLARIFICATION ANNOUNCEMENT AND (2) DELAY IN DESPATCH OF CIRCULAR

Reference is made to the announcement (the “**Announcement**”) of China Smartpay Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 20 April 2015 in relation to, among others, the proposed acquisition of the Target Group involving VIE Contracts and the issue of Consideration Shares. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Further to the information disclosed in the Announcement, the Company would like to clarify and supplement the following additional information.

FURTHER INFORMATION REGARDING THE VIE CONTRACTS

The Company wishes to provide further information of the VIE Contracts as follows:

Undertaking of the Company in respect of the arrangement under the VIE Contracts

The current VIE Contracts between the OPCO and the WFOE had already been in force prior to the entering into of the Sale and Purchase Agreement. The Company undertakes that, after Completion, the Company would use its best endeavor to amend the current VIE Contracts such that the equity interests of the OPCO will be held by the WFOE as a foreign investment with the maximum permissible shareholding under the relevant PRC laws and regulations. However, the acquisition of the equity interests of the OPCO by the WFOE is still subject to the approvals from the relevant PRC government authorities; and there is no assurance that such acquisition will take place.

Other disclosure

The Company wishes to clarify that based on the information as disclosed under the section headed “Effects of the VIE Contracts” set out on page 27 of the Announcement, as advised by the PRC Legal Adviser, the VIE Contracts are legally enforceable and therefore the Directors consider that VIE Contracts are enforceable under the relevant laws and regulations and confer on the Group significant control over and economic benefits in the assets of the OPCO.

In addition, the OPCO will be fully consolidated into the accounts of the Group in accordance with the Group’s accounting policies. The Company will indirectly bear all the economic risk of the OPCO and the losses of the OPCO (if any) will be consolidated into the Company. In the event that the OPCO encounters operating losses or financial difficulties, the Group may have to provide financial support to the OPCO through loan, injection of capital or other kinds of financial assistance.

Save as disclosed above, all other information relating to the VIE Contracts as stated in the Announcement remains unchanged.

CLARIFICATION REGARDING THE SALE AND PURCHASE AGREEMENT

The Company would like to clarify that the following term of the Sale and Purchase Agreement as stated in page 7 of the Announcement:

“In the event that the price of the Share as quoted on the Stock Exchange on the Business Day prior to the proposed date of issue of the Second Tranche Consideration Shares and/or the Third Tranche Consideration Shares is less than the Issue Price, the Vendors shall have an option to elect the Second Tranche Consideration and/or the Third Tranche Consideration to be settled in cash, provided that the Company is satisfied that it has sufficient cash for such settlement.”

should be revised and read as follows:

“In the event that the price of the Share as quoted on the Stock Exchange on the Business Day prior to the proposed date of issue of the Second Tranche Consideration Shares and/or the Third Tranche Consideration Shares is less than the Issue Price, the Vendors shall have an option to elect an amount equal to the shortfall of such share price multiplied by the number of the Second Tranche Consideration Shares and/or the Third Tranche Consideration Shares to be settled in cash, in addition to the allotment and issue of the Second Tranche Consideration and/or the Third Tranche Consideration to the Vendors, provided that such amount shall only be paid at such time when the Company is satisfied that it has sufficient cash for such settlement.”

Further, the Company would like to clarify that the reference to “the Group” in the definitions of “2015 Audited Accounts”, “2015 Net Profit”, “2016 Audited Accounts” and “2016 Net Profit” in the Announcement should be revised and should be read and referred to “the Target Group”.

Save as disclosed above, all the information relating to the Sale and Purchase Agreement as stated in the Announcement remains unchanged.

DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Announcement, a circular (the “**Circular**”) containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Subscription Agreement and the transactions contemplated thereunder; (iii) details of the Specific Mandate; and (iv) the notice of the EGM would be despatched to the Shareholders on or before 12 May 2015. As further time is required to finalise the contents of the Circular, it is expected that the despatch of the Circular will be postponed to a date falling on or before 1 June 2015.

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

Hong Kong, 12 May 2015

As at the date of this announcement, the board of the Company 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. 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.