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 registered dealer in securities, 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.

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)

MAJOR TRANSACTION IN RESPECT OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT

Financial Adviser to the Company

八方金融有限公司
OCTAL Capital Limited

A notice convening the EGM to be held at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay Hong Kong, at 11:00 a.m. on Thursday, 18 September 2014 are set out on pages EGM-1 to EGM-3.

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 the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person in the EGM or any adjourned meeting should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

1 September 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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.

CONTENTS

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

"AIC"	Industrial and Commercial Administration Bureau in the PRC
"associate(s)"	shall have the same meaning as ascribed to it under the GEM Listing Rules
"Beijing Weike"	微科睿思在線（北京）科技有限公司 (Wei Ke Rui Si Online (Beijing) Technology Company Limited*), a company established in the PRC with limited liability, being one of the shareholders holding 90% of the equity interests in the Licence Company as at the Latest Practicable Date, which is owned as to 99.5% by Mr. Zhang, 0.05% by Mr. Chen Baoji, 0.2226% by Ms. Zhao Yan, as to 0.1176% by Mr. Yu Haiying, 0.03% by Mr. Liu Bin and the remaining 0.0798% by Mr. Chen Bing as at Latest Practicable Date
"Beijing Weike Shareholders"	Mr. Zhang, Mr. Chen Baoji, Ms. Zhao Yan, Mr. Yu Haiying, Mr. Liu Bin and Mr. Chen Bing
"Board"	the board of Directors
"Business Cooperation Agreement"	an agreement in relation to, among other things, the scope of business cooperation to be entered into between Shenzhen Yongle and Shanghai Yongle
"Company"	China Smartpay Group Holdings Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the GEM
"Company's Undertaking"	the undertaking dated 8 August 2014 given by the Company in relation to the contractual arrangements under the New Framework Agreement
"Completion"	completion of the transactions contemplated under the New Framework Agreement in accordance with the terms and conditions thereof
"Conditions Precedent"	the conditions precedent to Completion as set out under the paragraphs headed "Conditions Precedent to Completion" in this circular

* *For identification purpose only*

"Control Agreements"	the Business Cooperation Agreement, the Technical Consultation and Services Agreement, the Pledge Agreements, the Share Disposal Agreements, the Voting Rights Proxy Agreements and the Spouse Consent to be entered into by the relevant parties at Completion after fulfillment or waiver (as the case may be) of all the Conditions Precedent
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company proposed to be convened and held to consider and approve, among other things, the New Framework Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group immediately after Completion and the completion of the acquisition of 33% of the equity interests in Beijing Weike (together with the Licence Company, a 90% owned subsidiary of Beijing Weike) by Shanghai Yongle
"Exclusive Assets Acquisition Agreement"	an agreement to be entered into between the Licence Company and Shenzhen Yongle, pursuant to which the Licence Company shall irrevocably grant an exclusive right to Shenzhen Yongle for acquisition of its assets and business (including but not limited to the prepaid card businesses and the internet payment services)
"Exclusive Equity Acquisition Agreement"	an agreement to be entered into between Shenzhen Yongle and Beijing Weike, pursuant to which Beijing Weike shall irrevocably grant an exclusive right to Shenzhen Yongle for acquisition of its 90% equity interests in the Licence Company
"First Loan Agreement"	the formal agreement dated 9 July 2014 entered into between Shenzhen Yongle and Shanghai Yongle following the First Loan Letter of Intent
"First Loan Letter of Intent"	the letter of intent dated 25 May 2014 entered into between Shenzhen Yongle and the Shanghai Yongle Shareholders in relation to the proposed provision of loan in the amount of RMB80 million by Shenzhen Yongle to Shanghai Yongle

"First Side Letter"	the side letter to the New Framework Agreement dated 31 July 2014 entered into among Beijing Weike, the Beijing Weike Shareholders, the Shanghai Yongle Shareholders and Shenzhen Yongle
"First WK S&P Supplemental Agreement"	the supplemental agreement to the WK S&P Agreement dated 31 July 2014 entered into between Shanghai Yongle and the Beijing Weike Shareholders
"Framework Agreement"	the framework agreement dated 3 November 2013 entered into among the PRC Company, Mr. Tan Zhihui, Mr. Zhang Baojian, Goodgate and OCG Hainan in relation to the establishment of a business cooperation relationship between the parties for the proposed investment in 30% of the equity interests in the Licence Company by the Group (as supplemented and amended by the supplemental agreement dated 27 December 2013 entered into between the parties)
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Goodgate"	Goodgate Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency in Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Valuer"	Roma Appraisals Limited, an independent professional valuer engaged for conducting the business valuation on the Licence Company
"Latest Practicable Date"	29 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"LC Articles"	the articles of association of the Licence Company

"LC Articles Amendment Agreement"	an agreement to be entered into by Beijing Weike and Shareholder A in relation to the proposed amendments to be made to the LC Articles
"LC Resolutions"	the shareholders' resolutions of the Licence Company to be signed by Beijing Weike and Shareholder A in relation to the proposed amendments to be made to the LC Articles
"Licence Company"	開聯通網路技術服務有限公司 (Open Union Network Technology Services Limited*), a company established in the PRC with limited liability which holds the licence to conduct the prepaid card business and internet payment services in the PRC
"Loan Agreements"	the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement
"Loan Arrangements"	the relevant arrangements under the Loan Agreements in relation to the provision of non-interest bearing loans in the aggregate amount of up to RMB468 million by Shenzhen Yongle to Shanghai Yongle in accordance with their respective terms (and the transactions contemplated thereunder)
"Mr. Lin"	Mr. Lin Xiaofeng, the senior vice president overseeing investment of the Company, holding 90% of the equity interests in Shanghai Yongle as at the Latest Practicable Date
"Mr. Wu"	Mr. Wu Mianqing, an employee of the Company, holding 10% of the equity interests in Shanghai Yongle as at the Latest Practicable Date
"Mr. Zhang"	Mr. Zhang Zebin, a PRC citizen holding 99.5% of the equity interests in Beijing Weike as at the Latest Practicable Date
"New Framework Agreement"	the framework agreement dated 25 May 2014 entered into among Beijing Weike, the Beijing Weike Shareholders, the Shanghai Yongle Shareholders and Shenzhen Yongle (as amended and supplemented by the New Supplemental Agreement and the Side Letters)

* *For identification purpose only*

"New Supplemental Agreement"	the supplemental agreement to the New Framework Agreement dated 9 July 2014 entered into among Beijing Weike, the Beijing Weike Shareholders, the Shanghai Yongle Shareholders and Shenzhen Yongle
"OCG Hainan"	奧思知(海南)服務有限公司 (Oriental City Group (Hainan) Service Co., Ltd.*), a wholly-foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Option"	the exclusive option to acquire 67% of the equity interests in Beijing Weike granted by Mr. Zhang to Shanghai Yongle pursuant to the terms of the Option Agreement
"Option Agreement"	the formal agreement dated 9 July 2014 entered into between Shanghai Yongle and Mr. Zhang following the Option Letter of Intent
"Option Letter of Intent"	the letter of intent dated 25 May 2014 entered into between Mr. Zhang and the Shanghai Yongle Shareholders in relation to the proposed granting of an exclusive option by Mr. Zhang to Shanghai Yongle to acquire 67% of the equity interests in Beijing Weike at a consideration of RMB312 million
"PBOC"	the People's Bank of China
"Pledge Agreements"	the agreements to be entered into by each of the Shanghai Yongle Shareholders with Shenzhen Yongle and Shanghai Yongle in relation to the pledge of their respective equity interests in Shanghai Yongle to Shenzhen Yongle
"PRC"	the People's Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Company"	深圳市快易捷信息技術有限公司 (Shenzhen Kuai Yi Jie Information Technology Limited*), a company established in the PRC with limited liability
"PRC Legal Adviser"	Grandall Law Firm, the legal adviser to the Company as to PRC laws

* *For identification purpose only*

"Receivable Assignment Agreement"	the formal agreement dated 9 July 2014 entered into among the PRC Company, Shenzhen Yongle and Shanghai Yongle following the Receivable Assignment LOI
"Receivable Assignment LOI"	the letter of intent dated 25 May 2014 entered into among OCG Hainan, the PRC Company, Shenzhen Yongle and the Shanghai Yongle Shareholders in relation to the treatment of the deposit in the amount of HK$50 million paid by OCG Hainan to the PRC Company under the Framework Agreement, pursuant to which the parties have agreed that (i) OCG Hainan shall assign the deposit receivable to Shenzhen Yongle for its on-lending to Shanghai Yongle; and (ii) after Shanghai Yongle has been established, the PRC Company shall transfer RMB37,716,393 (equivalent to HK$50 million according to the then exchange rate) to the Beijing Weike Shareholders as part of the consideration payable by Shanghai Yongle to the Beijing Weike Shareholders under the WK S&P Agreement
"RMB"	Renminbi, the lawful currency in the PRC
"Second Loan Agreement"	an agreement to be entered into between Shenzhen Yongle and Shanghai Yongle in relation to the provision of a loan in the amount of RMB140 million to Shanghai Yongle by Shenzhen Yongle
"Second Side Letter"	the side letter to the New Framework Agreement dated 12 August 2014 entered into among Beijing Weike, the Beijing Weike Shareholders, the Shanghai Yongle Shareholders and Shenzhen Yongle
"Second WK S&P Supplemental Agreement"	the supplemental agreement to the WK S&P Agreement dated 12 August 2014 entered into between Shanghai Yongle and the Beijing Weike Shareholders
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong as amended and supplemented from time to time)

"Shanghai Yongle"	上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Limited*), a company established on 27 May 2014 in Shanghai, the PRC with limited liability, which is owned by Mr. Lin and Mr. Wu as to 90% and 10% respectively
"Shanghai Yongle Shareholders"	Mr. Lin and Mr. Wu
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Disposal Agreements"	the agreements to be entered into by each of the Shanghai Yongle Shareholders with Shenzhen Yongle and Shanghai Yongle in relation to the sale and purchase of their respective equity interests in Shanghai Yongle
"Shareholder(s)"	holder(s) of Share(s)
"Shareholder A"	開聯信息技術有限公司 (Kai Lian Information Technology Limited*), a company established in the PRC with limited liability, which is one of the shareholders holding 10% of the equity interests in the Licence Company as at the Latest Practicable Date, the business scope of which includes, among others, provision of internet services, development of new and high-end technology and development and sale of computer software and telecommunication equipment
"Shenzhen Yongle"	深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited*), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
"Side Letters"	the First Side Letter, the Second Side Letter and the Third Side Letter
"Spouse Consent"	a letter of consent to be signed by the spouse of Mr. Lin in relation to dealing of the equity interests in Shanghai Yongle held by, and registered under the name of, Mr. Lin
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

* *For identification purpose only*

"Technical Consultation and Services Agreement"	an agreement to be entered into between Shenzhen Yongle and Shanghai Yongle in relation to the provision of technical consultation and services to Shanghai Yongle by Shenzhen Yongle
"Third Loan Agreement"	an agreement to be entered into between Shenzhen Yongle and Shanghai Yongle in relation to the provision of loan in the amount of RMB248 million to Shanghai Yongle by Shenzhen Yongle
"Third Side Letter"	the side letter to the New Framework Agreement dated 29 August 2014 entered into among Beijing Weike, the Beijing Weike Shareholders, the Shanghai Yongle Shareholders and Shenzhen Yongle
"Undertakings"	the undertakings to be provided by each of the Shanghai Yongle Shareholders, being one of the Conditions Precedent
"Voting Rights Proxy Agreements"	the agreements to be entered into by each of the Shanghai Yongle Shareholders with Shenzhen Yongle and Shanghai Yongle in relation to entrusting Shenzhen Yongle (or its designee) as the proxy of each of the Shanghai Yongle Shareholders to vote at the shareholders' meeting of Shanghai Yongle and to execute of all necessary documents to be signed by shareholders of Shanghai Yongle, minutes of Shanghai Yongle and any documents for registration to be lodged with the relevant authorities for and on behalf of the Shanghai Yongle Shareholders
"WK Articles"	the articles of association of Beijing Weike
"WK Articles Amendment Agreement"	an agreement to be entered into between Mr. Zhang and Shanghai Yongle in relation to the proposed amendments to be made to the WK Articles
"WK Pledge Agreement"	the formal agreement dated 9 July 2014 entered into among Shenzhen Yongle, Beijing Weike, the Beijing Weike Shareholders and Shanghai Yongle following the WK Pledge Letter of Intent

"WK Pledge Letter of Intent"	the letter of intent dated 25 May 2014 entered into among the Shanghai Yongle Shareholders, the Beijing Weike Shareholders, Beijing Weike and Shenzhen Yongle in relation to the pledge of the equity interests in Beijing Weike by the Beijing Weike Shareholders to Shanghai Yongle and, upon Completion, to Shenzhen Yongle
"WK Resolutions"	the shareholders' resolutions of Beijing Weike to be signed by Mr. Zhang and Shanghai Yongle in relation to the proposed amendments to be made to the WK Articles
"WK S&P Agreement"	the formal agreement dated 9 July 2014 entered into between Shanghai Yongle and the Beijing Weike Shareholders (as amended and supplemented by the WK S&P Supplemental Agreements) following the WK S&P Letter of Intent
"WK S&P Letter of Intent"	the letter of intent dated 25 May 2014 entered into between the Shanghai Yongle Shareholders and the Beijing Weike Shareholders in relation to the proposed acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle at a consideration of RMB156 million
"WK S&P Supplemental Agreements"	the First WK S&P Supplemental Agreement and the Second WK S&P Supplemental Agreement

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. Cheng Nga Ming Vincent
Mr. Cao Guoqi
Mr. Fung Weichang
Mr. Xiong Wensen

Non-executive Director:
Mr. Zhang Huaqiao *(Chairman)*

Independent Non-executive Directors:
Mr. Wang Yiming
Mr. Lu Dongcheng
Dr. Yuan Shumin

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:
Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

1 September 2014

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RESPECT OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT

INTRODUCTION

References are made to the announcements of the Company dated 27 May 2014, 30 June 2014, 9 July 2014, 15 August 2014 and 25 August 2014.

In view that the Company intends to participate in the businesses of prepaid cards and internet payment services in the PRC, on 25 May 2014, the New Framework Agreement was entered into by the Group, pursuant to which, among other things, (i) the Group will provide Shanghai Yongle with loans amounting to a maximum of RMB468 million under the Loan Agreements to facilitate the acquisition of Beijing Weike (which owns 90% of the equity interests in the Licence Company) by Shanghai Yongle; and (ii) the Control Agreements will be entered into in order to allow the Group to be provided with effective control over the rights to enjoy the economic benefits in the assets of Beijing Weike (including 90% of the equity interests in the Licence Company), subject to fulfillment or waiver (as the case may be) of all the Conditions Precedent.

The purpose of this circular is to provide you with, among other things, (i) further information on the New Framework Agreement and the transactions contemplated thereunder; (ii) the accountants' reports of Beijing Weike and the Licence Company prepared by independent accountants; (iii) the valuation report prepared by the Independent Valuer; and (iv) a notice of the EGM.

PROPOSED ACQUISITION OF BEIJING WEIKE BY SHANGHAI YONGLE

On 9 July 2014, in relation to the proposed acquisition of Beijing Weike (which owns 90% of the equity interests in the Licence Company) by Shanghai Yongle, the WK S&P Agreement, the Option Agreement and the WK Pledge Agreement were executed, details of which are set out below:

(1) WK S&P AGREEMENT (AS AMENDED AND SUPPLEMENTED BY THE WK S&P SUPPLEMENTAL AGREEMENTS)

Date: 9 July 2014 (as amended and supplemented by the First WK S&P Supplemental Agreement dated 31 July 2014 and the Second WK S&P Supplemental Agreement dated 12 August 2014)

Parties: (i) Shanghai Yongle (as purchaser); and

(ii) the Beijing Weike Shareholders (as vendor).

Assets to be acquired

Pursuant to the WK S&P Agreement, Shanghai Yongle has conditionally agreed to acquire, and the Beijing Weike Shareholders have conditionally agreed to sell, an aggregate of 33% of the equity interests in Beijing Weike.

Consideration

The consideration for the acquisition of 33% of the equity interests in Beijing Weike is RMB156 million, which was determined after taking into account, among other things, the preliminary valuation of the Licence Company as at 31 December 2013 by the Independent Valuer.

Pursuant to the WK S&P Agreement, the consideration shall be settled in the following manner:

(a) the sum of RMB80 million to be paid within 7 days from the effective date of the New Framework Agreement (subject to the condition that the terms of the WK S&P Agreement and the transactions contemplated thereunder having been approved by the Beijing Weike Shareholders in a shareholders' meeting), among which, approximately RMB37.7 million shall be paid to the Beijing Weike Shareholders by the PRC Company directly pursuant to the arrangements under the Receivable Assignment Agreement; and

(b) the sum of RMB76 million to be paid within 7 days from the date of fulfillment or waiver (as the case may be) of all the conditions precedent of the WK S&P Agreement.

Conditions Precedent

Completion of the transactions contemplated under the WK S&P Agreement shall be subject to and conditional upon fulfillment or waiver (as the case may be) of the following conditions:

(i) the Beijing Weike Shareholders having been entitled to all the rights and interests of the 33% equity interests in Beijing Weike (being the subject matter of the WK S&P Agreement) and such interests are not encumbered by any mortgage, pledge, guarantee, charge and other matters which would otherwise, as a matter of law or fact, affect the transfer of such interests from the Beijing Weike Shareholders to Shanghai Yongle;

(ii) there having not been any material adverse changes or potential material adverse changes in the operation of Beijing Weike and its subsidiaries (including the Licence Company), including but not limited to the payment service licence (支付業務許可證) issued by the PBOC, from the date of the WK S&P Agreement up to completion;

(iii) the terms of the WK S&P Agreement and the transactions contemplated thereunder having been approved by the Beijing Weike Shareholders at a shareholders' meeting;

(iv) Mr. Zhang and Shanghai Yongle having entered into the WK Resolutions and the WK Articles Amendment Agreement;

(v) Beijing Weike and Shareholder A having entered into the LC Resolutions and the LC Articles Amendment Agreement;

(vi) Beijing Weike and Shenzhen Yongle having entered into the Exclusive Equity Acquisition Agreement;

(vii) the Licence Company and Shenzhen Yongle having entered into the Exclusive Assets Acquisition Agreement;

(viii) the Beijing Weike Shareholders having full civil ability to execute the WK S&P Agreement and honour the obligations thereunder;

(ix) Beijing Weike having been entitled to all the rights under the agreement for the acquisition of 90% of the equity interests in the Licence Company entered into between Beijing Weike and the then shareholders of the Licence Company and having fulfilled the obligations thereunder, including but not limited to settlement of the balance of the consideration in the amount of RMB228 million;

(x) Shareholder A having released all the liabilities and/or obligations under the pledge of the 90% equity interests in the Licence Company and having completed the relevant registration of such release with AIC such that the 90% equity interests in the Licence Company held by Beijing Weike are free from encumbrance, pledge, guarantee, liens, condition or other matters that would otherwise, as a matter of law or fact, affect the rights and interests of Beijing Weike in respect of such interests in the Licence Company;

(xi) the parties to the WK S&P Agreement having obtained the necessary approval, permission, consent, filing or waiver from the relevant third parties (including but not limited to governmental and regulatory authorities), including but not limited to registration of the transfer of equity interests with AIC, and the government, official organisations or regulatory authorities having not promulgated or adopted any laws, rules, regulations or decisions that would prohibit or restrict the entering into of the WK S&P Agreement and the transactions contemplated thereunder;

(xii) Shanghai Yongle having been reasonably satisfied with the relevant due diligence results in respect of, amongst others, the financial, legal, business operational and other aspects of Beijing Weike and its subsidiaries (including the Licence Company) and having not been aware of any material adverse change or potential material adverse change thereof prior to completion of the transactions under the WK S&P Agreement;

(xiii) Shanghai Yongle having not been aware of any of the warranties made by the Beijing Weike Shareholders on the date of the WK S&P Agreement or on such other date when the warranties were being made or the date of completion being inaccurate or untrue;

(xiv) the PRC Legal Advisers having issued a PRC legal opinion relating to due incorporation, shareholdings and business scope of Beijing Weike and its subsidiaries (including the Licence Company) and other matters as may be reasonably requested by Shanghai Yongle in the form and substance to the reasonable satisfaction of Shanghai Yongle;

(xv) the WK S&P Agreement and the transactions contemplated thereunder having complied with all other applicable laws, rules and regulations (including but not limited to the GEM Listing Rules);

(xvi) a valuer having issued a valuation report on the business or assets (if applicable) of Beijing Weike and its subsidiaries (including the Licence Company) in compliance with the GEM Listing Rules and in the form and substance to the reasonable satisfaction of Shanghai Yongle;

(xvii) the reporting accountants having issued (i) the audited accounts of Beijing Weike for the three financial years ended 31 December 2013; and (ii) the audited accounts of the Licence Company for the period from 8 November 2010 (being the date of establishment of the Licence Company) to 31 December 2010 and the three financial years ended 31 December 2013 in the form and substance to the reasonable satisfaction of Shanghai Yongle; and

(xviii) Mr. Zhang having waived the repayment of all the shareholder loan(s) provided by him to Beijing Weike and forgone all rights, interests, claims and compensation relating to such shareholder loan(s).

In the event that the abovementioned conditions precedent are not fulfilled or waived, fully or partially, in writing by Shanghai Yongle (other than paragraphs (iii) to (vii), (xi), (xv) and (xviii) above which shall not be waived) on or before 30 September 2014 or such later date as the parties to the WK S&P Agreement may agree, the WK S&P Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties thereunder shall cease and determine.

The abovementioned conditions precedent which are capable of being waived are intended to provide flexibility for the Company and Shanghai Yongle in deciding whether or not to proceed with the acquisition of Beijing Weike. As at the Latest Practicable Date, the Company and Shanghai Yongle had no intention to waive any of the conditions precedent as mentioned in paragraphs (i), (ii), (viii) to (x), (xii) to (xiv), (xvi) and (xvii) above and will only exercise the right to waive such conditions if it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the conditions precedent as mentioned in paragraphs (viii), (xiv), (xvi) and (xvii) above had already been fulfilled.

(2) OPTION AGREEMENT

Date: 9 July 2014

Parties: (i) Mr. Zhang; and

(ii) Shanghai Yongle.

Subject matter

Pursuant to the Option Agreement, Mr. Zhang shall irrevocably grant the Option to Shanghai Yongle whereby upon fulfillment of the conditions precedent under the Option Agreement (i.e. (i) the transactions contemplated under the WK S&P Agreement having been completed; and (ii) the Company having complied with the requirements of the GEM Listing Rules for the transactions contemplated under the Option Agreement, including but not limited to obtaining the relevant approval by the Shareholders), Shanghai Yongle shall have the discretion to exercise the Option to acquire from Mr. Zhang 67% of the equity interests in Beijing Weike at any time, subject to the compliance with the requirements of the PRC laws and terms and conditions of the Option Agreement, within one year from the date of completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle as contemplated under the WK S&P Agreement. The price for the Option is RMB1 and the exercise price of the Option is RMB312 million, which was determined after taking into account, among other things, the preliminary valuation of the Licence Company as at 31 December 2013 by the Independent Valuer.

Shanghai Yongle shall pay a sum of RMB64 million as deposit to Mr. Zhang within 7 days from the date of satisfaction of all Conditions Precedent. If Shanghai Yongle did not exercise the Option or decided not to exercise the Option and serve a written notice to Mr. Zhang of such decision during the exercise period, Mr. Zhang shall return the deposit to Shanghai Yongle within 3 days from the expiry of the exercise period or the date of notification of foregoing notice. In the event that Shanghai Yongle exercises the Option, Shanghai Yongle shall pay a sum of RMB248 million (being the balance of the exercise price) to Mr. Zhang within 10 business days from the date of execution of the relevant transfer documents.

In the event that Shanghai Yongle exercises the Option, the Third Loan Agreement will be entered into by Shenzhen Yongle and Shanghai Yongle and the Company will assess the scale of the transaction and comply with the reporting, announcement, and shareholders' approval requirements under the GEM Listing Rules if necessary. On the other hand, if the Option is expired or in the event that Shanghai Yongle decided not to exercise the Option, the Company will inform the Shareholders and investors by making announcement in accordance with the requirements under the GEM Listing Rules.

As advised by the PRC Legal Adviser, there is no restrictions under the current PRC laws for Shanghai Yongle in exercising the Option to acquire the 67% equity interests in Beijing Weike from Mr. Zhang under the Option Agreement.

(3) WK PLEDGE AGREEMENT

Date: 9 July 2014

Parties:
(i) Shanghai Yongle (pledgee);

(ii) the Beijing Weike Shareholders (pledgor);

(iii) Beijing Weike; and

(iv) Shenzhen Yongle.

Pledge: Pursuant to the WK Pledge Agreement, the Beijing Weike Shareholders will pledge their 100% equity interests in Beijing Weike (the "**WK Pledge**") to Shanghai Yongle to ensure timely and full performance of (a) the Beijing Weike Shareholders' obligations under the WK S&P Agreement; and (b) Mr. Zhang's obligation under the Option Agreement. The WK Pledge shall take effect from the date of registration of the same with the relevant AIC and shall remain effective until the abovementioned registration is cancelled (the "**Pledge Period**"). Upon completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle and/or in the event that Shanghai Yongle exercises the Option, if AIC requests the cancellation of the registration of the WK Pledge (wholly or partially) for the purposes of transferring 33% of the equity interests in Beijing Weike held by the Beijing Weike Shareholders and/or 67% of the equity interests in Beijing Weike held by Mr. Zhang to Shanghai Yongle, the parties to the WK Pledge Agreement shall facilitate such cancellation.

Pursuant to the WK Pledge Agreement, the parties also agree that, upon Completion, Shanghai Yongle, as the original pledgee, shall transfer all of its rights under the WK Pledge to Shenzhen Yongle so as to ensure timely and full performance of Shanghai Yongle's obligations under the Control Agreements and the Loan Agreements, in addition to the obligations of the Beijing Weike Shareholders and Mr. Zhang as mentioned in (a) and (b) above.

The Beijing Weike Shareholders and Beijing Weike has also undertaken, among others, from the date of the WK Pledge Agreement, (i) not to sell, transfer, pledge or dispose of in any other ways the legal or beneficial interests arising from the assets, businesses or revenue of Beijing Weike or allow any charge on the same; (ii) not to incur, guarantee or allow existence of any liability (save for those arising from ordinary course of business and not in the form of borrowings and those already disclosed to and agreed by Shanghai Yongle in writing); and (iii) that Beijing Weike will not issue new shares, dilute its existing shareholdings or distribute dividends, unless prior written consent of Shanghai Yongle is obtained.

ACQUISITION OF THE LICENCE COMPANY BY BEIJING WEIKE

In April 2014, Beijing Weike entered into a sale and purchase agreement (as amended and supplemented by the supplemental agreements entered into between the parties in May 2014, July 2014 and August 2014 respectively) (the "**LC Acquisition Agreement**") with the then shareholders of the Licence Company (the "**Vendors**") (including Shareholder A, which held 90% of the equity interests in the Licence Company at the relevant time) to acquire 90% of the equity interests in the Licence Company from the Vendors at the consideration of RMB468 million which shall be paid by installments. Pursuant to the LC Acquisition Agreement, Beijing Weike has agreed to pledge the 90% equity interests in the Licence Company to Shareholder A upon completion of the registration of the transfer of 90% of the equity interests in the Licence Company from the Vendors to Beijing Weike with the relevant AIC to secure the payment of the consideration. As at the Latest Practicable Date, RMB270 million has been paid by Beijing Weike to the Vendors as part of the consideration under the LC Acquisition Agreement. Since Beijing Weike will obtain financing from its shareholder, Mr. Zhang, for the settlement of the outstanding consideration of the acquisition of the Licence Company and it is one of the conditions precedent to Completion and the completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle that Mr. Zhang should have waived such liabilities, if any, the Board does not expect any loans or liabilities as a result of the settlement of all outstanding consideration for the acquisition of the Licence Company after Completion and the completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the Latest Practicable Date, shareholders of Shareholder A are four state-owned enterprises and two corporates owned by several individuals and they (including their ultimate shareholders) are independent third parties to the Group.

NEW FRAMEWORK AGREEMENT (AS AMENDED AND SUPPLEMENTED BY THE NEW SUPPLEMENTAL AGREEMENT AND THE SIDE LETTERS)

In order to allow the Group to be provided with effective control over and the rights to enjoy the economic benefits in the assets of Beijing Weike, including 90% of the equity interests in the Licence Company, and to facilitate the acquisition of the equity interests in Beijing Weike by Shanghai Yongle, on 25 May 2014, Shenzhen Yongle entered into the New Framework Agreement with the Shanghai Yongle Shareholders, Beijing Weike and the Beijing Weike Shareholders, details of which are set out below:

Date: 25 May 2014 (as amended and supplemented by the New Supplemental Agreement dated 9 July 2014, the First Side Letter dated 31 July 2014, the Second Side Letter dated 12 August 2014 and the Third Side Letter dated 29 August 2014)

Parties:
(1) Beijing Weike;

(2) the Beijing Weike Shareholders;

(3) the Shanghai Yongle Shareholders; and

(4) Shenzhen Yongle.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Shanghai Yongle Shareholders, who are employees of the Company, Beijing Weike and its ultimate beneficial owners (i.e. the Beijing Weike Shareholders) are third parties independent of the Company and its connected persons.

Pursuant to the terms of the New Framework Agreement, (i) Shenzhen Yongle will provide Shanghai Yongle with loans amounting to a maximum of RMB468 million under the Loan Agreements to facilitate the acquisition of Beijing Weike (which owns 90% of the equity interests in the Licence Company) by Shanghai Yongle; and (ii) the Control Agreements will be entered into in order to allow the Group to be provided with effective control over and the rights to enjoy the economic benefits in the assets of Beijing Weike (including 90% of the equity interests in the Licence Company), subject to fulfillment or waiver (as the case may be) of all the Conditions Precedent.

In addition, pursuant to the New Framework Agreement, the parties have also agreed that upon completion of Shanghai Yongle's acquisition of 33% of the equity interests in Beijing Weike, the board of directors of Beijing Weike must comprise a director to be nominated by Shanghai Yongle, and that shareholders of Beijing Weike shall resolve to elect such person as nominated by Shanghai Yongle as a director of Beijing Weike accordingly at shareholders' meeting.

Shanghai Yongle, Shenzhen Yongle and the Shanghai Yongle Shareholders have also undertaken to amend the Control Agreements and/or other relevant document(s) from time to time in order to comply with any amendments to the laws, regulations and rules in the PRC from time to time and/or any amendments to the rules and requirements of the

Stock Exchange from time to time, provided that such amendment(s) shall be subject to the requirements under the GEM Listing Rules and other applicable laws, rules and regulations, including but not limited to obtaining approval by the Shareholders (if applicable), pursuant to the New Framework Agreement.

For details of the Control Agreements and the Loan Agreements, please refer to the paragraphs headed "CONTROL AGREEMENTS" AND "LOAN ARRANGEMENTS" respectively.

Conditions Precedent to Completion

Completion is subject to fulfillment or waiver (as the case may be) of the following conditions precedent:

(a) Shenzhen Yongle having been reasonably satisfied with the relevant due diligence results in respect of, amongst others, the financial, legal, business, operational and other aspects of Beijing Weike, Shanghai Yongle and the Licence Company and having not been aware of any material adverse change or a potential material adverse change thereof before Completion;

(b) the PRC legal advisors having issued a PRC legal opinion relating to due incorporation, shareholdings and business scope of Beijing Weike, Shanghai Yongle and the Licence Company and other matters as may be reasonably requested by Shenzhen Yongle in the form and substance to the reasonable satisfaction of Shenzhen Yongle;

(c) the Company having obtained the approval of the Shareholders at the EGM approving the New Framework Agreement and the transactions contemplated thereunder (including the entering into the Control Agreements and the transactions contemplated thereunder);

(d) the New Framework Agreement and the transactions contemplated thereunder having complied with all other applicable laws, rules and regulations (including but not limiting to the GEM Listing Rules);

(e) Shanghai Yongle having paid RMB80 million to the Beijing Weike Shareholders as part of the consideration for the acquisition of the 33% of the equity interests in Beijing Weike;

(f) the WK S&P Agreement, the Option Agreement, the WK Pledge Agreement, the First Loan Agreement, the Receivable Assignment Agreement and/or other documents necessary to give effect the WK S&P Letter of Intent, the Option Letter of Intent, the WK Pledge Letter of Intent, the First Loan Letter of Intent and the Receivable Assignment LOI having been executed and filed with the relevant AIC (if necessary);

(g) Beijing Weike having used its own resources (not loans) to settle all of the consideration for its acquisition of 90% of the equity interests in the Licence Company (including the settlement of RMB198 million before the end of September 2014) and Shareholder A having released all liabilities and obligations under the pledge of the 90% equity interest in the Licence Company;

(h) Mr. Zhang having waived the repayment of all the shareholder loan(s) provided by him to Beijing Weike and forgone all rights, interests, claims and compensation relating to such shareholder loan(s);

(i) the Independent Valuer having issued a valuation report on the business or assets (if applicable) of Beijing Weike, Shanghai Yongle and/or the Licence Company in compliance with the GEM Listing Rules and in the form and substance to the reasonable satisfaction of Shenzhen Yongle;

(j) the reporting accountants (being acceptable to Shenzhen Yongle) having issued (i) the audited accounts of Beijing Weike for the three financial years ended 31 December 2013; and (ii) the audited accounts of the Licence Company for the period from 8 November 2010 (being the date of establishment of the Licence Company) to 31 December 2010 and the three financial years ended 31 December 2013 in the form and substance to the reasonable satisfaction of Shenzhen Yongle;

(k) the parties to the New Framework Agreement having obtained the any necessary approvals, filling consents and/or waivers from the relevant third parties (including but not limited to governmental or regulatory authorities or bodies such as the Stock Exchange, the Securities and Futures Commission of Hong Kong ("**SFC**") and/or the PBOC), and the government, official organisations or regulatory authorities (such as Stock Exchange and SFC and/or the PBOC) having not promulgated or adopted any laws, rules or regulations or decisions that would prohibit or restrict the entering into of the New Framework Agreement and the transactions contemplated thereunder);

(l) the Company having completed the relevant fund-raising activities (if necessary) and having obtained sufficient net proceeds for completion of the New Framework Agreement and the transactions contemplated thereunder;

(m) Shanghai Yongle having been duly established under the PRC laws and having obtained all necessary licence, including but not limited to the business licence;

(n) Mr. Zhang and Shanghai Yongle having entered into the WK Articles Amendment Agreement and the WK Resolutions;

(o) Beijing Weike and Shareholder A having entered into the LC Articles Amendment Agreement and the LC Resolutions;

(p) Shenzhen Yongle and Beijing Weike having entered into the Exclusive Equity Acquisition Agreement;

(q) the Licence Company and Shenzhen Yongle having entered into the Exclusive Assets Acquisition Agreement; and

(r) each of the Shanghai Yongle Shareholders having provided the Undertakings.

In the event that the Conditions Precedent are not fulfilled or waived, fully or partially, in writing by Shenzhen Yongle (other than paragraphs (c) to (h) and (j) to (q) above which cannot be waived) on or before 30 September 2014, or such later date as the parties to the New Framework Agreement may agree, the New Framework Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties thereunder shall cease and determine.

The abovementioned Conditions Precedent which are capable of being waived are intended to provide flexibility for the Company and Shenzhen Yongle in deciding whether or not to proceed with Completion. As at the Latest Practicable Date, the Company and Shenzhen Yongle had no intention to waive any of the Conditions Precedent as mentioned in paragraphs (a), (b), (h) and (i) above and will only exercise the right to waive such Conditions Precedent if it is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Conditions Precedent as mentioned in paragraphs (b), (i), (l) and (j) above had already been fulfilled.

WK Articles Amendment Agreement

As one of the Conditions Precedent, Mr. Zhang and Shanghai Yongle shall enter into the WK Articles Amendment Agreement and the WK Resolutions to amend the WK Articles. Such amendments include but not limited to the following:

(i) all matters regarding Beijing Weike (including but not limited to assets disposal and other material matters) can only be carried out unless approved by shareholders holding 100% of the voting rights of Beijing Weike;

(ii) Shanghai Yongle shall have the right to nominate a person to the board of directors of Beijing Weike and shareholders of Beijing Weike shall resolve to elect such person as nominated by Shanghai Yongle as a director of Beijing Weike accordingly at shareholders' meeting;

(iii) consent from the director nominated by Shanghai Yongle is required for all matters to be resolved at board meetings of Beijing Weike;

(iv) shareholders of Beijing Weike must resolve to distribute profit of Beijing Weike in the event that Beijing Weike records a profit in a financial year and such distribution must be completed on or before 31 January of the following financial year; and

(v) subject to the requirements under the PRC laws, in the event that the Licence Company records a profit in a financial year, Beijing Weike, as the shareholder of the Licence Company, must vote in favour of the resolution in respect of the profit distribution of the Licence Company such that the relevant resolution at the shareholders' meeting of the Licence Company will be approved.

WK Resolutions

Pursuant to the WK Resolutions, the following resolutions will be resolved and approved:

(i) all matters regarding Beijing Weike (including but not limited to asset disposals and other material matters) can only be carried out unless approved by shareholders holding 100% of the voting rights of Beijing Weike;

(ii) in the event that Beijing Weike records a profit in a financial year, shareholders of Beijing Weike must resolve to distribute such profit at shareholders' meeting, and such distribution must be completed on or before 31 January of the following financial year;

(iii) subject to the requirements under the PRC laws, in the event that the Licence Company records a profit in a financial year, Beijing Weike, as the shareholder of the Licence Company, must vote in favour of the resolution in respect of the profit distribution of the Licence Company such that the relevant resolution at the shareholders' meeting of the Licence Company will be approved;

(iv) to replace an existing director of Beijing Weike with a person nominated by Shanghai Yongle. The director is to be appointed for a term of three years, and can be re-elected and re-appointed upon expiry of the term;

(v) all matters to be resolved in board meetings of Beijing Weike must be approved by the new director nominated by Shanghai Yongle; and

(vi) the WK Articles be amended to give effect to the aforesaid resolutions.

LC Articles Amendment Agreement

As one of the Conditions Precedent, Beijing Weike and Shareholder A shall enter into the LC Articles Amendment Agreement and the LC Resolutions to amend the LC Articles. Such amendments include but not limited to the following:

(i) all matters regarding the Licence Company (including but not limited to asset disposals and other material matters) can only be carried out unless approved by shareholders holding not less than 90% (including 90%) of the voting rights of the Licence Company.

The LC Articles Amendment Agreement also clarifies the scope of responsibilities of the board of directors and shareholders' meeting of the Licence Company such that (i) in the event that the Licence Company records a profit in a financial year, the board of directors of the Licence Company must formulate a proposal (the "**Proposal**") in respect of profit distribution of the Licence Company (which shall specify that all the profit of that financial year must be distributed to the shareholders of the Licence Company in proportion to their respective interests in the Licence Company); (ii) the board of directors of the Licence Company must submit the Proposal for review and approval at the relevant shareholders' meeting of the Licence Company within ten days after the formulation of the Proposal; and (iii) shareholders' meeting of the Licence Company must be convened within ten days after the board of directors of the Licence Company has submitted the Proposal and the Proposal must be reviewed and approved at the relevant shareholders' meeting.

LC Resolutions

Pursuant to the LC Resolutions, the following resolutions will be resolved and approved:

(i) all matters regarding the Licence Company (including but not limited to asset disposals and other material matters) can only be carried out unless approved by shareholders holding not less than 90% (including 90%) of the voting rights of the Licence Company;

(ii) in the event that the Licence Company records a profit in a financial year, the board of directors of the Licence Company must formulate the Proposal in respect of profit distribution of the Licence Company (which shall specify that all the profit of that financial year must be distributed to the shareholders of the Licence Company in proportion to their respective interests in the Licence Company);

(iii) the board of directors of the Licence Company must submit the Proposal for review and approval at the relevant shareholders' meeting of the Licence Company within ten days after the formulation of the Proposal;

(iv) shareholders' meeting of the Licence Company shall be convened within ten days after the board of directors of the Licence Company has submitted the Proposal and the Proposal must be reviewed and approved at the relevant shareholders' meeting; and

(v) the LC Articles be amended to give effect to the aforesaid resolution.

Exclusive Equity Acquisition Agreement

As one of the Conditions Precedent, Shenzhen Yongle and Beijing Weike shall enter into the Exclusive Equity Acquisition Agreement, principal terms of which are set out as follows:

(i) Beijing Weike shall irrevocably grant an exclusive right (the "**Equity Acquisition Right**") to Shenzhen Yongle for designating a qualified PRC company to acquire 90% of the equity interests in the Licence Company from Beijing Weike at one time during the term of the Exclusive Equity Acquisition Agreement, subject to compliance with the requirements under applicable laws, regulations and rules of the PRC and other jurisdictions and the terms and conditions of the Exclusive Equity Acquisition Agreement;

(ii) the Exclusive Equity Acquisition Agreement shall be effective perpetually from the date of its signing until Shenzhen Yongle agrees in writing to its termination;

(iii) the Equity Acquisition Right under the Exclusive Equity Acquisition Agreement can only be exercised in the event that Beijing Weike is compulsorily liquidated or it is likely to be compulsorily liquidated;

(iv) the consideration for the Equity Acquisition Right is RMB1 and shall be paid by Shenzhen Yongle to Beijing Weike on the effective date of the Exclusive Equity Acquisition Agreement; and

(v) the consideration for acquiring 90% of the equity interests in the Licence Company upon exercising the Equity Acquisition Right shall be the lowest price as permitted by the PRC laws at the relevant time.

Exclusive Assets Acquisition Agreement

As one of the Conditions Precedent, the Licence Company and Shenzhen Yongle shall enter into the Exclusive Assets Acquisition Agreement, principal terms of which are set out as follows:

(i) the Licence Company shall irrevocably grant an exclusive right (the "**Assets Acquisition Right**") to Shenzhen Yongle for designating a qualified PRC company to acquire all the assets and businesses (including but not limited to the prepaid card businesses and the internet payment services) of the Licence

Company at one time during the term of the Exclusive Assets Acquisition Agreement, subject to compliance with the requirements under applicable laws, regulations and rules of the PRC and other jurisdictions and the terms and conditions of the Exclusive Assets Acquisition Agreement;

(ii) the Exclusive Assets Acquisition Agreement shall be effective perpetually from the date of its signing until Shenzhen Yongle agrees in writing to its termination;

(iii) the Assets Acquisition Right under the Exclusive Equity Assets Acquisition Agreement can only be exercised in the event that the Licence Company is compulsorily liquidated or it is likely to be compulsorily liquidated;

(iv) the consideration for the Assets Acquisition Right is RMB1 and shall be paid by Shenzhen Yongle to the Licence Company on the effective date of the Exclusive Assets Acquisition Agreement; and

(v) the consideration for acquiring all the assets and businesses of the Licence Company upon exercising the Assets Acquisition Right shall be the lowest price as permitted by the PRC laws at the relevant time.

As advised by the PRC Legal Adviser, the only legal or regulatory restriction to the exercise of the Equity Acquisition Right and the Assets Acquisition Right is the foreign ownership restrictions under the Guidance of Foreign Enterprise Investments (2011 Amended) (外商投資產業指導目錄(2011年修訂)). Furthermore, even if the foreign ownership restriction is relaxed, the transfer of the relevant equity interests in and/or assets and businesses of the Licence Company to the Group's designated PRC company may still be subject to substantial costs.

Undertakings

As one of the Conditions Precedent, each of the Shanghai Yongle Shareholders shall provide the following undertakings to safeguard the interests of Shenzhen Yongle and its direct or indirect shareholders:

(i) to follow the instructions of Shenzhen Yongle in relation to the amendments to or termination of the Control Agreements and/or the Loan Agreements for compliance with (i) the laws, regulations and rules in the PRC (as amended from time to time); (ii) the GEM Listing Rules and the relevant rules and requirements as promulgated or amended from time to time; and (iii) the approval of Shareholders (other than those required to abstain from voting under the GEM Listing Rules) at the general meeting of the Company in respect of amendments to and/or termination of the Control Agreements and/or the Loan Agreements. The Shanghai Yongle Shareholders shall also agree with such amendments to or termination of the Control Agreements and/or the Loan Agreements and procure Shanghai Yongle to agree to the same;

(ii) after termination of the Control Agreements and/or the Loan Agreements, the Shanghai Yongle Shareholders shall immediately and unconditionally return to Shenzhen Yongle the consideration received in any form pursuant to the Control Agreements and/or the Loan Agreements. Each of the Shanghai Yongle Shareholders further undertakes that he would procure Shanghai Yongle to do the same;

(iii) necessary arrangements have been made to protect the rights of Shenzhen Yongle under the Control Agreements in case of death, bankruptcy or divorce of the Shanghai Yongle Shareholders;

(iv) to transfer his interest in Shanghai Yongle and all the rights attached thereto at the lowest price as permitted by the PRC laws to the individual or entity as designated by Shenzhen Yongle in accordance with the applicable PRC laws in the event that Mr. Lin or Mr. Wu (as the case may be) becomes incapable of performing the normal duty as a shareholder of Shanghai Yongle due to death, bankruptcy, divorce or any other incident; and

(v) not to incur any unsecured personal loan (either one-off or accumulated) in an aggregate amount of more than RMB100,000 without written consent of Shenzhen Yongle or its direct or indirect shareholders.

Completion

Completion shall take place on a date as specified by Shenzhen Yongle after fulfillment or waiver (as the case may be) of all the Conditions Precedent. At Completion, the Control Agreements and the Second Loan Agreement will be executed. In addition, pursuant to the WK Pledge Agreement, Shanghai Yongle shall transfer all of its rights under the WK Pledge to Shenzhen Yongle at Completion so as to ensure timely and full performance of Shanghai Yongle's obligations under the Control Agreements and the Loan Agreements, in addition to the obligations of the Beijing Weike Shareholders and Mr. Zhang under the WK S&P Agreement and the Option Agreement.

CONTROL AGREEMENTS

Subject to fulfillment or waiver (as the case may be) of all the Conditions Precedent, at Completion, Shenzhen Yongle will enter into the Control Agreements with Shanghai Yongle and/or the Shanghai Yongle Shareholders (as the case may be), and the spouse of Mr. Lin will provide the spouse consent in order to enhance the Group's control on Shanghai Yongle, Beijing Weike and the Licence Company. Principal terms of each of the Control Agreements are set out below:

1. **Business Cooperation Agreement**

Parties:	(i) Shenzhen Yongle; and (ii) Shanghai Yongle.
Services:	Pursuant to the Business Cooperation Agreement, Shanghai Yongle will appoint Shenzhen Yongle as its exclusive service provider to provide complete technical support, business support and related consulting services during the term of the Business Cooperation Agreement in accordance with its terms and conditions, which may include all necessary services within the scope of Shanghai Yongle's business as may be determined from time to time by Shanghai Yongle and consented by Shenzhen Yongle, such as technical services, business consultations, equipment or property leasing, marketing consultancy, system integration, product research and development, system maintenance and assisting Shanghai Yongle to provide necessary services to Beijing Weike and the Licence Company.
Fees:	Details of the services to be provided by Shenzhen Yongle to Shanghai Yongle, the service fees and the payment terms are set out in the Technical Consultation and Services Agreement.

Term: The Business Cooperation Agreement shall take effect from the date of its execution and shall maintain effective unless it is terminated by Shenzhen Yongle by giving 30 days' prior written notice to Shanghai Yongle or is required to be terminated under applicable PRC laws and regulations.

2. Technical Consultation and Services Agreement

Parties:

(i) Shenzhen Yongle; and

(ii) Shanghai Yongle.

Services: Pursuant to the Technical Consultation and Services Agreement, Shenzhen Yongle will be the exclusive consultation and service provider of Shanghai Yongle and shall provide consultation and services to Shanghai Yongle in the areas of funding, human resources, technology and intellectual properties and shall assist Shanghai Yongle in providing aforesaid services to Beijing Weike and the Licence Company, and Shanghai Yongle shall accept such consultation and services in accordance with the terms and conditions under the Technical Consultation and Services Agreement. The consultation and services to be provided by Shenzhen Yongle include (i) research and development of the relevant software and technology according to the needs of Shanghai Yongle's business and shall grant Shanghai Yongle the right to use the relevant software and technology; (ii) development, design, monitoring, testing and troubleshooting of the computer network equipment and website(s) of Shanghai Yongle; (iii) providing training and technical support to the staff of Shanghai Yongle; (iv) providing consultation services regarding the marketing of Shanghai Yongle; and (v) assisting Shanghai Yongle in providing the services as required by Beijing Weike and the Licence Company.

Fees: Shanghai Yongle shall pay an annual service fees of RMB1 million to Shenzhen Yongle for the technical consultation services under the Technical Consultation and Services Agreement. Such fees will be payable on quarterly basis and shall be settled within 15 business days after the beginning of the relevant quarter. Nevertheless, in the event that Shanghai Yongle does not have sufficient working capital to settle the service fees, Shanghai Yongle has the right not to settle such fees.

Apart from the abovementioned annual service fees, Shanghai Yongle shall also, based on the actual amount of technical consultation and services provided by Shenzhen Yongle under the Technical Consultation and Services Agreement in the relevant quarter, pay a quarterly floating service fee to Shenzhen Yongle. Such floating fees shall be in the amount equivalent to the net income of Shanghai Yongle in the relevant quarter, including but not limited to, its revenue and all of the dividends derived from its interests in Beijing Weike in each quarter (provided that when Shanghai Yongle repays the loan amount to Shenzhen Yongle under the Loan Agreements, only 50% of the dividends derived from its interests in Beijing Weike will be used to settle the service fees) or to be determined after taking into account, among other things, the number and qualification of the staff deployed to provide services and the time spent to provide the services for the relevant quarter.

Term: The Technical Consultation and Services Agreement shall be effective perpetually from the date of its execution until Shenzhen Yongle agrees in writing to its termination.

3. Pledge Agreements

Parties:

(i) Shenzhen Yongle (as pledgee);

(ii) the Shanghai Yongle Shareholders (each of them will enter into the Pledge Agreement separately) (as pledgor); and

(iii) Shanghai Yongle.

Pledge: Pursuant to the Pledge Agreements, each of the Shanghai Yongle Shareholders will pledge to Shenzhen Yongle his respective equity interests in Shanghai Yongle (the "**Equity Interests**") as security for (A) the full performance by the Shanghai Yongle Shareholders and Shanghai Yongle of their obligations under the Control Agreements and the timely and full payment of fees payable to Shenzhen Yongle under the Control Agreements (including but not limited to the consultation and service fees); and (B) the full performance by Shanghai Yongle of its obligations under the Loan Agreements and the timely and full repayment of loans to Shenzhen Yongle under the Loan Agreements.

The pledge shall take effect from the date of registration of the same with the relevant AIC and shall remain effective until the abovementioned registration is discharged or released. The parties agree that within three business days following the execution of the Pledge Agreements, the Shanghai Yongle Shareholders and Shanghai Yongle shall register the pledge in the shareholders' register of Shanghai Yongle.

Prior to the full payment of the consultation and service fees under the Control Agreements or full repayment of loans under the Loan Agreements, the Shanghai Yongle Shareholders shall not assign the Equity Interests without the prior written consent of Shenzhen Yongle.

Termination: If (i) the Control Agreements (other than the Pledge Agreements) and the Loan Agreements are terminated in accordance with their respective terms; (ii) Shanghai Yongle shall no longer be held responsible for any obligations under the Control Agreements and the Loan Agreements; and (iii) Shenzhen Yongle agrees in writing to terminate the Pledge Agreements, the Pledge Agreements shall be terminated and Shenzhen Yongle shall then release the equity pledge under the Pledge Agreements as soon as reasonably practicable.

Undertakings: The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that:

(i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to ordinary and usual business) and shall not incur, inherit, provide guarantee for, or allow the existence of, any liability;

(ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the operating conditions and asset value of Shanghai Yongle; and

(iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party.

4. Share Disposal Agreements

Parties: (i) Shenzhen Yongle;

(ii) the Shanghai Yongle Shareholders (each of them will enter into the Share Disposal Agreement separately); and

(iii) Shanghai Yongle.

Option: In consideration of the payment of RMB1 by Shenzhen Yongle, the Shanghai Yongle Shareholders irrevocably agree that on the condition that it is permitted by the PRC laws, Shenzhen Yongle has the right to require the Shanghai Yongle Shareholders to fulfill and complete all approval and registration procedures as required under PRC laws so as to allow Shenzhen Yongle to purchase, or designate one or more persons (each, a "**Designee**") to purchase, the entire equity interests of the Shanghai Yongle Shareholders in Shanghai Yongle or any part thereof, at one or multiple time(s) at any time at Shenzhen Yongle's sole and absolute discretion and at the lowest price as permitted by the laws of PRC at the relevant time (such right being the "**Equity Interest Purchase Option**"). Shenzhen Yongle's Equity Interest Purchase Option shall be exclusive. Shanghai Yongle agrees to the grant by the Shanghai Yongle Shareholders of the Equity Interest Purchase Option to Shenzhen Yongle.

Without the prior written consent of Shenzhen Yongle, the Shanghai Yongle Shareholders shall not assign or delegate its rights and obligations under the Share Disposal Agreements.

Term: The Share Disposal Agreements shall take effect from the date of its execution and shall remain effective until all the equity interests in Shanghai Yongle owned by the Shanghai Yongle Shareholders have been legally transferred to Shenzhen Yongle or the Designee(s) in accordance with the terms of the Share Disposal Agreements.

Undertakings: The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that:

(i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to ordinary and usual business) and shall not incur, inherit, provide guarantee for or allow the existence of, any liability;

(ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the business operations and asset value of Shanghai Yongle; and

(iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party.

As advised by the PRC Legal Adviser, under the current PRC laws, the only legal or regulatory restriction in exercising the Equity Interest Purchase Option is the foreign ownership restrictions under the Guidance of Foreign Enterprise Investments (2011 Amended). Furthermore, even if the foreign ownership restriction is relaxed, the transfer of the equity interests in Shanghai Yongle from the Shanghai Yongle Shareholders to the Group may still be subject to substantial costs.

5. Voting Rights Proxy Agreements

Parties:

(i) The Shanghai Yongle Shareholders (each of them will enter into the Voting Rights Proxy Agreement separately) (as entrusting party);

(ii) Shenzhen Yongle; and

(iii) Shanghai Yongle.

Proxy of voting rights: Pursuant to the Voting Rights Proxy Agreements, Shenzhen Yongle (or its designee, which can be a director or his/her successor of the direct or indirect shareholder of Shenzhen Yongle (including a liquidator replacing such director and his/her successor)) will have the power to, inter alia, exercise all shareholder's voting rights with respect to all matters to be discussed and voted in the shareholders' meeting of Shanghai Yongle, including but not limited to designation and appointment of, among others, the director, the chief executive officer and other senior management members of Shanghai Yongle, and execution of all necessary documents to be signed by the shareholders of Shanghai Yongle, minutes of Shanghai Yongle and any documents for registration to be lodged with relevant authority for and on behalf of the Shanghai Yongle Shareholders.

Term: The Voting Rights Proxy Agreements shall be effective perpetually from the date of its execution until Shenzhen Yongle agrees in writing to its termination.

Undertaking: The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that:

(i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to those ordinary and usual business) and shall not incur, inherit, provide guarantee for, or allow the existence of, any liability;

(ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the operating conditions and asset value of Shanghai Yongle; and

(iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party.

6. Spouse Consent

Parties: The spouse of Mr. Lin

Particulars: Pursuant to the Spouse Consent, the spouse of Mr. Lin shall, inter alia, (i) confirms that she does not have any interests in the equity interests in Shanghai Yongle and undertakes not to make any claim in relation to the interests in Shanghai Yongle; (ii) confirms that the Pledge Agreement, the Share Disposal Agreement and the Voting Rights Proxy Agreement entered into by Mr. Lin and any amendment or termination of such documents do not require her consent; (iii) undertakes to sign all the necessary documentation and do all necessary acts to ensure the proper performance of the aforesaid documents; and (iv) undertakes that if she is, due to whatsoever reason, entitled to any equity interests in Shanghai Yongle, she will be bound by the obligations as its shareholder under those documents (as amended from time to time), and to notify Shenzhen Yongle immediately of any breach of such documents or any material change of Shanghai Yongle and to assist Shenzhen Yongle in protecting its legitimate rights and obligations under those documents.

The Control Agreements are governed by and constructed in accordance with the PRC laws and contain a provision for resolving disputes by arbitration at South China International Economic and Trade Arbitration Commission, Shenzhen in accordance with its then prevailing arbitration rules. The Business Cooperation Agreement, the Technical Consultation and Services Agreement, the Pledge Agreements, the Share Disposal Agreements and the Voting Rights Proxy Agreements include a clause in relation to dispute resolution among the parties where upon request by a disputing party, the courts in the PRC, Hong Kong and Cayman Islands shall have the power to grant interim remedies, such as withholding or freezing of the assets or on the equity interests of the party in breach. Upon the coming into effect of the relevant arbitral award, any party shall have the right to apply to the courts in the abovementioned jurisdictions for execution of such award. However, due to restrictions of the PRC laws, the PRC Legal Adviser is of the view that, even though the abovementioned agreements provide that overseas courts (i.e. courts in Hong Kong and the Cayman Islands) shall have the power to grant interim remedies, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by the PRC courts.

Pursuant to the Company's Undertaking, the Company undertakes to unwind the Control Agreements and the Loan Agreements and procure Shenzhen Yongle to exercise the Equity Interest Purchase Option to acquire the entire equity interests of Shanghai Yongle from the Shanghai Yongle Shareholders when the relevant foreign investment restrictions in the PRC no longer exist such that the Company is allowed to hold interests in the Licence Company directly or indirectly. After the transfer of equity interests in Shanghai Yongle from the Shanghai Yongle Shareholders to the Group, the contractual arrangement under the New Framework Agreement between Shenzhen Yongle and Shanghai Yongle will no longer be necessary, and as such, the Business Cooperation Agreement and the Technical Consultation and Services Agreement will be terminated. Besides, the pledge of equity interests in Shanghai Yongle under the Pledge Agreements will also be released and the proxy relationship between the Shanghai Yongle Shareholders and Shenzhen Yongle will be terminated. Since Shenzhen Yongle will have indirect ownership of the Licence Company after exercising the Equity Interest Purchase Option, the Equity Acquisition Right and the Assets Acquisition Right shall also lapse.

LOAN ARRANGEMENTS

The Loan Arrangements are to facilitate the acquisition of interests in Beijing Weike by providing capital to Shanghai Yongle. Principal terms of each of the Loan Agreements are set out below:

1. The First Loan Agreement

Date: 9 July 2014

Parties:

(i) Shenzhen Yongle (as lender); and

(ii) Shanghai Yongle (as borrower).

Particulars: Pursuant to the First Loan Agreement, Shenzhen Yongle shall lend to Shanghai Yongle a non-interest bearing loan amounting to RMB80 million solely for the purpose of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle. The loan amounting to RMB80 million will be lent to Shanghai Yongle upon receipt of a written notice from Shanghai Yongle. Shanghai Yongle has confirmed the receipt of approximately RMB37.72 million pursuant to the arrangements under the Receivable Assignment Agreement, and as such, Shenzhen Yongle will only be required to provide the outstanding loan in the amount of approximately RMB42.28 million to Shanghai Yongle.

The term of the loan shall commence on the date on which Shenzhen Yongle has transferred the loan amount to the bank account as designated by Shanghai Yongle and shall end on the date on which Shanghai Yongle has fully settled the loan.

Shanghai Yongle will use 50% of the dividends arising from its interests in Beijing Weike to repay the loan. Repayment can be made, after obtaining the prior written consent of Shenzhen Yongle, in single or multiple installments on 31 December of each year.

2. The Second Loan Agreement

Parties:	(i) Shenzhen Yongle (as lender); and (ii) Shanghai Yongle (as borrower).
Particulars:	Pursuant to the Second Loan Agreement, Shenzhen Yongle shall lend to Shanghai Yongle a non-interest bearing loan amounting to RMB140 million solely for the purpose of paying (a) the balance amount of the consideration for the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle (as to RMB76 million) and (b) the deposit for exercise of the Option (as to RMB64 million). The term of the loan shall commence on the date on which Shenzhen Yongle has transferred the loan amount to the bank account as designated by Shanghai Yongle and shall end on the date on which Shanghai Yongle has fully settled the abovementioned loan. Shanghai Yongle will use 50% of the dividends arising from its interests in Beijing Weike to repay the loan. Repayment can be made, after obtaining the prior written consent of Shenzhen Yongle, in single or multiple installments on 31 December of each year. The Second Loan Agreement will be entered into by Shenzhen Yongle and Shanghai Yongle at Completion.

3. The Third Loan Agreement

Parties:	(iii) Shenzhen Yongle (as lender); and (iv) Shanghai Yongle (as borrower).
Particulars:	Pursuant to the Third Loan Agreement, Shenzhen Yongle shall lend to Shanghai Yongle a non-interest bearing loan amounting to RMB248 million solely for the purpose of the acquisition of 67% of the equity interests in Beijing Weike by Shanghai Yongle upon exercise the Option. The term of the loan shall commence on the date on which Shenzhen Yongle has transferred the loan amount to the bank account as designated by Shanghai Yongle and shall end on the date on which Shanghai Yongle has fully settled the loan. Shanghai Yongle will use 50% of the dividends arising from its interests in Beijing Weike to repay the loan. Repayment can be made, after obtaining the prior written consent of Shenzhen Yongle, in single or multiple installments on 31 December of each year. The Third Loan Agreement will be entered into by Shenzhen Yongle and Shanghai Yongle when Shanghai Yongle exercises the Option. The Company will assess the scale of the transaction when the Third Loan Agreement is entered into and will comply with the requirements under the GEM Listing Rules (including obtaining approval of Shareholders, if necessary).

The Loan Agreements are governed by and constructed in accordance with the PRC laws and contain a clause in relation to dispute resolution among the parties where upon request by a disputing party, the courts in the PRC, Hong Kong and Cayman Islands shall have the power to grant interim remedies, such as withholding or freezing of the assets or on the equity interests of the party in breach. Upon the coming into effect of the relevant arbitral award, any party shall have the right to apply to the courts in the abovementioned jurisdictions for execution of such award. However, due to restrictions of the PRC laws, the PRC Legal Adviser is of the view that, even though the Loan Agreements provide that overseas courts (i.e. courts in Hong Kong and the Cayman Islands) shall have the power to grant interim remedies, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by the PRC courts.

The total amount of loans of RMB468 million to be provided by Shenzhen Yongle to Shanghai Yongle under the Loan Agreements for the acquisition of equity interests in Beijing Weike by Shanghai Yongle was determined after arm's length negotiations between the Company and Shanghai Yongle Shareholders, having considered, among other things, the following factors:

(i) a preliminary valuation by the Independent Valuer under market approach on the Licence Company as at 31 December 2013 and the valuation by the Independent Valuer on the Licence Company as at 31 May 2014;

(ii) the business development and prospects of the Licence Company in the medium to long term. The Licence Company plans to expand its sales network and channel and intends to co-operate with strategic partners to broaden accepting payment networks;

(iii) the terms of the PRC third-party payment businesses transacted by listed companies recently; and

(iv) the Licence Company possesses one of the six licences which allow the holders (namely, 渤海易生商務服務有限公司 (Bohai Easy Pay Business Service Co. Ltd*), 資和信電子支付有限公司 (Zihexin Electronic Payment Co., Ltd*), 裕福支付有限公司 (Yufu Payment Co., Ltd.*), 海南新生信息技術有限公司 (Hainan Xinsheng Information Technology Co., Ltd*), 平安付科技服務有限公司(Pina An Payment Technology Service Co., Ltd.* (formerly known as 深圳市壹卡會科技服務有限公司, Shenzhen Eka Technology Service Co., Ltd.*)) and the Licence Company) to issue and accept prepaid cards within the PRC on a nationwide basis and to integrate prepaid card with internet payment account. Holders of the prepaid cards issued by the Licence Company can be used on a nationwide basis after the Licence Company has expanded its network coverage across the PRC in the future. The major requirements for obtaining the licence to conduct payment business on a nationwide basis such as (i) the minimum registered capital of RMB100 million; and (ii) the good track record and experience in providing value-added telecommunications services has resulted in a limited number of nationwide licences which sets a high entry barrier for competitors to enter into the nationwide prepaid card market arena where prepaid cards issued by provincial licence holders can only be used at designated provinces. Therefore, the Company does not expect a significant increase in the number of competitors in the future.

The valuation on the fair value of 29.7% of the equity interests in the Licence Company as at 31 May 2014 was prepared by the Independent Valuer under the market-based approach with reference to the ratios of price-to-annual issuing amount of three transactions available for comparison. The comparable transactions

* *For identification purpose only*

are selected on the basis that (i) the company is principally engaged in prepaid card business in the PRC; (ii) the transaction was completed during the period from June 2010 (since the Administrative Measures Relating to Payment Services by Non-financial Institutions (非金融機構支付服務管理辦法) (the "**Payment Service Measures**") became effective) to the date of valuation; and (iii) details of the transaction, such as the percentage of interest acquired, consideration amount and latest prepaid card issuing amount, are available.

The Board has reviewed the valuation methodology adopted by the Independent Valuer and concurs with the view of the Independent Valuer that since the Licence Company is still at early stage of development, the historical performance of the Licence Company could not reasonably and sufficiently support a meaningful financial projection. The Board also considers that the value of the Licence Company's invested capital may not reflect the true market value of the Licence Company, in particular the nationwide licence of payment business and the relevant business opportunities. As such, the Board considers that the use of market approach, which can give a more realistic and reliable estimation on the fair value of the Licence Company, is more appropriate. The Board has also assessed the sample size and the suitability of the comparable companies chosen for the market approach in the valuation report. Given that (i) there are currently only six companies holding the payment service licenses to issue prepaid cards on a nationwide basis which were issued by the PBOC since 2011; (ii) selected comparable companies have similar prepaid card business in the PRC; and (iii) there are only limited number of comparable transactions in which the target companies holds payment service license and of which sufficient data can be found, the Board believes that although there are only three comparable transactions, they represent the exhaustive and representative samples for valuation purpose.

The Board notes that the Independent Valuer has applied a minority discount of 27.27% when valuing the Licence Company because of the effective interests of 29.7% to be controlled by the Group at the first stage of the contractual arrangements under the New Framework Agreement. As advised by the Independent Valuer, such discount rate is determined by the Independent Valuer with reference to the median control premium of around 37.5% based on 28 transactions within banking and credit agencies industries in 2013 as contained in Mergerstat Control Premium Study, 4th quarter 2013. In view of the relevancy of the industries, the Board considers that the adoption of such minority discount rate by the Independent Valuer is reasonable. Given that the Group will have veto power over all matters regarding Beijing Weike and the Licence Company after the relevant amendments to the WK Articles and the LC Articles and will obtain an effective interests in 90% interests of the Licence Company if the Option is exercised, the Board also considers that the adoption of minority discount does not adversely affect the interests of the Company and the Shareholders.

In the valuation, the Independent Valuer has made several major assumptions, such as that (i) the cost structure of the Licence Company would be maintained at the industry level in the long run; (ii) all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the

Licence Company operates or intends to operate would be officially obtained and renewable upon expiry; (iii) there will be sufficient supply of technical staff in the industry in which the Licence Company operates, and the Licence Company will retain competent management, key personnel and technical staff to support its ongoing operations and developments; and (iv) there will be no major change in the political, legal, economic or financial conditions in the localities in which the Licence Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Licence Company, all of which are in the Board's opinion usual assumptions adopted by valuers in the valuation industry. Having considered the above, the Board considers that the assumptions used in the valuation report of the Licence Company are fair and reasonable.

Having considered the above, the Directors consider that the maximum loan amount to be provided by Shenzhen Yongle to Shanghai Yongle pursuant to the Loan Agreements for the acquisition of equity interests in Beijing Weike by Shanghai Yongle is fair and reasonable. The Company will seek any opportunity and means of fund-raising to support the transactions contemplated under the New Framework Agreement as and when necessary.

EFFECTS OF THE NEW FRAMEWORK AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Loan Arrangements are to facilitate the acquisition of equity interests in Beijing Weike by providing capital to Shanghai Yongle.

Through the Control Agreements, the Group will be able to exercise full and effective control over the finance and operation of Shanghai Yongle and in effect obtain the entire economic interest and benefits in Shanghai Yongle. Accordingly, the accounts of Shanghai Yongle will be fully consolidated into the financial statements of the Group upon Completion.

The Business Cooperation Agreement and the Technical Consultation and Services Agreement are to ensure the profits or income generated by Shanghai Yongle will be directed to Shenzhen Yongle in the form of service fees. Pursuant to the WK Resolutions, if Beijing Weike records a profit in a financial year, shareholders of Beijing Weike must resolve to distribute such profit at the shareholders' meeting and, subject to the requirements under the PRC laws, in the event that the Licence Company records a profit in a financial year, Beijing Weike, as the shareholder of the Licence Company, must vote in favour of the resolution in respect of the profit distribution of the Licence Company such that the relevant resolution at the shareholders' meeting of the Licence Company will be approved. As Beijing Weike holds 90% of the equity interests in the Licence Company, it has absolute control over the decision to be made by the Licence Company, including the distribution of profits. In addition, pursuant to the LC Resolutions, all matters regarding the Licence Company (including but not limited to asset disposals and other material matters) can only be carried out unless approved by shareholders holding not less than 90% (including 90%) of the voting rights of the Licence Company. As advised by the PRC Legal Adviser, the WK Articles and the LC Articles (as amended by the WK Articles Amendment Agreement, the WK Resolutions, the LC Articles Amendment Agreement and the LC Resolutions) are legally enforceable. Therefore, the Company will have effective control over the Licence Company to ensure that it will distribute its profits, through Beijing Weike, to Shanghai Yongle for settlement of the service fees under the Technical Consultation and Services Agreement.

The Pledge Agreements are to secure the due performance of obligations of Shanghai Yongle under the Control Agreements and the Loan Agreements and to ensure that the Shanghai Yongle Shareholders cannot transfer their respective equity interests in Shanghai Yongle to the other parties without the consent of Shenzhen Yongle.

The Voting Rights Proxy Agreements are to grant Shenzhen Yongle (or its designee, which can be a director or his/her successor of the direct or indirect shareholder of Shenzhen Yongle (including a liquidator replacing such director and his/her successor)) voting rights in respect of the equity interests of the Shanghai Yongle shareholders in Shanghai Yongle so that Shenzhen Yongle can control Shanghai Yongle.

The Share Disposal Agreements provide that if the Shanghai Yongle Shareholders act against the interests of Shenzhen Yongle, Shenzhen Yongle can designate another person to acquire their equity interests in Shanghai Yongle at the lowest price as permitted by the PRC laws at the relevant time. They also provide that when the PRC laws lifts the restrictions on foreign investment in companies engaged in internet payment service, Shenzhen Yongle may acquire and hold the equity interests in Shanghai Yongle directly at the lowest price as permitted by the PRC laws at the relevant time.

The WK Pledge Agreement is to secure the interests of Shenzhen Yongle in Beijing Weike through Shanghai Yongle and restrict the transfer thereof.

In addition, pursuant to the Undertakings, the Shanghai Yongle Shareholders have undertaken to make the necessary arrangements to protect the rights of the Company and to avoid any practical difficulties in enforcing the New Framework Agreement in case of death, bankruptcy or divorce of the Shanghai Yongle Shareholders and will transfer their interests in Shanghai Yongle and all the rights attached thereto to the individual or entity as designated by Shenzhen Yongle in accordance with the applicable PRC laws and regulations in the event that the Shanghai Yongle Shareholders become incapable of performing the normal duty as a shareholder of Shanghai Yongle due to the aforesaid events.

Subsequent to the amendments to the WK Articles as contemplated under the WK Articles Amendment Agreement and the WK Resolutions, all matters regarding Beijing Weike (including but not limited to assets disposal and other material matters) can only be carried out unless approved by shareholders holding 100% of the voting rights of Beijing Weike. Although Shanghai Yongle will only be interested in 33% of the equity interests in Beijing Weike before the exercise of the Option, Shanghai Yongle will have the veto power in the board of Beijing Weike, which will secure the assets and rights of Beijing Weike. Upon exercising the Option, Shenzhen Yongle, via Shanghai Yongle, will have the power to deal with the assets and other rights of Beijing Weike. According to the LC Articles, all material matters of the Licence Company are only subject to the approval by its shareholders holding two-third voting rights of Licence Company. Amendments to the LC

Articles as contemplated under the LC Articles Amendment Agreement will require all matters regarding the Licence Company (including but not limited to assets disposal and other material matters) to be approved by shareholders holding not less than 90% (including 90%) of the voting rights of the Licence Company. Therefore, Beijing Weike, a holder of 90% of the equity interests in the Licence Company, will have the absolute right to deal with all materials matters of the Licence Company. Since the Shanghai Yongle Shareholders are both employees of the Company and Shanghai Yongle was established in accordance with the instruction of the Company for the proposed investment in the Licence Company by the Group as contemplated under the New Framework Agreement, the Company, via Shenzhen Yongle, will have the right to deal with the assets of Shanghai Yongle, Beijing Weike and the Licence Company.

Under the relevant provision of the PRC Company Laws, a liquidator has the power to exercise all rights under the Business Cooperation Agreement and the Technical Consultation and Services Agreement on behalf of Shanghai Yongle prior to its deregistration in order to protect the interests of Shanghai Yongle. Since Shenzhen Yongle is the creditor of Shanghai Yongle, Shenzhen Yongle will have the rights to lodge any claim in relation to the debt due to Shenzhen Yongle if Shanghai Yongle is liquidated. Secondly, pursuant to the Exclusive Equity Acquisition Agreement, in the event that Beijing Weike is compulsorily liquidated or it is likely to be compulsorily liquidated, the designated PRC company of Shenzhen Yongle will have the right to acquire the 90% of the equity interests in the Licence Company from Beijing Weike at the lowest price as permitted by the PRC laws at the relevant time. Thirdly, pursuant to the Exclusive Assets Acquisition Agreement, in the event that the Licence Company is compulsorily liquidated or it is likely to be compulsorily liquidated, the designated PRC company of Shenzhen Yongle will have the right to acquire all the assets and businesses (including but not limited to the prepaid card businesses and the internet payment services) of the Licence Company at the lowest price as permitted by the PRC laws at the relevant time. Through the abovementioned arrangements, the Directors are of the view that the assets of Shanghai Yongle, Beijing Weike and the Licence Company can be controlled by the Company even if there is a winding-up situation in Shanghai Yongle, Beijing Weike and the Licence Company.

As advised by the PRC Legal Adviser, (i) the WK Articles and the LC Articles are empowered by the PRC Company Laws to govern the shareholders relationship among Shanghai Yongle, Beijing Weike and the Licence Company; and (ii) the Control Agreements and the Loan Agreements are legally enforceable. Therefore, the Directors consider that New Framework Agreement and the aforesaid agreements are enforceable under the relevant laws and regulations and will confer on the Group significant control over and economic benefits in the assets of Beijing Weike (including 90% of the equity interests in the Licence Company).

As at the Latest Practicable Date, Shenzhen Yongle, Shanghai Yongle, Beijing Weike and the Licence Company have not encountered any interference or encumbrance from any governing bodies in operating its business through the contractual arrangements under the New Framework Agreement and the relevant agreements.

The Company will publish the New Framework Agreement, the New Supplemental Agreement, the Side Letters and the following documents on its website upon despatch of this circular:

A. Documents relating to the acquisition of Beijing Weike by Shanghai Yongle:

(i) the WK S&P Agreement;

(ii) the WK S&P Supplemental Agreements;

(iii) the Option Agreement;

(iv) the WK Pledge Agreement;

(v) the Loan Agreements; and

(vi) the Receivable Assignment Agreement.

B. Documents relating to the contractual arrangements to provide the Company with effective control over and the rights to enjoy the economic benefits in the assets of Beijing Weike (including 90% of the equity interests in the Licence Company):

(vii) the WK Articles Amendment Agreement;

(viii) the WK Resolutions;

(ix) the LC Articles Amendment Agreement;

(x) the LC Resolutions;

(xi) the Exclusive Equity Acquisition Agreement;

(xii) the Exclusive Assets Acquisition Agreement;

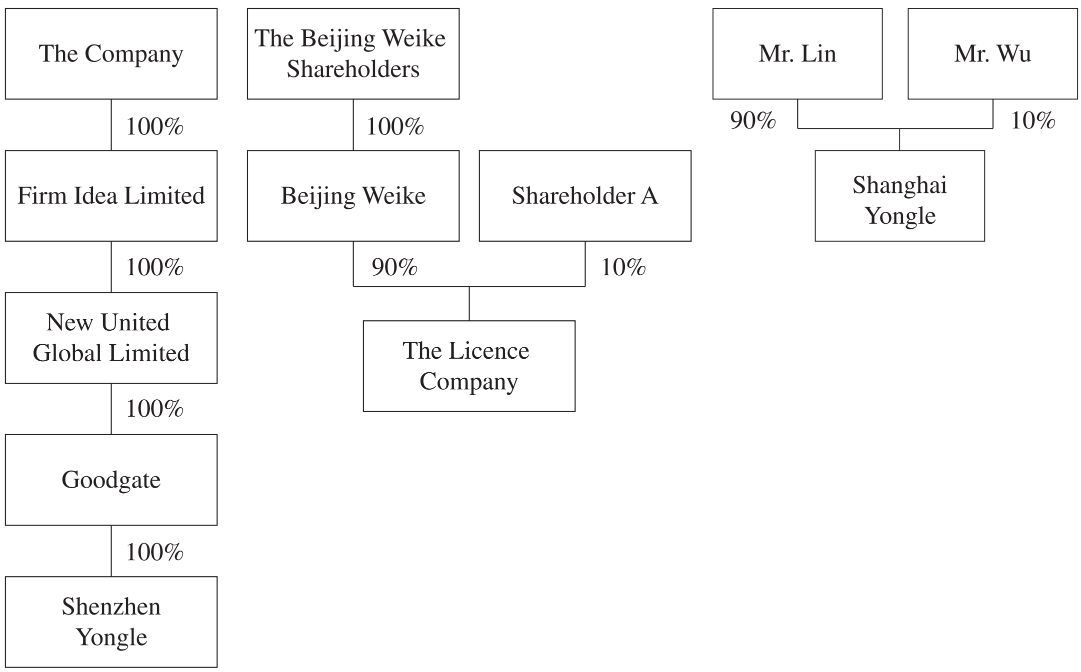
(xiii) the Undertakings; and

(xiv) the Control Agreements.

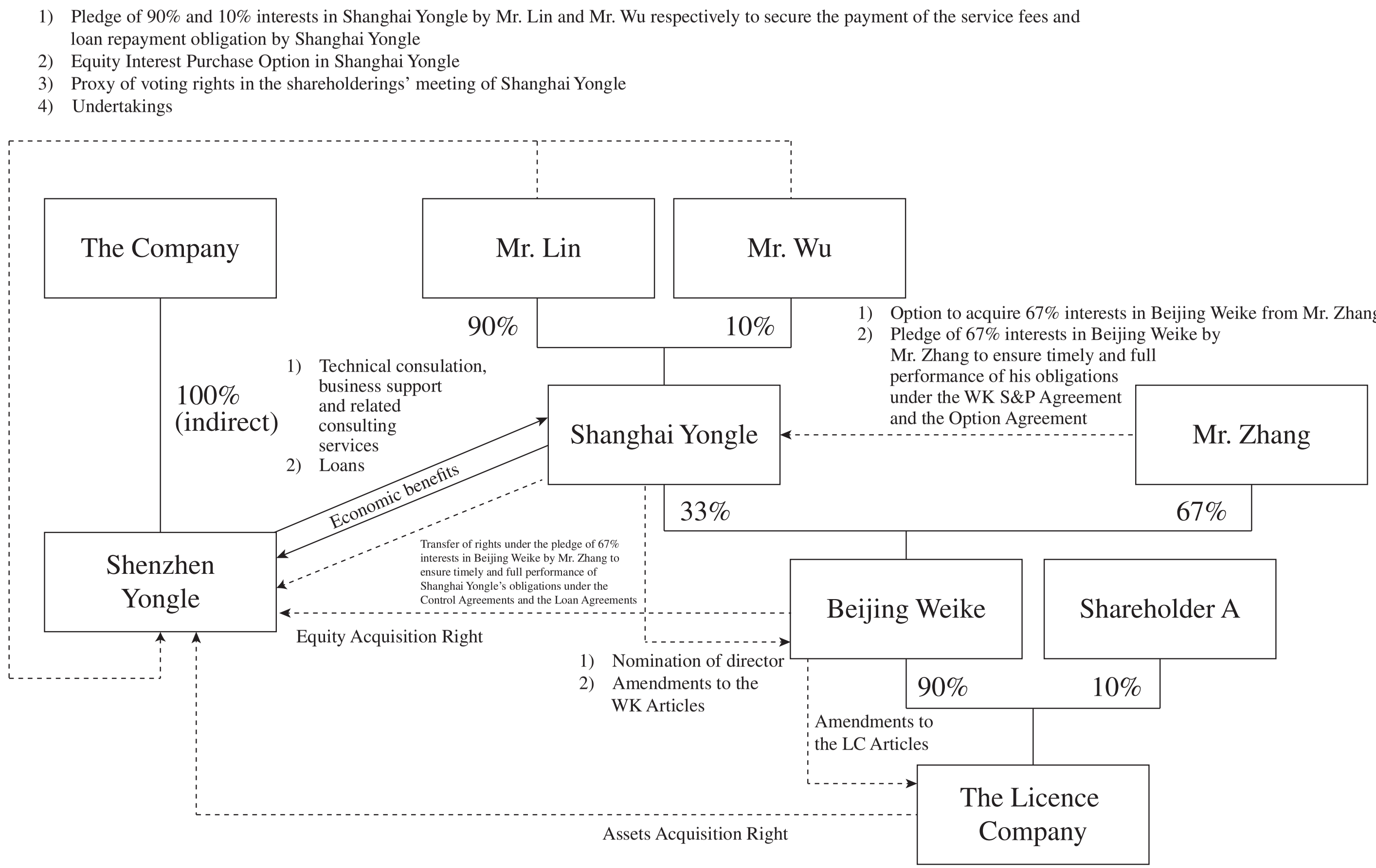
STRUCTURE CHARTS

The structure chart of Shenzhen Yongle, Shanghai Yongle, Beijing Weike and the Licence Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion and the completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle are as follows:

(i) Structure chart as at the Latest Practicable Date



(ii) Structure chart immediately after Completion and the completion of the acquisition of 33% of the equity interests in Beijing Weike by Shanghai Yongle



If there is any material change to the terms of the New Framework Agreement, the Company will comply with the relevant requirements of the GEM Listing Rules.

INFORMATION ON THE PARTIES TO THE NEW FRAMEWORK AGREEMENT, THE NEW SUPPLEMENTAL AGREEMENT AND THE SIDE LETTERS

Shenzhen Yongle, a wholly-foreign-owned enterprise established in the PRC, is indirectly and wholly-owned by the Company as at the Latest Practicable Date. The business scope of Shenzhen Yongle includes (i) development and provision of consultancy of computer hardware and software and network technology; (ii) provision of relevant technological services in respect of marketing promotion of bank cards and payment platform related products; and (iii) provision of consultancy of economic information.

Mr. Lin and Mr. Wu, both being the ultimate shareholders of Shanghai Yongle, own 90% and 10% of the equity interests in Shanghai Yongle respectively as at the Latest Practicable Date. Mr. Lin and Mr. Wu are both employees of the Company and Shanghai Yongle is a company established in the PRC with limited liability in accordance with the instruction of the Company for the proposed investment in the Licence Company by the Group as contemplated under the New Framework Agreement. The business scope of Shanghai Yongle includes provision of relevant technology development, technological services, technological consultation, technology transfer, software development and sales, graphic design, integration of computer system, sales and lease of hardware, consumable resources and office equipment (except finance lease) and network technology (excluding technology intermediary) within the scope of information technology (where the projects which require approval under laws shall only commence operating activities after the grant of approval by the relevant authority).

As at the Latest Practicable Date, Beijing Weike is owned as to 99.5% by Mr. Zhang, as to 0.05% by Mr. Chen Baoji, as to 0.2226% by Ms. Zhao Yan, as to 0.1176% by Mr. Yu Haiying, as to 0.03% by Mr. Liu Bin and as to the remaining 0.0798% by Mr. Chen Bing, and they are all independent third parties. The principal businesses of Beijing Weike are research and development and provision of internet technology for e-commerce and mobile payment system such as prepaid card.

The Licence Company, a company established in the PRC with limited liability which is principally engaged in prepaid card business and internet payment services in the PRC. As at the Latest Practicable Date, it is owned by (i) Beijing Weike as to 90% of the equity interests; and (ii) Shareholder A as to 10% of the equity interests. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Licence Company and its ultimate beneficial owners are third parties independent of the Company and its connected persons. The Licence Company was founded in November 2010 in Beijing, the PRC, with a registered capital of RMB100 million. On 3 May 2011, the Licence Company obtained the payment service licence from the PBOC, allowing it to issue and process prepaid cards and offer internet payment services nationwide. Such licence is valid for five years until 2 May 2016. Subject to the approval of the PBOC, the valid period of this licence can be extended for another five years upon its expiry. Pursuant to the Payment Service Measures, the application for extension of the payment service licence must be made to the relevant branch of the PBOC within six months prior to its expiry. As advised by the PRC Legal Adviser, there is currently no detailed requirement on the extension of the payment service licence specified by the PBOC and none of the payment service licence expired as at the Latest Practicable Date. However, it is normally perceived that the PBOC may take into account, among others, the compliance record and operating status of the licencees when it considers the application for extension of payment service licence. As such, the Company does not foresee any impediments for the extension of licence. As at the Latest Practicable Date, the Licence Company operates three card centres in Beijing, one card centre in Shanghai and another one in Xi'an. The prepaid cards issued by the Licence Company are mainly under anonymous basis whilst some are under real-name basis and the existing main product of the Licence Company is Lianxin Card (連心卡), a prepaid card that can be used at numberous points-of-sale ("**POS**") operated by around 1,900 merchants in Beijing, Shanghai and Xi'an, the PRC over a network of around 11,000 POS terminals and the cash value in the prepaid cards is denominated in Renminbi only. The Licence Company has a few revenue streams, namely (i) card issuing service fee; (ii) merchant service fee incomes; (iii) interest income; and (iv) commission income. Firstly, when a prepaid card is issued to a cardholder, the Licence Company will charge a card issuing service fee, which is usually a percentage of the total prepaid amount. Secondly, when a cardholder uses the Licence Company's prepaid card for payment at a merchant, the merchant service fee is charged from the relevant merchant at a predetermined rate and such fee may be settled daily or monthly depending on the pre-agreed terms. Thirdly, the aggregate card value in cash received from customers is deposited into specific float fund custodian accounts at designated banks and the Licence Company is able to earn interest income from such deposits. Lastly, the Licence Company may occasionally sell goods on behalf of merchants at the card centres of the Licence Company and charge commission.

The Licence Company is developing an electronic gift card, which will be issued and used on the internet and for mobile payment. The Licence Company is allowed to issue e-cards, which is one form of prepaid cards, under its current payment service licence. The Licence Company will develop new prepaid cards after taking into account the potential of the relevant industry, for instance healthcare payment cards to be applied in clinics and hospitals. 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 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. Pursuant to the Strategic Cooperation Agreement, the Licence Company and YLZ, entered into a cooperation agreement (the "**Fujian Agreement**") in July 2014 whereby the parties have agreed to set up a joint venture (the "**JV**") in Fujian Province, the PRC with a registered capital of RMB10 million, 51% and 49% of which to be contributed by YLZ and the Licence Company (by using its own cash and the cash redeemed from short term investments) respectively. Since (i) the registered capital of the JV will be contributed by the Licence Company with its internal resources; (ii) there is no other capital commitment of the Licence Company under the Cooperation Agreement and the Fujian Agreement; and (iii) the JV is not yet in operation, the Company does not expect any impact on the valuation of the Licence Company and the Consideration as a result of the establishment of the JV.

* *For identification purpose only*

If necessary, the Licence Company may identify the strategic partners for co-branding prepaid card business. The Licence Company will then liaise with merchants in the relevant industries in respect of the acceptance of prepaid cards. Prepaid cards will then be produced by suppliers of the Licence Company and the Licence Company will record the serial number of each prepaid card on its database for settlement with banks and merchants and to capture the transaction record. Prepaid cards will be activated and charged with value at the sales office upon sales according to the amount prepaid by cardholders. As advised by the PRC Legal Adviser, the development and issue of prepaid cards for other industries or co-branding business partners are within the scope of the payment service licence of the Licence Company and does not require additional licence or approval from the PRC government.

As for the control mechanism of the Licence Company in respect of the handling of prepaid cardholders' deposits, the Licence Company has separate custodian accounts solely for the purpose of depositing the prepayment made by the cardholders and the settlement with merchant clients. The opening of all custodian accounts must be reported to the PBOC for ongoing supervision. After the close of business on each day, the account department of the Licence Company collects the bills including all transaction records from merchants. After reconciliation of the internal records on the use of prepaid cards of the Licence Company with merchants' bills, the account department prepares the lists of instructions to the custodian banks which include the amounts to be transferred to each merchant client. Details in the instruction lists such as transfer amounts and receiving account numbers of merchant clients must be verified and endorsed by the account manager of the Licence Company before submission to the custodian banks. The Licence Company also reconciliates the internal records with the bank balance of the custodian accounts on a monthly basis to ensure the accuracy. If any amount is required to be transferred among the custodian accounts, approval of the financial controller of the Licence Company is required. Certain prepayments of cardholders are deposited in fixed-term deposit account or other type of bank accounts (all are custodian accounts permitted by the PBOC) for earning bank interests and the Licence Company also implements the relevant control procedures. For transfers under RMB50 million, approval of the financial controller must be obtained whilst transfers of RMB50 million or above must be approved by the general manager of the Licence Company.

The fluctuation in the card issuing service fee income during the three years ended 31 December 2013 and the five months ended 31 May 2014 was due to the varying number of prepaid cards issued in a particular year and the Licence Company may waive part of the service fee of certain major customers as promotion. The fluctuation in the merchant service fee income during the three years ended 31 December 2013 and the five months ended 31 May 2014 was due to different level of spending by the cardholders. The interest income has been on an increasing trend during the three years ended 31 December 2013 and the five months ended 31 May 2014 due to the fact that the aggregate number of issued prepaid cards is increasing during the same period which resulted in an increased level of utilized float fund. The commission income remains at the minimum level as such income was incidental to the main business of the Licence Company which only occurred occasionally during its normal course of business.

The major customers of the Licence Companies are corporate clients who make bulk purchases of prepaid cards issued by the Licence Company for welfare distribution to their employees. The major suppliers of the Licence Company are manufacturers of secured cards in the PRC. There are around 1,900 merchants in Beijing, Shanghai and Xi'an including nationwide supermarket chain stores, gas stations, department stores and retail merchants at various shopping malls and some of them have multiple POS.

The Licence Company markets its products through its own website and at leading search engines. The Licence Company also places advertisement at its merchants and malls. In addition, the sales team of the Licence Company pay visits to its major customers from time to time to maintain relationship with them and induce them to purchase additional prepaid cards.

The Licence Company invests approximately RMB20 million annually in its merchant network expansion, replacement of POS terminals and maintenance of computer system and such expenses are financed by the internal resources of the Licence Company.

The business of the Licence Company faces a low level of credit risk, liquidity risk and interest rate risk. The Licence Company grants credit period to certain of its customers such as those who make bulk purchases of prepaid cards and certain merchants such as nationwide supermarket chains and department stores and the credit period is normally less than 1 month. During the last three financial years, the Licence Company did not encounter any bad debt. Meanwhile, the Licence Company conducts its clearing and settlement with merchants on a daily or monthly basis whilst the majority of unutilised card value is deposited as short term deposits at designated banks. As a result, it is theoretically possible that there may be a mismatch of funding requirements at particular time and the Licence Company is unable to fulfill its obligation under the settlement arrangement. However, as the Licence Company maintain an ample level of cash and cash equivalents in its bank accounts, the Licence Company has not encountered such mismatch issue in the past. Finally, the Licence Company deposits the aggregate card value in cash received from customers at designated banks and earn interest income from such deposit. As the interest rate of bank deposit fluctuates, the interest income of the Licence Company varies from time to time which may affect the financial performance of the Licence Company. To minimise such risk, the Licence Company diversifies the deposit terms of the unutilised float funds.

On the other hand, the Licence Company has invested RMB20 million in 上海東方網通信技術有限公司 (Shanghai Eastern Net Communication Technology Company Limited*) ("**Eastern Net**") since 2012 for the promotion of prepaid cards and provision of related customer services in Shanghai, the PRC. Eastern Net has started to sell prepaid card products in August 2012 and the total issuing amount reached approximately RMB46 million up to the Latest Practicable Date. As the Licence Company intended to develop Eastern Net as the operating platform for its prepaid cards business in the Eastern PRC, the Licence Company has to recruit a strategic partner who has strong local business

* *For identification purpose only*

network. Therefore, the Licence Company and other joint venture partner disposed part of their interests in Eastern Net to a new investor, 上海唐鎮投資發展(集團)有限公司 (Shanghai TangZhen Investment Development (Group) Limited*) ("**Tangzhen Investment**"), in March 2014 in order to provide incentive for such investor to jointly develop the business of Eastern Net. Tangzhen Investment is entrusted by the local government to manage and operate certain town-level collective assets and has various investments in Shanghai, the PRC including those relating to payment industry such as the development of Shanghai Bank Card Industrial Park (上海市銀行卡產業園).

The Company's management experience and expertise in third party payment business

The Group is principally engaged in operating the card acceptance business in Thailand and the Group has established a management team with extensive experience to manage this business. The Group has been seeking investment opportunities in card business in the PRC since 2012 and has been expanding and strengthening its management team. Currently, the Board comprises five executive Directors who have rich experience in various aspects of operations. In particular, Mr. Fung Weichang and Mr. Xiong Wensen held senior positions in MasterCard International (Asia Pacific) and 通聯支付網絡服務股份有限公司 (All-in-Pay Network Services Limited*), which are worldwide and nationwide payment acceptance agency respectively, before joining the Group. Meanwhile, some of the key members of senior management of the Group have worked in various payment acceptance agency, prepaid card company and e-commerce company in the PRC before joining the Group. The Directors consider that the previous experience of certain members of the Board and the senior management of the Company will enable the Group to manage the business and development of the Target Group effectively.

Competitive advantages of the Licence Company

The Directors believe that the competitive advantages of the Licence Company set out below have distinguished itself from its competitors and will enable the Licence Company to achieve its future business objectives:

1. The Licence Company holds one of the six nationwide payment service licences for prepaid card and internet payment business in the PRC and is one of the leading prepaid card issuers in Beijing and the PRC.

2. The Licence Company has built a wide network of around 1,900 merchants (some of them have multiple POS) with around 11,000 POS terminals in the PRC.

3. The Licence Company has developed and owns a proprietary IT system for issuing prepaid cards and processing related transactions.

* *For identification purpose only*

INDUSTRY OVERVIEW

The third party payment market in the PRC is fragmented with a lot of market players and is divided into different categories such as internet payment, mobile payment, fixed line payment, digital television payment, prepaid card, bank card acceptance businesses and others. As compared to traditional payment methods (such as cash payment, bank transfer and cheque payment) or credit card payment, third party payment offers a secured payment environment outside the banking system and it does not require full access to/disclosure of personal information of the payer to the payee. According to iResearch[1], an independent market research agency, in 2012, the total value of transactions through third-party payment was approximately RMB12.9 trillion in the PRC, representing a growth rate of 54.2% over that of 2011.

In addition, in 2010, the PBOC started to regulate the third-party payment industry by issuing payment service licences for individual payment business or a combination of businesses where licences are classified under national licence or provincial licence. According to the website of the PBOC, as at the Latest Practicable Date, 269 companies have been granted such licences, among which there are 167 licences relating to issuance and/or acceptance of prepaid card (only 6 of them are on the nationwide basis), 98 licences relating to internet payment, 55 licences relating to bank card acceptance, 42 licences relating to mobile payment, 13 licences relating to fixed line payment, 7 licences relating to digital television payment and 6 licences relating to prepaid card acceptance. Some licences allow their holders to carry out multiple payment business stated above. Amongst the licencees, there are several established dominant players in the internet payment and card acceptance business in the PRC. There are two main types of prepaid cards which are (i) open loop and (ii) closed loop cards. Closed loop cards are merchant-specific and used for transactions exclusively at particular merchant's locations. Open loop cards (or multi-purpose prepaid cards) are associated with an electronic payment network and used wherever the payment network is accepted. Closed loop cards are regulated by the Ministry of Commerce of China while open loop cards are regulated by the PBOC. Therefore, there is no single player who can dominate the prepaid card business in the PRC as the market is highly fragmented as the prepaid cards exist in different forms and can only be used at designated places and within designated networks and there is neither a card which can be universally used across all available networks nor a network which can accept all prepaid cards.

1. iResearch Inc. ("**iResearch**"), an independent third party and a PRC-based internet market research institution. According to the website of iResearch, iResearch focuses on in-depth research in the PRC's internet industry, including online media, e-commerce, online games, mobile internet and wireless value-added services, etc. with more than 200 experts and own research systems and database. iResearch has also published various research reports relating to electronic payment (including internet and mobile) and/or third payment industry in 2013. iResearch was commissioned by the Company to prepare the research report "China Payment Industry Research and Payment Licenses Evaluation Report 2013" (中國支付行業研究與支付牌照價值評估報告2013年) in respect of the third-party payment industry in the PRC, such as prepaid card and internet payment. iResearch's independent research was undertaken through both primary and secondary research conducted in the PRC. The primary research involved in-depth interviews with industry experts, enterprises and channels. The secondary research utilized Internet-based methods for Internet research and involved comprehensive in-house research of public information for industry research, including government data and information, relevant economic data, industry data, company annual reports, quarterly reports, publications by industry experts and data from iResearch's own research database. iResearch integrates analysis from its internet advertising observation system, and internet-user online behavior research system. The Company paid a total consideration of RMB104,000 for the preparation of the research report.

REGULATORY OVERVIEWS

Regulations Relating to Foreign Investments in the Value-added Telecommunications Industry

The Licence Company 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 within the PRC on a nationwide basis. Such licence also allows the Licence Company to integrate prepaid card with internet payment account.

The payment service business currently engaged by the Licence Company is subject to regulations in accordance with, among others, the Payment Service Measures, which came into effect on 1 September 2010. The Payment Service Measures stipulates that non-financial institutions must not engage in the provision of payment services (such as online payments, the issuance and acceptance of prepaid cards, and POS systems) without first obtaining approval and a payment service licence (支付業務許可證) from the PBOC. In accordance with Article 9 of the Payment Service Measures, regulations and rules addressing the scope of business and ownership restrictions for foreign investment in non-financial institutions engaged in payment services shall be stipulated by the PBOC separately and shall be approved by the State Council of the PRC. As at the Latest Practicable Date, the PBOC has not yet stipulated any relevant rules and regulations nor granted the payment service licence to any foreign invested enterprise intending to be engaged in the provision of prepaid card business and internet payment services.

Moreover, according to the Guidance of Foreign Enterprise Investments (2011 Amended) the internet payment service provided by the Licence Company is a type of value-added telecommunications business where foreign investment is restricted. According to the Administrative Provisions on Foreign-Invested Telecommunications Enterprises (外商投資電訊企業管理規定), the foreign investor of a foreign-invested telecommunications services provider needs to demonstrate a good track record and experience in providing value-added telecommunications services.

Ongoing capital requirements

Pursuant to the Payment Service Measures, registered capital of companies engaged in the nationwide payment business must not be less than RMB100 million and must be fully paid-up.

Ongoing liquidity requirements

Pursuant to the Payment Service Measures, the paid-up registered capital of companies engaged in payment business must not be less than 10% of the average of day-end bank balance of clients' deposits over the previous 90 days.

Ongoing regulatory filing requirements

Pursuant to the Payment Service Measures, companies engaged in payment business must apply to the PBOC for extension of payment service licence six months before the expiry of the licence. Companies should also obtain the PBOC's approval before making any registration to the relevant registration authorities in respect of change in company name, registered capital, corporate structure and principal investor, merger and split of the companies and change in business nature or business coverage. Companies should also apply to the PBOC in respect of the cease of payment business.

Requirements on use of clients' deposits

Pursuant to the Payment Service Measures, companies engaged in payment business should only transfer the clients' deposits according to the respective clients' instruction. The Measures for Deposit of Reserves of Payment Institutions' Clients (支付機構客戶備付金存管辦法) requires that clients' deposit must be used for the payment as entrusted by clients and the situations specified in the Measures for Deposit of Reserves of Payment Institutions' Clients. The Measures for Deposit of Reserves of Payment Institutions' Clients also imposes certain requirements for companies engaged in payment business, such as (i) limitation of the number of bank accounts which are used for payment purpose; (ii) prohibition of bank accounts (other than the clients' depository bank account) from processing cross-bank withdrawal; and (iii) that accounts for payment business must be opened in depository bank accounts and that must be reported to the PBOC.

FINANCIAL INFORMATION ON BEIJING WEIKE AND THE LICENCE COMPANY

Set out below are the key audited financial figures of the Licence Company for each of the three years ended 31 December 2013 and five months ended 31 May 2013 (unaudited) and 31 May 2014 and the key audited consolidated financial figures of Beijing Weike for the five months ended 31 May 2014 (the accounts of the Licensed Company has been consolidated since 30 April 2014, being the completion date of acquisition of the Licence Company by Beijing Weike) prepared in accordance with the Hong Kong Financial Reporting Standards.

Licence Company

	For the year ended 31 December 2011 *(RMB'000)*	For the year ended 31 December 2012 *(RMB'000)*	For the year ended 31 December 2013 *(RMB'000)*	For the five months ended 31 May 2013 *(RMB'000)* (unaudited)	For the five months ended 31 May 2014 *(RMB'000)*
Revenue	19,739	27,155	30,631	13,664	11,041
Loss before taxation	(2,061)	(2,381)	(1,968)	(2,688)	1,420
Loss after taxation	(2,061)	(2,381)	(1,968)	(2,688)	1,420

	As at 31 December 2011 *(RMB'000)*	As at 31 December 2012 *(RMB'000)*	As at 31 December 2013 *(RMB'000)*	As at 31 May 2014 *(RMB'000)*
Total assets	422,378	574,093	530,018	606,302
Net assets	98,480	98,040	98,259	99,745

Beijing Weike

	For the five months ended 31 May 2014 *(RMB'000)*
Revenue	2,065
Loss before taxation	(73)
Loss after taxation	(73)

	As at 31 May 2014 *(RMB'000)*
Total assets	984,863
Net assets	109,559

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Group is principally engaged in operating card acceptance business in Thailand. As disclosed in the third quarterly report of the Company for the nine months ended 31 December 2013, the Group is negotiating for the acquisition of the equity interests in a company which, together with its subsidiary, is principally engaged in the prepaid card business in the PRC. Meanwhile, the Group will continue to seek new opportunities aiming to broaden its revenue base and enhance the profitability of the Group and in turn increase the value of the Company.

The Licence Company 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 within the PRC on a nationwide basis. Such licence also allows the Licence Company to integrate prepaid cards with internet payment accounts. As at the Latest Practicable Date, only six of such licences had been granted in the PRC. A substantial portion of revenue and profit of the Licence Company was derived from its prepaid card business. The Licence Company generates revenue via its prepaid card business by (i) charging card issuance service fee on a percentage of the total prepaid amount; (ii) charging merchant services fees on a percentage of transaction amount to merchants (such as supermarkets and chain-stores) who accept the prepaid cards issued by the Licence Company and use the POS system supplied by the Licence Company in the settlement process; (iii) receiving interest income arising from the deposit of cardholders; and (iv) receiving commission income by selling goods on behalf of merchants at the card centres of the Licence Company.

The payment service business currently engaged by the Licence Company is subject to regulations in accordance with, among others, the Payment Service Measures. The Payment Service Measures stipulates that non-financial institutions must not engage in the provision of payment services (such as online payments, the issue and acceptance of prepaid cards, and POS systems) without first obtaining approval and a payment service licence from the PBOC. In accordance with Article 9 of the Payment Service Measures, regulations and rules addressing the scope of business and ownership restrictions for foreign investment in non-financial institutions engaged in payment services shall be separately stipulated by the PBOC and approved by the State Council of the PRC. As at the Latest Practicable Date, the PBOC has not yet stipulated any relevant rules and regulations nor granted any payment service licence to any foreign invested enterprise intending to be engaged in the provision of prepaid card business and internet payment services.

Moreover, according to the Guidance of Foreign Enterprise Investments (2011 Amended) the internet payment service provided by the Licence Company is a type of value-added telecommunications business where foreign investment is restricted. According to the Administrative Provisions on Foreign-Invested Telecommunications Enterprises, the foreign investor of a foreign-invested telecommunications services provider needs to demonstrate a good track record and experience in providing value-added telecommunications services. Based on the consultation with the Ministry of Industry and Information Technology of the PRC ("**MIIT**") by the PRC Legal Adviser, it is understood that if the nature or substance of business run by a foreign enterprise is the same or similar to the value-added services in the telecommunications industry as described in 電信業務分類目錄 ("**Category of Telecommunications Businesses**") of the PRC, such foreign enterprise can be deemed to have the required operating track records and operating experience in value-added telecommunications industry. Since the Group has been conducting business of card acceptance using public telecommunications networks in Thailand, the PRC Legal Adviser considers that the industry experience requirements of the MIIT should be satisfied.

After consultation with the PBOC, the Company was advised by the PRC Legal Adviser that, since no relevant administrative measures have been promulgated by the State Council of the PRC, the PBOC normally does not accept any application for foreign direct investment in (i) a PRC company holding a payment service licence (which allows the holder to engage in internet payment and issuance and acceptance of prepaid card businesses); and (ii) the parent company of such licensed company (irrespective of the proportion of interests to be invested). Therefore, the PRC Legal Adviser considers that the PBOC currently does not allow foreign investors to invest in the internet payment business either directly or indirectly and irrespective of the proportion of such investment. Thus, it is not possible for the Group to participate in prepaid card business and internet payment services in the PRC through direct or indirect acquisition of the equity interests in the Licence Company and the most feasible way in achieving this is to provide capital to Shanghai Yongle by way of loans to facilitate its acquisition of Beijing Weike, which holds 90% of the equity interests in the Licence Company, and to obtain effective control over and the rights to enjoy the economic benefits in the assets of Beijing Weike, including 90% of the equity interests in the Licence Company through the Control Agreements and other arrangements under the New Framework Agreement. Although the loans provided by the Group must have a definite term and detailed repayment arrangement as required by the relevant PRC laws, as advised by the PRC Legal Adviser, the full repayment of loans and expiry of the Loan Arrangement shall not affect the duration and execution of the Control Agreements.

In view that profit sharing arrangements under normal contractual arrangements (where operating company, being the source of economic benefits, is one of the parties to the contractual arrangements) would channel out the entire profit of the operating company, it is not possible for the Group to establish the contractual arrangement directly with the Licence Company or Beijing Weike for channeling out a portion of net profit of the Licence Company at the first stage and re-establishing another contractual arrangement at the second stage. Instead, the Group enters into the Control Agreements, the Loan Agreements and other relevant documents with Shanghai Yongle, Beijing Weike and their owners. Under this structure, Shanghai Yongle will hold 33% of the equity interests in Beijing Weike, which in turn owns 90% of the equity interests in the Licence Company, and the contractual arrangements to be established between Shenzhen Yongle and Shanghai Yongle will enable Shenzhen Yongle to receive the entire economic benefits of Shanghai Yongle, that is equivalent to an effective interest of 29.7% economic benefits of the Licence Company.

This structure also allows the Company to conduct the transactions with the Licence Company in two stages so as to reduce its risk exposure. When the initial investments in Shanghai Yongle and the Licence Company prove to be promising, the Company will instruct Shanghai Yongle to exercise the Option and the loan under the Third Loan Agreement will be granted whereby Shanghai Yongle's shareholding interest in Beijing Weike will increase to 100% and the profit contribution from Beijing Weike to Shanghai Yongle or Shenzhen Yongle will automatically be increased without the need to amend the existing contractual arrangements. With the Control Agreements, the WK Pledge Agreement and other ancillary agreements, it is considered that the economic benefits of the Licence Company can be channeled to Shenzhen Yongle through Shanghai Yongle and Beijing Weike.

Since the Shanghai Yongle Shareholders are employees of the Company, they are required to follow instructions of the Company. In addition, pursuant to the Voting Rights Proxy Agreements, the Shanghai Yongle Shareholders will irrevocably authorise Shenzhen Yongle (or its designee, which can be a director or his/her successor of the direct or indirect shareholders of Shenzhen Yongle (including a liquidator replacing such director and his/her successor)) as their proxy to exercise all the rights of the shareholders of Shanghai Yongle and such authorisation shall not be altered unless otherwise instructed by Shenzhen Yongle. Therefore, it is unlikely that there will be potential conflicts of interests between the Company and the Shanghai Yongle Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the Shanghai Yongle Shareholder(s).

In light of the abovementioned, the Directors consider that the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements) are the most practicable way to enable the Group to participate in the payment businesses in the PRC and are in line with the business strategy of the Group and will enhance the business portfolio of the Group. By investing in the License Company, the Directors believe that the Group will be able to tap into PRC underdeveloped real-name, low-value payment market and run a nationwide payment business that connects both online and offline payments. The Directors also believe the payment platform developed from the prepaid card system of the Licence Company would become a gateway that may allow the Group to offer various financial services. The Licence Company currently issues its prepaid cards and maintains spending record of its cardholders mainly on anonymous basis whilst some are on real-name basis. Based on the spending record collected from the prepaid cards, the Licence Company can classify cardholders into carious consumer classes (e.g. according to spending pattern or amount) and further analyse such data for business development. For instance, the Licence Company can on its own or by partnering with different financial services providers (such as insurance companies, banks, finance companies, credit card companies and etc), offer the specific financial services according to the class of cardholders. As advised by the PRC Legal Adviser, since the information derived by the Licence Company from the bulk transaction data refers to the classes of cardholders instead of individuals, it is not regarded as personal data under the PRC laws.

Besides, the Directors plans to establish co-branding payment programs with potential strategic partners which will use prepaid card as a primary medium. These partners generally have either massive number of individual customers or valuable distribution channels and the Licence Company can absorb such client base instantly and increase its volume on the prepaid card issuance. According to the Administrative Measures Relating To The Prepaid Card Business of Payment Institutions (支付機構預付卡業務管理辦法), the requirements on prepaid cards on no-name include that (i) the maximum value of prepaid cards must not exceed RMB1,000; (ii) no report on the loss of prepaid cards can be accepted; (iii) the prepaid amount is non-redeemable; and (iv) the valid period of the prepaid cards must not be less than three years. As for the prepaid cards on real-name basis, (i) the maximum value of prepaid cards must not exceed RMB5,000; (ii) report on the loss of prepaid cards can be accepted; (iii) the prepaid amount is redeemable; and (iv) no specific requirement on the valid period of the prepaid cards. Therefore, holders of prepaid cards on real-name basis may have more protection and flexibility and may also enjoy more specific services. Therefore, the Company believes that more people will tend to use real-name prepaid cards in the future.

The Group also plans to invite experienced payment professionals to the board and the management of the License Company with a view to expand its business rapidly. The Directors consider that the terms of the New Framework Agreement and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements) are fair and reasonable and are arrived at after arm's length negotiation between the parties and that the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements) are in the interests of the Company and the Shareholders as a whole. In respect of the Loan Arrangements, the Company will use its internal resources and conduct further fund raising activities, if necessary.

RISK FACTORS

Risks relating to the contractual arrangements

The PRC government may determine that the Control Agreements and the Loan Agreements do not comply with the applicable laws and regulations

The PRC Legal Adviser is of the opinion that the Control Agreements and the Loan Agreements do not violate the mandatory laws and regulations in the PRC and are not considered to be in violation of Article 52 of the PRC Contract Law, which renders void any contracts deemed to be "concealing illegal intentions with a lawful form", and the related rules of the General Principle of Civil Law of the PRC, and therefore they are valid, binding and enforceable among relevant parties. However, the PRC Legal Adviser is also of the view that there can be no assurance that the Control Agreements and the Loan Agreements will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the Control Agreements and the Loan Agreements will be deemed to be in compliance of the PRC laws and regulations. In particular, any future acquisition of rights, benefits or assets of or equity interests in the Licence Company pursuant to the Control Agreements and the Loan Agreements will be subject to the laws and regulations then applicable.

However, as Shanghai Yongle, Shenzhen Yongle and the Shanghai Yongle Shareholders have undertaken to amend the Control Agreements and/or other relevant document(s) from time to time in order to comply with any amendments to the laws, regulations and rules in the PRC and/or the rules and requirements of the Stock Exchange from time to time, provided that such amendment(s) shall be subject to the requirements under the GEM Listing Rules and other applicable laws, rules and regulations, the Company considers that the relevant risk can be minimised.

The Control Agreements may not be as effective as direct ownership in providing control over the Licence Company

The Group relies on contractual arrangements with Shanghai Yongle to operate the prepaid card business and internet payment services of the Licence Company (i.e. value-added telecommunications service) in the PRC. These contractual arrangements may not be as effective in providing the Group with control over the Licence Company as direct ownership in rare circumstance. If the Group had direct ownership of the Licence Company, the Group would be able to deal with the equity interests in and the assets of the Licence Company in winding up situation rather than acquiring such assets by exercising the Equity Acquisition Right or the Assets Acquisition Right which are subject to the approval of the PBOC. Save for the abovementioned, the Company considers that the Group can exercise control via the contractual arrangements as effective as direct ownership of Shanghai Yongle as Shanghai Yongle will have veto power at the shareholders' meeting and board meeting of both Beijing Weike and the Licence Company.

The Shanghai Yongle Shareholders may potentially have a conflict of interests with the Group

The Group's control over the Licence Company is based on the contractual arrangement under the Control Agreements and the Loan Arrangements with, among others, Shanghai Yongle. Therefore, conflict of interests of the Shanghai Yongle Shareholders will adversely affect the interests of the Company. Since the Shanghai Yongle Shareholders are employees of the Company, they are required to follow instructions of the Company. In addition, pursuant to the Voting Rights Proxy Agreements, the Shanghai Yongle Shareholders will irrevocably authorise Shenzhen Yongle (or its designee, which can be a director or his/her successor of the direct or indirect shareholder of Shenzhen Yongle (including a liquidator replacing such director and his/her successor)) as their proxy to exercise all the rights of the shareholders of Shanghai Yongle and such authorisation shall not be altered unless otherwise instructed by Shenzhen Yongle. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the Shanghai Yongle Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the Shanghai Yongle Shareholder(s).

The contractual arrangements under the New Framework Agreement may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the Control Agreements, the Loan Agreements, the Exclusive Equity Acquisition Agreement and the Exclusive Assets Acquisition Agreement were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of Shanghai Yongle, and this could further result in late payment fees and other penalties to Shanghai Yongle for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

The Company does not have any insurance which covers the risks relating to the New Framework Agreement and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the New Framework Agreement and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the New Framework Agreement in the future, such as those affecting the enforceability of the Control Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of Shanghai Yongle, Beijing Weike and the Licence Company, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

Certain provisions in the Control Agreements and the Loan Agreements may not be enforceable under PRC laws

The Control Agreements and the Loan Agreements contain a provision for resolving disputes by arbitration at South China International Economic and Trade Arbitration Commission, Shenzhen in accordance with its then prevailing arbitration rules. The Control Agreements and the Loan Agreements include a clause in relation to dispute resolution among the parties where upon request by a disputing party, the courts in the PRC, Hong Kong and Cayman Islands shall have the power to grant interim remedies, such as withholding or freezing of the assets or on the equity interests of the party in breach. Upon the coming into effect of the relevant arbitral award, any party shall have the right to apply to the courts in the abovementioned jurisdictions for execution of such award.

However, due to restrictions of the PRC laws, the Legal Adviser is of the view that, even though the Control Agreements and the Loan Agreements provide that overseas courts (i.e. courts in Hong Kong and the Cayman Islands) shall have the power to grant interim remedies, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by the PRC courts. As a result, in the event that Shanghai Yongle or any of the Shanghai Yongle Shareholders breaches the terms of the Control Agreements and the Loan Agreements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Shanghai Yongle, Beijing Weike and the Licence Company could be materially and adversely affected.

Risks relating to the business and operation of the Licence Company

The business and operations of the Licence Company are highly regulated, and the business, financial condition, results of operations and prospects of the Licence Company could be materially and adversely affected by regulatory changes

The Licence Company's business and operations are highly regulated by the relevant rules, regulations and government guidelines in the PRC, in particular the Payment Service Measures and the Measures for Deposit of Reserves of Payment Institutions' Clients. Certain provisions also govern the capital requirement and liquidity of the Licence Company and the restrictions (e.g. maximum stored value) on the payment products of the Licence Company. Changes in laws, rules and regulation applicable to the business of the Licence Company (e.g. uplift of the capital requirement and liquidity ratio and removal of restriction on foreign investment to value-added telecommunications industry) may adversely affect its business operation and thus financial performance.

The Licence Company may not be able to obtain or renew the licence in respect of the provision of nationwide payment service by prepaid card and internet payment in the PRC

The first batch of licences granted by the PBOC in 2011 in respect of the provision of nationwide payment service by prepaid card and internet payment in the PRC currently to, among others, the Licence Company will expire in May 2016 and the extension of which is subject to approval by the PBOC. As at the Latest Practicable Date, none of these licences expired and thus none of them has been renewed insofar. There is no assurance that such extension will be approved by the PBOC in the future. If the Licence Company fails to renew the licence, the third party payment business of the Licence Company will have to cease, which would result in a material adverse effect on the results of the Group.

The Licence Company does not have long term contracts with the ultimate users of its prepaid cards

Although the Licence Company has entered into business contracts with merchants and strategic partners in relation to the development and acceptance of prepaid cards, the ultimate users are individuals who do not enter into any long term contract with the Licence Company for the continuous use of its prepaid cards. In addition, cardholders may also redeem the prepaid amount at any time after purchase. The results of the Licence Company, to certain extent, depend on the capability of the Licence Company to develop new payment products and to retain the loyalty of cardholders and may be adversely affected if the use of the prepaid cards or internet payment of the Licence Company is reduced due to, among others, industry competition or introduction of new payment methods.

The Licence Company is exposed to a relatively short track record period for its business in the PRC

The Licence Company has commenced the third party payment business after obtaining its nationwide licence for prepaid card and internet payment in the PRC in May 2011 and thus its track record of business is relatively short. Although the business of the Licence Company has been expanding, such short track record may not be indicative to the future prospect or results of the Licence Company.

INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

In order to facilitate the Group's control on Beijing Weike and the Licence Company, the Group will implement the following internal control measures in the following aspects:

Management controls

(i) The Group will, through Shanghai Yongle, appoint a board representative (the "**Representative**") to the board of Beijing Weike. The Representative is required to conduct weekly reviews on the operations of Beijing Weike and the Licence Company and shall submit the weekly reviews to the Board. The Representative is also required to check the authenticity of the monthly management accounts of both Beijing Weike and the Licence Company;

(ii) The Representative shall establish a team to be funded by the Group who shall station at the Licence Company and shall be actively involved in various aspects of the daily managerial and operational activities of the Licence Company;

(iii) Under the New Framework Agreement, any major events or management decisions of Beijing Weike must be approved by Shanghai Yongle. Upon receiving notification of any major events of Beijing Weike by the Representative or Beijing Weike, the Shanghai Yongle Shareholders must report to the company secretary of the Company (the "**Company Secretary**"), who must in turn report to the Board;

(iv) The Company Secretary shall conduct regular site visits to Shanghai Yongle, Beijing Weike and the Licence Company and conduct personnel interviews quarterly and submit reports to the Board; and

(v) All seals, chops, incorporation documents and all other legal documents of Shanghai Yongle must be kept at the office of Shenzhen Yongle.

Financial controls

(i) The financial controller of the Company (the "**FC**") shall to collect monthly management accounts, bank statements and cash balances and major operational data of the Licence Company, Beijing Weike, Shanghai Yongle for review. Upon discovery of any suspicious matters, the FC must report to the Company Secretary, who shall in turn report to the Board;

(ii) According to the WK Articles Amendment Agreement and the WK Resolutions, Beijing Weike is obligated to distribute all its profits as dividends each year. If there is any distribution for a particular year and such distribution has been delayed, the Shanghai Yongle Shareholders and/or the FC must visit Beijing Weike for investigation and must report to the Board at the earliest possible date; and

(iii) If the payment of the service fees from Shanghai Yongle to Shenzhen Yongle is delayed, the FC must meet with the Shanghai Yongle Shareholders to investigate, and should report any suspicious matters to the Board. In extreme cases, the Shanghai Yongle Shareholder(s) will be removed and replaced.

Legal review

(i) The Company Secretary will consult the Company's PRC legal advisers from time to time to check if there are any legal developments in the PRC affecting the arrangements contemplated under the New Framework Agreement, and should immediately report to the Board so as to allow the Board to determine if any modification or amendment are required to be made.

FINANCIAL EFFECTS OF THE NEW FRAMEWORK AGREEMENT AND THE CONTROL AGREEMENTS

The Company is able to control Shanghai Yongle under the principles as outlined in Hong Kong Financial Report Standard 10 "Consolidated financial statements" issued by the Hong Kong Institute of Certified Public Accountants where the Company is exposed, or has rights, to variable returns from its involvement with Shanghai Yongle and has the ability to affect those returns through power over Shanghai Yongle. Therefore, Shanghai Yongle will be fully consolidated in the Group's consolidated financial statements as if it were a subsidiary of the Group upon Completion.

However, due to the fact that all strategic, financial and operating decisions in relation to Beijing Weike require the consent of all of its shareholders and Shanghai Yongle has a veto power in the board of Beijing Weike subsequent to the amendments to the WK Articles as contemplated under the WK Articles Amendment Agreement and the WK Resolutions, the Company, through Shanghai Yongle, is considered to have joint control over Beijing Weike together with other shareholders. Therefore, Beijing Weike (together with its 90% owned subsidiary, the Licence Company) will be recognised as a joint venture of the Group upon Completion. However, Beijing Weike will still be accounted for using the equity method of accounting in accordance with the Group's accounting policies to the extent of its 33% equity interest. Similar to the typical equity investment, the Group is neither obligated to share any losses in Shanghai Yongle, Beijing Weike and the Licence Company nor to provide financial support in addition to the amount under the Loan Agreements to Shanghai Yongle for covering the losses exceeding the initial investments, if any, made and/or committed by the Group pursuant to the New Framework Agreement, the Loan Agreements and the Control Agreements.

Net Assets

Set out in Appendix V to this circular is the unaudited pro forma statement of assets and liabilities on the Enlarged Group which illustrates the effect of the Completion on the assets and liabilities of the Group pursuant to the New Framework Agreement, the Control Agreements and the Loan Agreements.

As set out in the unaudited pro forma statement of assets and liabilities of the Enlarged Group in Appendix V to this circular, the total assets of the Enlarged Group as at 31 March 2014 increased from approximately HK$184.1 million to approximately HK$283.1 million pursuant to the New Framework Agreement, the Control Agreements and the Loan Agreements.

As set out in the audited pro forma statement of assets and liabilities of the Enlarged Group in Appendix V to this circular, the total liabilities of the Enlarged Group as at 31 March 2014 increased from approximately HK$41.5 million to approximately HK$141.7 million as a result of the New Framework Agreement, the Control Agreements and the Loan Agreements.

Earnings

Pursuant to the Business Cooperation Agreement and the Technical Consultation and Services Agreement, the service fee will be payable to Shenzhen Yongle by Shanghai Yongle during the term. Therefore, it is expected that the earnings of the Enlarged Group will increase as a result of the New Framework Agreement, the Control Agreements and the Loan Agreements.

GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) for the amount to be provided by Shenzhen Yongle to Shanghai Yongle for Shanghai Yongle's acquisition of 33% interests in Beijing Weike under the Loan Arrangements are more than 25% but less than 100%, the entering into of the New Framework Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Rule 19.06 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

GENERAL

The Company will convene an EGM for the Shareholders to consider, and if thought fit, approve by way of poll, the New Framework Agreement and the transactions contemplated thereunder. As no Shareholder is regarded to have material interests in the New Framework Agreement and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements), all Shareholders are eligible to vote on the relevant resolutions to be proposed at the EGM for approving the New Framework Agreement and the transactions contemplated thereunder.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. 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 should you so wish.

RECOMMENDATION

Having noted and considered the reasons stated under the sections "REASONS FOR AND THE BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER", the Board considered that the terms of the New Framework Agreement and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to approve the New Framework Agreements and the transactions contemplated thereunder (including the Control Agreements and the Loan Agreements).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

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

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 respectively have been set out on pages 31 to 80, pages 29 to 80 and pages 32 to 78 of the Company's annual reports for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 dated 11 June 2012, 17 June 2013 and 23 June 2014 respectively.

All annual reports of the Company have been posted on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company at www.chinasmartpay.com/yjbg.

2. INDEBTEDNESS OF THE ENLARGED GROUP

Borrowings

As at the close of business on 31 July 2014, the Enlarged Group had a total outstanding amount of Baht1,650,000 (equivalent to approximately HK$401,000) due to a minority shareholder in respect of the issue and paid up preference share capital of Oriental City Group (Thailand) Company Limited ("**OCG Thailand**"), a non-wholly owned subsidiary of the Company, which carries cumulative dividend at 9% per annum. The amount was unsecured and unguaranteed.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in accordance with applicable accounting standards because they are not redeemable and the holders of which are entitled to receive 9% cumulative dividend on the paid up value of the preference shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

At 31 July 2014, the Group had outstanding foreign currency contracts for the exchange of United States Dollars ("**US$**") with Baht of approximately US$1.5 million (equivalents to approximately HK$11.6 million). The Group has no significant exposure on these forward currency contracts.

Contingent liabilities

As at 31 July 2014, the Enlarged Group had no material contingent liabilities.

Mortgages and charges

As at 31 July 2014, the Enlarged Group had no mortgages or charges over its assets.

Banking facilities

As at 31 July 2014, the Enlarged Group had no banking facilities.

Capital commitment

As at 31 July 2014, the Enlarged Group had no capital expenditure commitment.

Disclaimers

Save as aforesaid and apart form intra-group liabilities, at the close of business on 31 July 2014, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than under normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

Save as aforesaid, the Directors confirmed that there had been no material changes to the indebtedness and contingent liabilities of the Enlarged Group since 31 July 2014 and up to the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 March 2014, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, after taking into account the internal financial resources available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

During the year ended 31 March 2014, apart from the card acceptance transaction fee income and the foreign exchange rate discount income generated from the card acceptance business in Thailand, the Group also generated income from the cross-border e-commerce solution business from its wholly-owned subsidiary acquired in January 2014.

The Company considers that its business in Thailand is subject to uncertainty as political instability in Thailand still exists and thereby limits the Group's growth potential in that country. Nevertheless, the Group will closely monitor the situation and will take necessary actions in response to new developments.

Expanding from its core business in electronic payment, trading and settlement platforms, the Group has been continuously exploring new business opportunities in order to improve the Group's future operating results and enhance the competitiveness. The Group will gradually shift the strategic focus to payment business in the PRC (the "**PRC payment business**"). The Group will base the PRC payment business on prepaid payment, internet payment, mobile payment and online-offline services. The PRC payment business will ultimately enable the Group to build a large-scale real-name customer information database and to offer comprehensive and specific financial services to the customers. The Group has also recruited a strong implementation team from leading payment companies in order to build an advanced and proprietary information technology system for future expansion. The implementation team comprises IT professionals who used to hold key roles in leading payment companies in the PRC and they are developing a new prepaid service solution and processing platform which will gradually merge and replace the existing platform of the Licence Company. It is estimated that a total of approximately RMB10 million is required for developing such platform and it will be financed by internal resources of the Group. This system will not only satisfy the Group's future demands for prepaid card issuance and acceptance, but will also enable rapid deployment of internet payment, mobile payment, loyalty and rewards management and big-data analysis.

In January 2014, the Group acquired 100% equity interests in MCONE (HONG KONG) LIMITED ("**MCONE**"), which is engaged in cross-border e-commerce solution business. The cross-border e-commerce solution business of MCONE provides a channel to connect the PRC e-commerce merchants with overseas customers and covered wide range of services such as product sourcing and distribution, cross-border payment, logistics, advertising. Target customer group of MCONE comprises mini to medium merchants which does not have sufficient resources to set up their e-commerce platforms. The Group's cross-border e-commerce solutions business through MCONE is expected to contribute to the Group as the Company is optimistic of the cross-border trading activities between the PRC and other countries. Besides, the Group may utilise the internet payment platform of the Licence Company as payment method for e-commerce merchant clients of MCONE.

Furthermore, in March 2014, the Group acquired 22.22% interest in Shanghai Koolcloud Technology Co. Limited, which is a manufacturer and operator of cutting-edge smart POS terminal technology. This smart POS terminal technology accepts various payment products in a single platform and can provide diversified services to merchants and consumers. This technology provides convenience to and saves cost of merchants clients while at the same time it provides a channel for merchants and consumers to use the prepaid cards of the Licence Company. Hence it facilitates the expansion of the business of the Licence Company. On the other hand, in view of that the growth of PRC third-party payment industry may lead to the wider adoption of innovative point-of-sales technology, the Company believes that Shanghai Koolcloud Technology Co. Limited may also contribute to the Group in future.

The investment into the Licence Company will be the starting point of the PRC payment business of the Group. After the Completion, the Group will leverage the existing strength of the Licence Company to develop innovative payment products, including but not limited to industry-specific payment solutions, healthcare payment cards, gift cards and electronic prepaid cards. In view of the recent growth of the PRC economies, the improvement in living standard in the PRC, the growth of third-party payment industry and the prospective nationwide payment business of the Licence Company, the Company is optimistic of the future prospect of the PRC third-party payment industry and believes that it will benefit from business of the Licence Company.

The Group is also seeking investment and/or acquisition of other payment companies of strategic value which can create synergy with the Licence Company and will continue to seek new opportunities, including but not limited to electronic payment, trading and settlement platforms, with an aim to diversify the income stream base and enhance the profitability of the Group and thereby increasing the value of the Company.

MAZARS

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1 September 2014

The Directors
China Smartpay Group Holdings Limited
Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Wei Ke Rui Si Online (Beijing) Technology Company Limited ("**Beijing Weike**", English translation of 微科睿思在線(北京)科技有限公司 for identification purpose only) and its 90%-owned subsidiary namely Open Union Network Technology Services Limited ("**Open Union**", English translation of 開聯通網絡技術服務有限公司 for identification purpose only) (hereinafter collectively referred to as the "**Target Group**") (the "**Financial Information**") for inclusion in the circular of China Smartpay Group Holdings Limited (the "**Company**") dated 1 September 2014 (the "**Circular**") issued in connection with the proposed acquisition of 33% interest of Beijing Weike and its 90%-owned subsidiary namely Open Union (the "**Proposed Acquisition**"). The Financial Information comprises the consolidated statements of financial position of the Target Group and the statements of financial position of Beijing Weike at 31 December 2011, 2012 and 2013 and 31 May 2014, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information.

Beijing Weike is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 20 April 2006. The principal activities of Beijing Weike are the trading of softwares and promotion of online technology in the PRC and investment holding. Beijing Weike has adopted 31 December as its financial year end date for statutory financial reporting purpose. At the date of this report, no audited statutory financial statements have been prepared by Beijing Weike.

The directors of Beijing Weike have prepared the consolidated financial statements of the Target Group for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with the same basis in respect of the preparation of the Financial Information as set out in Section B below. The Underlying Financial Statements for the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Financial Information has been prepared by the directors of Beijing Weike for inclusion in the Circular issued in connection with the Proposed Acquisition based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions 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**").

Directors' responsibility for the Financial Information

The directors of Beijing Weike are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of Beijing Weike determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility for the Financial Information

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline No. 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. We have not audited any financial statements of the Target Group in respect of any period subsequent to 31 May 2014.

Opinion in respect of the Financial Information of the Relevant Periods

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis as set out in Section B below, gives a true and fair view of the state of affairs of the Target Group and Beijing Weike at 31 December 2011, 2012 and 2013 and 31 May 2014 and of the Target Group's results and cash flows for the Relevant Periods in accordance with the basis of presentation and accounting policies as set out in Section B below which are in conformity with HKFRSs.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding financial information of the Target Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2013 and other explanatory information (the "**Corresponding Financial Information**"), for which the directors of Beijing Weike are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of Beijing Weike are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
		2011	2012	2013	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	292	7	–	–	2,065
Cost of goods sold and cost of services rendered		(141)	–	–	–	(281)
Gross profit		151	7	–	–	1,784
Other income	*5*	–	–	–	–	336
General administrative and other operating expenses		(183)	(19)	(1)	(1)	(622)
Selling and distribution costs		–	–	–	–	(1,530)
Share of loss of a joint venture	*16*	–	–	–	–	(41)
Loss before taxation	*6*	(32)	(12)	(1)	(1)	(73)
Income tax expense	*9*	–	–	–	–	–
Loss and total comprehensive loss for the year/period		(32)	(12)	(1)	(1)	(73)
Attributable to:						
Equity holders of Beijing Weike		(32)	(12)	(1)	(1)	(78)
Non-controlling interests		–	–	–	–	5
		(32)	(12)	(1)	(1)	(73)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12*	–	–	–	28,685
Intangible assets	*13*	–	–	–	1,827
Goodwill	*15*	–	–	–	378,281
Interest in a joint venture	*16*	–	–	–	6,333
Deposits on investment	*24*	–	–	99,500	–
		–	–	99,500	415,126
Current assets					
Other investments	*17*	–	–	–	25,000
Trade and other receivables	*18*	89	171	171	41,382
Restricted funds	*19*	–	–	–	500,289
Cash and cash equivalents	*20*	130	42	41	3,066
		219	213	212	569,737
Current liabilities					
Trade and other payables	*21*	43	49	49	875,304
Net current assets (liabilities)		176	164	163	(305,567)
NET ASSETS		176	164	99,663	109,559
Capital and reserves					
Paid-up capital	*22*	500	500	100,000	100,000
Accumulated losses		(324)	(336)	(337)	(415)
Equity attributable to equity holders of Beijing Weike		176	164	99,663	99,585
Non-controlling interests		–	–	–	9,974
TOTAL EQUITY		176	164	99,663	109,559

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Interest in a subsidiary	*14*	–	–	–	468,000
Deposits on investment	*24*	–	–	99,500	–
		–	–	99,500	468,000
Current assets					
Other receivables	*18*	89	171	171	1,500
Cash and cash equivalents	*20*	130	42	41	280
		219	213	212	1,780
Current liabilities					
Other payables	*21*	43	49	49	370,247
Net current assets (liabilities)		176	164	163	(368,467)
NET ASSETS		176	164	99,663	99,533
Capital and reserves					
Paid-up capital	*22*	500	500	100,000	100,000
Accumulated losses	*23*	(324)	(336)	(337)	(467)
TOTAL EQUITY		176	164	99,663	99,533

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Accumulated losses	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	500	(292)	–	208
Loss and total comprehensive loss for the year	–	(32)	–	(32)
At 31 December 2011 and 1 January 2012	500	(324)	–	176
Loss and total comprehensive loss for the year	–	(12)	–	(12)
At 31 December 2012 and 1 January 2013	500	(336)	–	164
Loss and total comprehensive loss for the year	–	(1)	–	(1)
Transaction with equity holders:				
Capital contribution from equity holders	99,500	–	–	99,500
At 31 December 2013	100,000	(337)	–	99,663

	Paid-up capital *RMB'000*	Accumulated losses *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 31 December 2013 and 1 January 2014	100,000	(337)	–	99,663
Loss and total comprehensive loss for the period	–	(78)	5	(73)
Transaction with equity holders:				
Non-controlling interests arising from acquisition of a subsidiary *(Note 24)*	–	–	9,969	9,969
At 31 May 2014	100,000	(415)	9,974	109,559
unaudited				
At 1 January 2013	500	(336)	–	164
Loss and total comprehensive loss for the period	–	(1)	–	(1)
At 31 May 2013	500	(337)	–	163

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
		2011	2012	2013	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
OPERATING ACTIVITIES						
Loss before taxation		(32)	(12)	(1)	(1)	(73)
Depreciation of property, plant and equipment		–	–	–	–	355
Amortisation of intangible assets		–	–	–	–	22
Share of loss of a joint venture		–	–	–	–	41
Interest income		–	–	–	–	(1,778)
Changes in working capital:						
Trade and other receivables		159	(82)	–	–	7,748
Trade and other payables		(6)	6	–	1	13,694
Restricted funds		–	–	–	–	(23,257)
Cash generated from (used in) operations		121	(88)	(1)	–	(3,248)
Interest received		–	–	–	–	1,778
Net cash from (used in) operating activities		121	(88)	(1)	–	(1,470)
INVESTING ACTIVITIES						
Deposits on investment paid		–	–	(99,500)	–	–
Acquisition of a subsidiary	24	–	–	–	–	(137,569)
Net cash used in investing activities		–	–	(99,500)	–	(137,569)
FINANCING ACTIVITIES						
Capital contribution from equity holders		–	–	99,500	–	–
Advances from the ultimate controlling party		–	–	–	–	142,064
Net cash from financing activities		–	–	99,500	–	142,064
Net increase (decrease) in cash and cash equivalents		121	(88)	(1)	–	3,025
Cash and cash equivalents at beginning of year/period		9	130	42	42	41
Cash and cash equivalents at end of year/period	20	130	42	41	42	3,066

B. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Wei Ke Rui Si Online (Beijing) Technology Company Limited ("**Beijing Weike**", English translation of 微科睿思在線(北京)科技有限公司 for identification purpose only) is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 20 April 2006. Beijing Weike's principal place of business is located at Room 706, 6th Floor, 17 Ma Dian East Road, Hai Dian District, Beijing, the PRC.

The principal activities of Beijing Weike are the trading of softwares and promotion of online technology in the PRC and investment holding. The information of Beijing Weike's subsidiary and joint venture is set out in Note 14 and Note 16, respectively, below.

In the opinion of the directors of Beijing Weike, at the date of approving the Financial Information, Mr. Zhang Zebin is the ultimate controlling party of Beijing Weike.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and accounting principles generally accepted in Hong Kong.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new/revised HKFRSs during each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 (the "**Relevant Periods**"). For the purpose of preparing the Financial Information, Beijing Weike and its subsidiary (hereinafter collectively referred to as the "**Target Group**") has consistently adopted all these HKFRSs that are relevant to its operations and are effective for the Relevant Periods.

A summary of the principal accounting policies adopted by the Target Group in the preparation of the Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Financial Information is historical cost.

Going concern

The Financial Information has been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets at 31 May 2014. The ultimate controlling party has confirmed his intention to make available adequate funds to the Target Group as and when required to maintain the Target Group as a going concern.

Basis of consolidation

The Financial Information comprises the financial statements of Beijing Weike and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as that of Beijing Weike using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of the subsidiary are consolidated from the date on which the Target Group obtains control and continue to be consolidated until the date when such control ceases.

Non-controlling interests are presented, separately from equity holders of Beijing Weike, in consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of Beijing Weike and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of Beijing Weike and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Target Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of Beijing Weike.

When the Target Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when the control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when the control is lost.

Subsidiary

A subsidiary is an entity that is controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In Beijing Weike's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiary are accounted for by Beijing Weike on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Target Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Target Group's investment in joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Target Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Target Group discontinues recognising its share of further losses when the Target Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interest that, in substance, form part of the Target Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Target Group and its joint venture are eliminated to the extent of the Target Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate or vice versa, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence or joint control, the Target Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence or joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be a joint venture is regarded as the fair value on initial recognition as a financial asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

As the Target Group's lease payments for its leasehold land and buildings cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land and buildings	over the shorter of the unexpired term of lease and their estimated useful lives
Leasehold improvements	3 years
Computer equipment	3 years
Furniture and fixtures	3 years
Motor vehicles	4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Licence rights

Licence rights for the transaction processing system are stated at cost less accumulated amortisation and impairment losses considered necessary by the management. Amortisation is provided over 10 years, which is the shorter of its useful lives and the underlying licence period.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Target Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Target Group's contractual rights to future cash flows from the financial asset expire or (ii) the Target Group transfers the financial asset and either (a) the Target Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Initial and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables including trade and other receivables, bank balances and bank principal – guaranteed funds are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less any impairment loss. Amortised cost is calculated by taking into account any discounts or premiums on acquisition, over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Available-for-sales financial assets

Available-for-sale financial assets including other investments are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

Financial liabilities

The Target Group's financial liabilities include trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Target Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the consolidated and Beijing Weike's statements of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Card issuing service fee income is recognised when the prepaid cards are delivered to customers and issued cards are activated.

Merchant service fee represents service fee charged by the Target Group to merchants at specific rates on the monetary value of consumptions made by the prepaid cards' holders/ internet payment accounts' holders in the merchants' stores. Merchant service fee income is recognised when the transactions occur.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Commission income is derived from sales of goods made on behalf of the merchants at the Target Group's cards centres. Commission income is recognised when the service is provided to the merchants, i.e. the goods are sold.

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Target Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, interest in a subsidiary and interest in a joint venture may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable/receivable under operating leases are charged/ credited to profit or loss on a straight-line basis over the term of the relevant leases.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution retirement schemes

Pursuant to the law and regulations of the PRC, contributions to the defined contribution retirement schemes for the Target Group's staff are made to the relevant government authorities in the PRC, which are calculated on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. These contributions are expensed in profit or loss as incurred.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiary and joint venture, except where the timing of the reversal of the temporary differences is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Target Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Target Group.

(a) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the Target Group's management in the preparation of the Financial Information. They affect the application of the Target Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of the Target Group's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation/amortisation charges included in profit or loss.

Impairment of property, plant and equipment and intangible assets

The management determines whether the Target Group's property, plant and equipment and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment and intangible assets, which is equal to the higher of fair value less costs of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Impairment of goodwill

The Target Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Details of the methodology adopted for the determination of the recoverable amount are stated in Note 15 below.

Impairment of interest in a subsidiary

Beijing Weike assesses annually if its interest in a subsidiary suffered any impairment in accordance with HKAS 36. The assessment requires an estimation of the recoverable amount of the interest in a subsidiary. Future changes in financial performance and position of the subsidiary would affect the estimation of impairment loss and result in the adjustments of its carrying amounts.

Impairment of financial assets

The management determines the provision for impairment of the Target Group's financial assets based on the current creditworthiness and the past collection history of each customers and other debtors and the current market condition. If the financial conditions of the Target Group's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

Future changes in HKFRSs

At the date of the Financial Information, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the Relevant Periods, which the Target Group has not early adopted. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Target Group.

3. SEGMENT INFORMATION

Business segments

Management has determined the operating segments (i.e. the trading of softwares and promotion of online technology, the prepaid cards business and the internet payment business) based on the reports reviewed by the chief operating decision maker – the Target Group's directors for making strategic decisions. The Target Group's operating business are structured and managed separately according to the nature of their operations. The Target Group's chief operating decision makers regularly review its financial information to assess the performance and make resource allocation decisions. Since the Target Group has only one business segment of the trading of softwares and promotion of online technology for the three years ended 31 December 2011, 2012, and 2013 and the Target Group's internet payment business accounted for less than 1% of the total revenue for the five months ended 31 May 2014 with no significant operation for the business segment of the trading of softwares and promotion of online technology, no business segment information is presented.

Geographical information

The Target Group's operations are all located in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

Details of the entities accounting for 10% or more of aggregate revenue of the Target Group during the Relevant Periods are as follows:

	RMB'000
Year ended 31 December 2011	
Entity A	172
Entity B	120
	292

	RMB'000
Year ended 31 December 2012	
Entity A	7

	RMB'000
Five months ended 31 May 2014	
Entity C	298
Entity D	440
Entity E	905
	1,643

4. REVENUE

Revenue recognised by categories is as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of goods	292	7	–	–	–
Card issuing service fee income	–	–	–	–	6
Merchant service fee income	–	–	–	–	366
Interest income *(Note)*	–	–	–	–	1,642
Commission income	–	–	–	–	51
Total revenue	292	7	–	–	2,065

Note: It represented interest income on the accumulated unutilised float funds generated from the operation of the prepaid cards business and internet payment business.

5. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Bank interest income on self-owned funds	–	–	–	–	136
Rental income	–	–	–	–	200
	–	–	–	–	336

6. LOSS BEFORE TAXATION

It is stated after charging the following:

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Staff salaries and allowances	118	13	–	–	469
Contributions to/Provision for defined contribution retirement schemes	33	6	–	–	53
Total staff costs (including directors' remuneration)	151	19	–	–	522
Costs of inventories	141	–	–	–	–
Amortisation of intangible assets *	–	–	–	–	22
Depreciation of property, plant and equipment *	–	–	–	–	355
Operating lease charges on premises	–	–	–	–	297

* Included in: "General administrative and other operating expenses".

7. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by Beijing Weike's directors are as follows:

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2011				
– Zhao Yan	–	118	33	151
– Chen Bing	–	–	–	–
– Yu Haiying	–	–	–	–
	–	118	33	151

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2012				
– Zhao Yan	–	13	6	19
– Chen Bing	–	–	–	–
– Yu Haiying	–	–	–	–
	–	13	6	19

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2013				
– Zhao Yan *	–	–	–	–
– Chen Bing	–	–	–	–
– Yu Haiying	–	–	–	–
– Zhang Zebin #	–	–	–	–
	–	–	–	–

* Resigned during the year

\# Appointed during the year

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2014				
– Chen Bing	–	–	–	–
– Yu Haiying	–	–	–	–
– Zhang Zebin	–	–	–	–
	–	–	–	–

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2013 *(unaudited)*				
– Zhao Yan	–	–	–	–
– Chen Bing	–	–	–	–
– Yu Haiying	–	–	–	–
	–	–	–	–

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. In addition, no emoluments were paid by the Target Group to any of the directors as an inducement to join, or upon joining the Target Group or as a compensation for loss of office during the Relevant Periods.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals				
	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
				(unaudited)	
Director	1	1	–	–	–
Non-director	–	–	–	–	5
	1	1	–	–	5

During each of the three years ended 31 December 2011, 2012 and 2013, the Target Group has no employee other than the directors as disclosed in Note 7 above.

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and allowances	–	–	–	–	98
Contributions to defined contribution retirement schemes	–	–	–	–	13
	–	–	–	–	111

The remuneration paid to each of the above individuals during the Relevant Periods fall within the band of RMBNil to RMB1,000,000.

During the Relevant Periods, no remuneration was paid by the Target Group to any of the five highest paid individuals as an inducement to join or upon joining the Target Group, or as a compensation for loss of office.

9. TAXATION

Beijing Weike is subject to Enterprise Income Tax ("**EIT**") of the PRC at a statutory rate of 25% for the Relevant Periods. Beijing Weike reported no current income tax expense for the Relevant Periods because it incurred loss for taxation purposes.

The subsidiary of Beijing Weike is subject to EIT of the PRC at a statutory rate of 25% for the Relevant Periods. Starting from year 2012, the subsidiary of Beijing Weike is approved by the relevant tax authorities in the PRC as a High and New Technology Enterprise to enjoy preferential EIT rate of 15% for three consecutive years.

Reconciliation of income tax expense

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Loss before taxation	(32)	(12)	(1)	(1)	(73)
Applicable tax rate	25%	25%	25%	25%	15%
Income tax at applicable tax rate	(8)	(3)	–	–	(11)
Non-deductible expenses	–	–	–	–	14
Tax incentive on certain expenses	–	–	–	–	(16)
Unrecognised tax losses	–	2	–	–	32
Unrecognised temporary differences	8	1	–	–	8
Utilisation of previously unrecognised tax losses	–	–	–	–	(14)
Others	–	–	–	–	(13)
Income tax expense for the year/period	–	–	–	–	–

Unrecognised deferred tax assets arising from

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible temporary differences	33	39	39	1,349
Tax losses	–	7	8	252
	33	46	47	1,601

No deductible temporary differences expire under current tax legislation. The tax losses arising in the PRC can be used to offset against future taxable profit for a maximum of 5 years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Target Group can utilise the benefits therefrom.

The unrecognised tax losses arising in the PRC at the end of each reporting period will expire as follows:

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017	–	7	7	122
At 31 December 2018	–	–	1	1
At 31 December 2019	–	–	–	129
	–	7	8	252

10. DIVIDENDS

No dividends were declared nor paid during the Relevant Periods.

11. LOSS PER SHARE

Loss per share has not been presented as such information is not considered meaningful for the purpose of the Financial Information.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Computer equipment	Furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – five months ended 31 May 2014						
At 1 January 2014	–	–	–	–	–	–
Acquisition of a subsidiary	24,899	565	3,007	287	282	29,040
Depreciation	(115)	(44)	(183)	(7)	(6)	(355)
At 31 May 2014	24,784	521	2,824	280	276	28,685
At 31 May 2014						
Cost	24,899	565	3,007	287	282	29,040
Accumulated depreciation	(115)	(44)	(183)	(7)	(6)	(355)
	24,784	521	2,824	280	276	28,685

The Target Group's leasehold land and buildings were situated in the PRC under medium-term leases.

13. INTANGIBLE ASSETS

	Licence rights
	RMB'000
Reconciliation of carrying amount – five months ended 31 May 2014	
At 1 January 2014	–
Acquisition of a subsidiary	1,849
Amortisation	(22)
At 31 May 2014	1,827
At 31 May 2014	
Cost	1,849
Accumulated amortisation	(22)
	1,827

14. INTEREST IN A SUBSIDIARY

	At 31 May 2014
	RMB'000
Unlisted shares, at cost	468,000

Details of the subsidiary at 31 May 2014 are as follows:

Name of the entity	Place and date of establishment	Particulars of paid up capital	Percentage of equity ownership of interest held directly	Principal activities
開聯通網絡技術服務有限公司 Open Union Network Technology Services Limited ("**Open Union**", English translation for identification purpose only)	The PRC, 8 November 2010	RMB100,000,000	90% *(Note)*	Issuance and acceptance of prepaid cards and the provision of internet payment service

Note: The equity interest is pledged to the former controlling party of Open Union to secure the payment of the remaining consideration for the acquisition of the 90% equity interest of Open Union as detailed in Note 24 below.

*Financial information of subsidiary with individually material non-controlling interests ("**NCI**")*

The following table shows the information relating to Open Union that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

At 31 May 2014	
Proportion of NCI's ownership interests	10%

At 31 May 2014	*RMB'000*
Current assets	569,457
Non-current assets	36,845
Current liabilities	(506,557)
Net assets	99,745
Carrying amount of NCI	9,974

Five months ended 31 May 2014 (Since the date of acquisition by Beijing Weike)	*RMB'000*
Revenue/Other income	2,401
Expenses	(2,344)
Profit and total comprehensive income	57
Profit and total comprehensive income attributable to NCI	5
Net cash flows used in:	
Operating activities	145
Investing and financing activities	–

15. GOODWILL

	At 31 May 2014 *RMB'000*
Reconciliation of carrying amount – five months ended 31 May 2014	
At 1 January 2014	–
Additions *(Note 24)*	378,281
At 31 May 2014	378,281
At 31 May 2014	
Cost	378,281
Accumulated impairment losses	–
	378,281

On 30 April 2014, Beijing Weike acquired 90% equity interests in Open Union at an aggregate consideration of RMB468,000,000. The excess of the consideration transferred and the amount of non-controlling interests over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed of approximately RMB378,281,000 is recognised as goodwill.

On 31 May 2014, Beijing Weike assessed the recoverable amount of the goodwill with reference to a business valuation of Open Union determined under a market-based approach based on the multiple of price-to-annual prepaid cards issuing amount as stated in a valuation report issued by an independent professional valuer, Roma Appraisals Limited as set out in Appendix VI of the circular of China Smartpay Group Holdings Limited dated 1 September 2014, and determined that no impairment for goodwill was required.

16. INTEREST IN A JOINT VENTURE

	At 31 May 2014 *RMB'000*
Unlisted investment:	
Share of net assets	6,333

Details of the joint venture at 31 May 2014 are as follows:

Name of the entity	Place and date of establishment	Registered and paid-up capital	Percentage of equity ownership of interest held indirectly	Principal place of business and activities
上海東方網通信技術有限公司 Shanghai Eastern Net Communication Technology Company Limited ("**Eastern Net**", English translation for identification purpose only)	The PRC, 9 May 2012	RMB20,000,000	40% *(Note)*	Promotion of prepaid cards and provision of related customer service in Shanghai, the PRC

Note: Each of Open Union, the other joint venture partner and an investor is entitled to appoint 2, 2 and 1, respectively, out of 5 board members of Eastern Net. Because certain strategic financial and operating decisions in relation to Eastern Net's operation require the consent of 4 out of 5 board members, Open Union and the other joint venture partner have joint control of the arrangement and Eastern Net is being regarded as a joint venture of Open Union and is accounted for using the equity method of accounting.

Financial information of the joint venture

Financial information of the joint venture is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by the Target Group for equity accounting purposes including any differences in accounting policies and fair value adjustment, if any.

At 31 May 2014	*RMB'000*
Gross amounts	
Non-current assets	339
Current assets	15,631
Current liabilities	(139)
Equity	15,831
Include in current assets above:	
Cash and cash equivalents	2,110
The Target Group's share of equity	6,333

Five months ended 31 May 2014 (since the date of acquisition by the Target Group)	*RMB'000*
Gross amounts	
Revenue	–
Expenses	(103)
Loss and total comprehensive loss	(103)
The Target Group's share of loss and total comprehensive loss	(41)
Included in above:	
Depreciation and amortisation	(9)

There are no capital commitment and contingent liabilities in relation to the joint venture itself.

17. OTHER INVESTMENTS

The other investments represent unlisted investments in certain principal unguaranteed funds (the "**Investments**") placed with banks in the PRC. The maturity period of the Investments is within 3 months and they cannot be early redeemed within the maturity period. The Investments are unlisted investment funds which mainly invested in treasury bonds, bank debentures, central bank bills, enterprise/corporate bonds and other investments in the PRC with high credit rating. The Investments bear interest at floating rate with expected return of 5.2% to 5.7% per annum.

In the opinion of the directors of the Target Group, the fair value of the Investments cannot be reliably measured because (a) the Investments do not have quoted market price in an active market; (b) the range of reasonable fair value estimates is significant for the Investments; and (c) the probabilities of the various estimates cannot be reasonably assessed and used in estimating the fair value. As such, the Investments are stated at cost less any impairment losses.

18. TRADE AND OTHER RECEIVABLES

		The Target Group			
		At 31 December			**At 31 May**
		2011	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables					
From sales agents		–	–	–	1,206
From prepaid cards' holders		–	–	–	250
From co-operative prepaid cards networks		–	–	–	2,542
Others		–	–	–	304
	(a)	–	–	–	4,302
Other receivables					
Deposits		–	–	–	694
Deposits paid to merchants	*(b)*	–	–	–	24,578
Due from a director/equity holder	*(c)*	89	171	170	–
Prepayments and other receivables	*(d)*	–	–	1	11,808
		89	171	171	37,080
		89	171	171	41,382

		Beijing Weike			
		At 31 December			**At 31 May**
		2011	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables					
Due from a director/equity holder	*(c)*	89	171	170	–
Due from Open Union	*(e)*	–	–	–	1,500
Other receivables		–	–	1	–
		89	171	171	1,500

(a) Trade receivables

The Target Group grants credit period to sales agents, prepaid cards' holders and co-operative prepaid cards networks up to 1 day, 30 days and 60 days respectively. At 31 May 2014, the ageing analysis of the trade receivables by invoice date is as follows:

	At 31 May 2014 *RMB'000*
Less than 1 month	2,441
1 month to 3 months	986
Over 3 months	875
	4,302

At 31 May 2014, the ageing analysis of the trade receivables by due date is as follows:

	At 31 May 2014 *RMB'000*
Current	3,031
Less than 1 month past due	267
1 month to 3 months past due	229
Over 3 months past due	775
	1,271
	4,302

The past due receivables are not assessed to be impaired as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable. The Target Group does not hold any collateral over these balances.

(b) Deposits paid to merchants

The amounts represented deposits paid to merchants as a guarantee for the settlement of the spending made by prepaid cards' holders/internet payment accounts' holders.

(c) Due from a director/equity holder

The amount due is unsecured, interest-free and has no fixed repayment term.

Details of the amount due from a director/equity holder are as follows:

	Year ended 31 December 2011		
	Maximum amount outstanding during the year	**Balance at 31.12.2011**	**Balance at 1.1.2011**
	RMB'000	*RMB'000*	*RMB'000*
Zhao Yan	248	89	248

	Year ended 31 December 2012		
	Maximum amount outstanding during the year	**Balance at 31.12.2012**	**Balance at 1.1.2012**
	RMB'000	*RMB'000*	*RMB'000*
Zhao Yan	171	171	89

	Year ended 31 December 2013		
	Maximum amount outstanding during the year	**Balance at 31.12.2013**	**Balance at 1.1.2013**
	RMB'000	*RMB'000*	*RMB'000*
Zhao Yan *	171	170	171

* Resigned as director during the year

(d) Prepayments and other receivables

	The Target Group			
	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Funds prepaid to merchants *(Note)*	–	–	–	6,131
Other receivables	–	–	1	5,677
	–	–	1	11,808

Note: The amounts represented funds remitted to the merchants in advance for the settlement of the spending to be made by the prepaid cards' holders/internet payment accounts' holders. The prepaid amounts are based on the historical spending pattern and expected transaction value with individual merchants.

(e) Due from Open Union

The amount due is unsecured, interest-free and has no fixed repayment term.

19. RESTRICTED FUNDS

	Note	At 31 May 2014 RMB'000
Bank deposits		425,289
Bank principal – guaranteed funds	(a)	75,000
		500,289

Pursuant to relevant laws and regulations in the PRC, the funds are maintained solely for the purpose of settlement of outstanding payable to merchants when the prepaid cards holders/internet payment accounts' holders make purchase transactions with respective merchants and are not allowed to be used by the Target Group for any other purpose.

(a) Bank principal – guaranteed funds

The balances represented funds with principal amount guaranteed by banks. The Target Group is entitled to redeem the funds at the principal amount before their maturity. They are unlisted and bear interest at floating rate.

20. CASH AND CASH EQUIVALENTS

		The Target Group			
		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Bank saving/current accounts		130	42	41	566
Bank principal – guaranteed funds	(a)	–	–	–	2,500
		130	42	41	3,066

	Beijing Weike			
	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank saving/current accounts	130	42	41	280

(a) Bank principal – guaranteed funds

The balances represented funds with principal amount guaranteed by banks. The Target Group is entitled to redeem the funds at the principal amount before their maturity. They are unlisted and bear interest at floating rate.

21. TRADE AND OTHER PAYABLES

		The Target Group			
		At 31 December			At 31 May
		2011	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables					
To merchants		–	–	–	12,317
To co-operative prepaid cards networks		–	–	–	2,424
	(a)	–	–	–	14,741
Unutilised float funds	*(b)*	–	–	–	480,992
		–	–	–	495,733
Other payables					
Accruals and other payables		43	49	49	6,872
Remaining consideration for the acquisition of a subsidiary	*24*	–	–	–	228,000
Due to the ultimate controlling party	*(c)*	–	–	–	142,064
Due to an equity holder	*(c)*	–	–	–	130
Due to a joint venture	*(c)*	–	–	–	2,505
		43	49	49	379,571
		43	49	49	875,304

		Beijing Weike			
		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables					
Accruals and other payables		43	49	49	53
Remaining consideration for the acquisition of a subsidiary	*24*	–	–	–	228,000
Due to the ultimate controlling party	*(c)*	–	–	–	142,064
Due to an equity holder	*(c)*	–	–	–	130
		43	49	49	370,247

(a) Trade payables

The credit periods of trade payables to sales agents, merchants and co-operative prepaid cards network are up to 30 days, 30 days and 60 days respectively.

At 31 May 2014, the ageing analysis of the Target Group's trade payables by invoice date is as follows:

	At 31 May 2014
	RMB'000
Less than 1 month	13,194
1 month to 3 months	1,055
Over 3 months	492
	14,741

(b) Unutilised float funds

The balances represented amounts prepaid by the prepaid cards' holders/internet payment accounts' holders to the Target Group and unutilised at the end of each reporting period. The Target Group is required to pay to the merchants from these funds when the prepaid cards' holders/internet payment accounts' holders make purchase transactions with the respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Target Group and individual merchants and number of purchase transactions.

(c) Due to the ultimate controlling party / an equity holder / a joint venture

The amounts due are unsecured, interest-free and have no fixed repayment term.

22. PAID-UP CAPITAL

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital				
At beginning of year/period	500	500	500	100,000
Capital contribution from equity holders	–	–	99,500	–
At end of year/period	500	500	100,000	100,000

23. ACCUMULATED LOSSES

	Beijing Weike
	RMB'000
At 1 January 2011	(292)
Loss and total comprehensive loss for the year	(32)
At 31 December 2011 and 1 January 2012	(324)
Loss and total comprehensive loss for the year	(12)
At 31 December 2012 and 1 January 2013	(336)
Loss and total comprehensive loss for the year	(1)
At 31 December 2013 and 1 January 2014	(337)
Loss and total comprehensive loss for the period	(130)
At 31 May 2014	(467)

24. DEPOSITS ON INVESTMENT/ACQUISITION OF A SUBSIDIARY

In December 2013, Beijing Weike conditionally agreed with the former controlling party of Open Union for the acquisition of 90% equity interest of Open Union at an aggregate consideration of RMB468,000,000 (the "**Open Union Acquisition**"). Up to 31 December 2013, refundable deposits of RMB99,500,000 had been paid by Beijing Weike.

On 30 April 2014, the Open Union Acquisition was completed. As a result of the Open Union Acquisition, Beijing Weike is expected to expand from its core business in the operation of electronic payment, trading and settlement platforms.

The following summarises the consideration paid/payable and the amounts of the assets acquired and liabilities assumed at the date of acquisition.

	RMB'000
Consideration in cash:	
Deposits for investment made	99,500
Cash paid upon completion of the Open Union Acquisition	140,500
Cash consideration to be paid	228,000
	468,000

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	29,040
Intangible assets	1,849
Interest in a joint venture	6,374
Cash and cash equivalents	2,931
Restricted funds	477,032
Other investments	25,000
Trade and other receivables	48,959
Trade and other payables	(491,497)
Total identifiable net assets	99,688
Non-controlling interests	(9,969)
Goodwill arising on acquisition	378,281
	468,000

	RMB'000
Net cash flow on acquisition of a subsidiary:	
Net cash acquired	2,931
Cash consideration paid	(140,500)
	(137,569)

At 31 May 2014, the remaining consideration for the Open Union Acquisition of RMB228,000,000, as include in other payables, is secured by Beijing Weike's 90% equity interest in Open Union, interest-free and expected to be settled within the next twelve months. The ultimate controlling party is undertaken to provide sufficient funds to Beijing Weike for the settlement of the amount due.

The goodwill arising from the Open Union Acquisition is attributable to (i) Open Union's licenses for the operation of the prepaid cards business and the internet payment business and (ii) the growth and profit potential as a result of benefiting from the growing demand in the prepaid cards and the internet payment businesses. However, in the opinion of the directors of Beijing Weike, the fair values of the licenses and the growth and profit potential cannot be reasonably estimated and thus no individual intangible assets have been recognised. None of the goodwill recognised is expected to be deductible for income tax purpose.

Since acquisition, the acquired business has contributed RMB2,066,000 and RMB57,000 to the revenue and results of the Target Group respectively. If the business combination effected during the five months ended 31 Mary 2014 had been taken up at 1 January 2014, the consolidated revenue and results of the Target Group would have been approximately RMB11,041,000 and RMB1,290,000 respectively.

The financial information of Open Union during the Relevant Periods is included in the accountant's report as set out in Appendix III of the circular of China Smartpay Group Holdings Limited dated 1 September 2014.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

Credit risk

The carrying amounts of trade and other receivables, bank balances, bank principal – guaranteed funds and other investments included in the statements of financial position represent the Target Group's maximum exposure to credit risk in relation to its financial assets.

The credit risk on bank balances, bank principal – guaranteed deposits and other investments is limited because the counterparties are banks / entities with high credit-ratings.

Therefore, the Target Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the management reviews the credit condition of each individual debtor regularly.

Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. At the end of each reporting period, the Target Group's financial liabilities are all interest-free and either repayable on demand or within one year.

Interest rate risk

The Target Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including bank balances, bank principal – guaranteed funds and other investment.

During the Relevant Periods, if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Target Group's net results would be as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Increase/ Decrease	–	–	–	–	546

The Target Group's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the Relevant Periods and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing financial assets in existence during the Relevant Periods. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the Relevant Periods.

Fair value

The carrying values of all financial instruments approximated their fair values at the end of each reporting period.

26. CAPITAL MANAGEMENT

The objectives of the Target Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for equity holders. The Target Group manages its capital structure and makes adjustments, including payment of dividends to equity holders, return of capital to equity holders or call for additional capital from equity holders or sale of assets to reduce debts. No changes were made in the Target Group's objectives, policies or processes in managing capital during the Relevant Periods.

27. COMMITMENTS UNDER OPERATING LEASES

The Target Group as lessee

The Target Group leases a number of properties under operating leases, which typically run for an initial period of one to three years. None of the leases includes contingent rental.

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	–	1,099
In the second to fifth years inclusive	–	–	–	1,032
	–	–	–	2,131

28. SUBSEQUENT EVENTS

In July 2014, Open Union entered into certain cooperation agreements with an independent third party, who is a social and healthcare information service provider in the PRC and the shares of which are listed on Shenzhen Stock Exchange, for the formation of a joint venture to develop products, such as real-name prepaid cards, that can be used for payment of medical expenses at hospitals and pharmacies in the PRC with a total registered capital of RMB10 million of which 49% and 51% will be contributed by Open Union and the independent third party, respectively. At the date of approving the Financial Information, the parties are yet to make any capital contribution.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any periods subsequent to 31 May 2014.

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1 September 2014

The Directors
China Smartpay Group Holdings Limited
Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Open Union Network Technology Services Limited ("**Open Union**", English translation of 開聯通網絡技術服務有限公司 for identification purpose only) (the "**Financial Information**") for inclusion in the circular of China Smartpay Group Holdings Limited (the "**Company**") dated 1 September 2014 (the "**Circular**") issued in connection with the proposed acquisition of 33% interest of Wei Ke Rui Si Online (Beijing) Technology Company Limited (English translation of 微科睿思在線(北京)科技有限公司 for identification purposely only) and its 90%-owned subsidiary namely Open Union (the "**Proposed Acquisition**"). The Financial Information comprises the statements of financial position of Open Union at 31 December 2011, 2012 and 2013 and 31 May 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of Open Union for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information.

Open Union is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 8 November 2010. The principal activities of Open Union are the issuance and acceptance of prepaid cards and the provision of internet payment service in the PRC. Open Union has adopted 31 December as its financial year end date for statutory financial reporting purpose. The statutory financial statements of Open Union for each of the two years ended 31 December 2011 and 2012 and for the year ended 31 December 2013 prepared in accordance with Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC were audited by Beijing Huaweixin Certified Public Accountants Company Limited and Beijing Yingke Certified Public Accountants Company Limited respectively.

The directors of Open Union have prepared the financial statements of Open Union for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with the same basis in respect of the preparation of the Financial Information as set out in Section B below. The Underlying Financial Statements for the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Financial Information has been prepared by the directors of Open Union for inclusion in the Circular issued in connection with the Proposed Acquisition based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions 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**").

Directors' responsibility for the Financial Information

The directors of Open Union are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of Open Union determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility for the Financial Information

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline No. 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. We have not audited any financial statements of Open Union in respect of any period subsequent to 31 May 2014.

Opinion in respect of the Financial Information of the Relevant Periods

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis as set out in Section B below, gives a true and fair view of the state of affairs of Open Union at 31 December 2011, 2012 and 2013 and 31 May 2014 and of Open Union's results and cash flows for the Relevant Periods in accordance with the basis of presentation and accounting policies as set out in Section B below which are in conformity with HKFRSs.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding financial information of Open Union comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the five months ended 31 May 2013 and other explanatory information (the "**Corresponding Financial Information**"), for which the directors of Open Union are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of Open Union are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

A. FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2011 *RMB'000*	Year ended 31 December 2012 *RMB'000*	Year ended 31 December 2013 *RMB'000*	Five months ended 31 May 2013 *RMB'000* (unaudited)	Five months ended 31 May 2014 *RMB'000*
Revenue	4	19,739	27,155	30,631	13,664	11,041
Cost of services rendered		(6,491)	(6,370)	(9,432)	(5,439)	(1,698)
Gross profit		13,248	20,785	21,199	8,225	9,343
Other income	5	532	1,823	953	281	2,395
General administrative and other operating expenses		(15,225)	(22,638)	(20,028)	(8,667)	(8,201)
Selling and distribution costs		(616)	(1,666)	(3,248)	(1,785)	(1,530)
Share of loss of a joint venture	14	–	(685)	(844)	(742)	(587)
(Loss) Profit before taxation	6	(2,061)	(2,381)	(1,968)	(2,688)	1,420
Income tax expense	9	–	–	–	–	–
(Loss) Profit and total comprehensive (loss) income for the year/ period attributable to equity holders of Open Union		(2,061)	(2,381)	(1,968)	(2,688)	1,420

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	12	1,243	33,234	29,866	28,685
Intangible assets	13	2,451	2,193	1,935	1,827
Interest in a joint venture	14	–	9,715	8,871	6,333
Prepayments for property, plant and equipment		26,977	–	–	–
		30,671	45,142	40,672	36,845
Current assets					
Other investments	15	–	–	10,000	25,000
Trade and other receivables	16	9,274	52,208	43,901	41,382
Restricted funds	17	321,357	466,709	431,724	500,289
Cash and cash equivalents	18	61,076	10,034	3,721	2,786
		391,707	528,951	489,346	569,457
Current liabilities					
Trade and other payables	19	323,898	476,053	431,759	506,557
Net current assets		67,809	52,898	57,587	62,900
Total assets less current liabilities		98,480	98,040	98,259	99,745
NET ASSETS		98,480	98,040	98,259	99,745
Capital and reserves					
Paid-up capital	20	100,000	100,000	100,000	100,000
Reserves		(1,520)	(1,960)	(1,741)	(255)
TOTAL EQUITY		98,480	98,040	98,259	99,745

STATEMENTS OF CHANGES IN EQUITY

		Reserves			
	Paid-up capital *RMB'000*	Capital reserve *RMB'000* *(Note)*	Accumulated losses *RMB'000*	Total reserves *RMB'000*	Total *RMB'000*
At 1 January 2011	100,000	–	(542)	(542)	99,458
Loss and total comprehensive loss for the year	–	–	(2,061)	(2,061)	(2,061)
Transaction with equity holders:					
Deemed capital contribution from equity holders *(Note 1(b))*	–	1,083	–	1,083	1,083
At 31 December 2011 and 1 January 2012	100,000	1,083	(2,603)	(1,520)	98,480
Loss and total comprehensive loss for the year	–	–	(2,381)	(2,381)	(2,381)
Transaction with equity holders:					
Deemed capital contribution from equity holders *(Note 1(b))*	–	1,941	–	1,941	1,941
At 31 December 2012 and 1 January 2013	100,000	3,024	(4,984)	(1,960)	98,040
Loss and total comprehensive loss for the year	–	–	(1,968)	(1,968)	(1,968)
Transaction with equity holders:					
Deemed capital contribution from equity holders *(Note 1(b))*	–	2,187	–	2,187	2,187
At 31 December 2013	100,000	5,211	(6,952)	(1,741)	98,259

		Reserves			
	Paid-up capital	Capital reserve	Accumulated losses	Total reserves	Total
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2013 and 1 January 2014	100,000	5,211	(6,952)	(1,741)	98,259
Profit and total comprehensive income for the period	–	–	1,420	1,420	1,420
Transaction with equity holders:					
Deemed capital contribution from equity holders *(Note 1(b))*	–	66	–	66	66
At 31 May 2014	100,000	5,277	(5,532)	(255)	99,745
unaudited					
At 1 January 2013	100,000	3,024	(4,984)	(1,960)	98,040
Loss and total comprehensive loss for the period	–	–	(2,688)	(2,688)	(2,688)
Transaction with equity holders:					
Deemed capital contribution from equity holders *(Note 1(b))*	–	831	–	831	831
At 31 May 2013	100,000	3,855	(7,672)	(3,817)	96,183

Note:

Capital reserve

Capital reserve represents deemed capital contribution from the Former Controlling Party as detailed in Note 1(b) of Section B below.

STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2011 RMB'000	Year ended 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Five months ended 31 May 2013 RMB'000 (unaudited)	Five months ended 31 May 2014 RMB'000
OPERATING ACTIVITIES						
(Loss) Profit before taxation		(2,061)	(2,381)	(1,968)	(2,688)	1,420
Depreciation of property, plant and equipment		109	2,401	4,172	1,689	1,776
Amortisation of intangible assets		129	258	258	108	108
Deemed capital contribution from equity holders *(Note 1(b))*		1,083	1,941	2,187	831	66
Share of loss of a joint venture		–	685	844	742	587
Interest income		(10,285)	(12,127)	(18,558)	(6,657)	(8,832)
Gain on disposal of property, plant and equipment		–	–	(35)	–	–
Gain on disposal of partial interest in a joint venture		–	–	–	–	(1,649)
Changes in working capital:						
Trade and other receivables		171,022	(42,934)	8,307	6,634	2,519
Trade and other payables		68,244	152,155	(44,294)	20,780	74,798
Restricted funds		(244,332)	(145,352)	34,985	(22,193)	(68,565)
Cash (used in) generated from operations		(16,091)	(45,354)	(14,102)	(754)	2,228
Interest received		10,285	12,127	18,558	6,657	8,832
Net cash (used in) generated from from operating activities		(5,806)	(33,227)	4,456	5,903	11,060
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(1,338)	(7,415)	(1,132)	(867)	(595)
Prepayments for property, plant and equipment		(26,977)	–	–	–	–
Proceeds from disposal of property, plant and equipment		–	–	363	–	–
Proceeds from disposal of partial interest in a joint venture		–	–	–	–	3,600
Purchase of intangible assets		(2,580)	–	–	–	–
Investment in a joint venture		–	(10,400)	–	–	–
Investment in other investments, net		–	–	(10,000)	–	(15,000)
Net cash used in investing activities		(30,895)	(17,815)	(10,769)	(867)	(11,995)
Net (decrease) increase in cash and cash equivalents		(36,701)	(51,042)	(6,313)	5,036	(935)
Cash and cash equivalents at beginning of year/period		97,777	61,076	10,034	10,034	3,721
Cash and cash equivalents at end of year/period	18	61,076	10,034	3,721	15,070	2,786

B. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION

(a) Corporate information

Open Union Network Technology Services Limited ("**Open Union**", English translation of 開聯通網絡技術服務有限公司 for identification purpose only) is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 8 November 2010. Open Union's principal place of business is located at Room 706, 6th Floor, 17 Ma Dian East Road, Hai Dian District, Beijing, the PRC.

The principal activities of Open Union are the issuance and acceptance of prepaid cards and the provision of internet payment service. The information of Open Union's joint venture is set out in Note 14 below.

In the opinion of the directors of Open Union, at the date of approving the Financial Information, Wei Ke Rui Si Online (Beijing) Technology Company Limited ("**Beijing Weike**", English translation of 微科睿思在線(北京)科技有限公司 for identification purpose only), a limited liability company incorporated in the PRC, is the immediate holding company of Open Union and Mr. Zhang Zebin, is the ultimate controlling party of Open Union.

(b) Basis of presentation

On 15 December 2010, a business transfer agreement was entered into between Kai Lian Information Technology Limited (the "**Former Controlling Party**", English translation of 開聯信息技術有限公司 for identification purpose only) and Open Union under which the Former Controlling Party agreed to transfer its existing prepaid cards business and internet payment business to Open Union, including but not limited to the accumulated unutilised float funds, point-of-sales terminals, merchants network and transactions processing system, etc.

Notwithstanding the transfer of the businesses was completed upon the signing of the business transfer agreement, the Former Controlling Party did not arrange the service contracts with merchants to be renewed between Open Union and the respective merchants before such contracts expired. The Former Controlling Party still recognised in its books the merchant service fee income from those merchants until end of year 2012, when Open Union completely renewed the service contracts with the respective merchants.

In addition, certain direct costs for service rendered, hardware costs, staff costs and other operating and administrative expenses which were necessarily incurred for running the transferred prepaid cards business and internet payment business during each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 ("**the Relevant Periods**") until the change in control of Open Union from the Former Controlling Party to Beijing Weike on 30 April 2014 were still paid by the Former Controlling Party without recharging to Open Union.

Given the merchant service fee income and those operating costs and expenses were integral parts of the transferred prepaid cards business and internet payment business, for the purpose of the Financial Information, the following income, costs and expenses originally taken up by the Former Controlling Party are now recognised in Open Union's profit or loss and the net amounts were credited as deemed capital contribution from the equity holders in equity as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue					
Merchant service fee income	6,865	1,222	–	–	–
Costs					
Cost of services rendered	(2,482)	(432)	–	–	–
Expenses					
Hardware costs	(782)	(363)	(192)	–	–
Staff costs	(2,674)	(2,368)	(1,995)	(831)	(66)
Other operating and administrative expenses	(2,010)	–	–	–	–
Deemed other operating expenses	(5,466)	(2,731)	(2,187)	(831)	(66)
Net amounts	(1,083)	(1,941)	(2,187)	(831)	(66)

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and accounting principles generally accepted in Hong Kong.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of preparing the Financial Information, Open Union has consistently adopted all these HKFRSs that are relevant to its operations and are effective for the Relevant Periods.

A summary of the principal accounting policies adopted by Open Union in the preparation of the Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Financial Information is historical cost.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Target Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

Open Union's investment in joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in Open Union's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that Open Union has incurred legal or constructive obligations or made payments on behalf of the investee, Open Union discontinues recognising its share of further losses when Open Union's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interest that, in substance, form part of Open Union's net investment in the investee.

Unrealised profits and losses resulting from transactions between Open Union and its joint venture are eliminated to the extent of Open Union's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate or vice versa, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence or joint control, Open Union remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence or joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be a joint venture is regarded as the fair value on initial recognition as a financial asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

As Open Union's lease payments for its leasehold land and buildings cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land and buildings	over the shorter of the unexpired term of lease and their estimated useful lives
Leasehold improvements	3 years
Computer equipment	3 years
Furniture and fixtures	3 years
Motor vehicles	4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Licence rights

Licence rights for the transaction processing system are stated at cost less accumulated amortisation and impairment losses considered necessary by the management. Amortisation is provided over 10 years, which is the shorter of its useful lives and the underlying licence period.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when Open Union becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) Open Union's contractual rights to future cash flows from the financial asset expire or (ii) Open Union transfers the financial asset and either (a) Open Union transfers substantially all the risks and rewards of ownership of the financial asset, or (b) Open Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If Open Union retains substantially all the risks and rewards of ownership of a transferred financial asset, Open Union continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If Open Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Open Union recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Initial measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables including trade and other receivables, bank balances and bank principal – guaranteed funds are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less any impairment loss. Amortised cost is calculated by taking into account any discounts or premiums on acquisition, over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Available-for-sales financial assets

Available-for-sale financial assets including other investments are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

Financial liabilities

Open Union's financial liabilities include trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, Open Union assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Cash equivalents

For the purpose of the statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the statements of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Open Union and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Card issuing service fee income is recognised when the prepaid cards are delivered to customers and issued cards are activated.

Merchant service fee represents service fee charged by Open Union to merchants at specific rates on the monetary value of consumptions made by the prepaid cards' holders/internet payment accounts' holders in the merchants' stores. Merchant service fee income is recognised when the transactions occur.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Commission income is derived from sales of goods made on behalf of the merchants at Open Union's cards centres. Commission income is recognised when the service is provided to the merchants, i.e. the goods are sold.

Impairment of non-financial assets

At the end of each reporting period, Open Union reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and interest in a joint venture may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, Open Union estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable/receivable under operating leases are charged/credited to profit or loss on a straight-line basis over the term of the relevant leases.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution retirement schemes

Pursuant to the law and regulations of the PRC, contributions to the defined contribution retirement schemes for Open Union's staff are made to the relevant government authorities in the PRC, which are calculated on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. These contributions are expensed in profit or loss as incurred.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in joint venture, except where the timing of the reversal of the temporary differences is controlled by Open Union and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to Open Union's most senior executive management for the purpose of allocating resources to, and assessing the performance of, Open Union's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to Open Union.

(a) A person or a close member of that person's family is related to Open Union if that person:

(i) has control or joint control over Open Union;

(ii) has significant influence over Open Union; or

(iii) is a member of the key management personnel of Open Union or the parent of Open Union.

(b) An entity is related to Open Union if any of the following conditions applies:

(i) The entity and Open Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Open Union or an entity related to Open Union.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by Open Union's management in the preparation of the Financial Information. They affect the application of Open Union's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of Open Union's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation/amortisation charges included in profit or loss.

Impairment of property, plant and equipment and intangible assets

The management determines whether Open Union's property, plant and equipment and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment and intangible assets, which is equal to the higher of fair value less costs of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Impairment of financial assets

The management determines the provision for impairment of Open Union's financial assets based on the current creditworthiness and the past collection history of each customers and other debtors and the current market condition. If the financial conditions of Open Union's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

Future changes in HKFRSs

At the date of the Financial Information, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the Relevant Periods, which Open Union has not early adopted. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the results and financial position of Open Union.

3. SEGMENT INFORMATION

Business segments

Management has determined the operating segments (i.e. the prepaid cards business and the internet payment business) based on the reports reviewed by the chief operating decision maker – Open Union's directors for making strategic decisions. Open Union's operating business are structured and managed separately according to the nature of their operations. Open Union's chief operating decision makers regularly review its financial information to assess the performance and make resource allocation decisions. Since Open Union's internet payment business accounted for less than 1% of the total revenue for each of the Relevant Periods, no business segment information is presented.

Geographical information

Open Union's operations are all located in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

Details of the entities accounting for 10% or more of aggregate revenue of Open Union during the Relevant Periods are as follows:

	RMB'000
Year ended 31 December 2011	
Entity A	5,650
Entity B	2,581
	8,231

	RMB'000
Year ended 31 December 2012	
Entity C	6,093

	RMB'000
Year ended 31 December 2013	
Entity A	6,021
Entity B	4,537
Entity C	5,003
	15,561

	RMB'000
Five months ended 31 May 2014	
Entity D	5,148
Entity E	1,366
	6,514

	RMB'000
Five months ended 31 May 2013 (unaudited)	
Entity A	1,652
Entity B	2,895
Entity C	1,769
	6,316

4. REVENUE

Revenue recognised by categories is as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Card issuing service fee income	2,372	9,755	4,740	3,312	252
Merchant service fee income	7,447	6,957	7,556	3,725	2,500
Interest income *(Note)*	9,753	10,304	17,829	6,376	8,286
Commission income	167	139	506	251	3
Total revenue	19,739	27,155	30,631	13,664	11,041

Note: It represented interest income on the accumulated unutilised float funds generated from the operation of the prepaid cards business and internet payment business.

5. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Bank interest income on self-owned funds	532	1,823	729	281	546
Gain on disposal of property, plant and equipment	–	–	35	–	–
Gain on disposal of partial interest in a joint venture	–	–	–	–	1,649
Rental income	–	–	150	–	200
Sundry income	–	–	39	–	–
	532	1,823	953	281	2,395

6. (LOSS) PROFIT BEFORE TAXATION

It is stated after charging the following:

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Staff salaries and allowances	3,178	8,160	5,321	2,510	3,032
Contributions to/Provision for defined contribution retirement schemes	527	1,267	501	211	237
Total staff costs (including directors' remuneration)	3,705	9,427	5,822	2,721	3,269
Auditor's remuneration	–	15	20	–	–
Amortisation of intangible assets *	129	258	258	108	108
Deemed other operating expenses *(Note 1(b))*	5,466	2,731	2,187	831	66
Depreciation of property, plant and equipment *	109	2,401	4,172	1,689	1,776
Operating lease charges on premises	2,949	2,246	3,070	1,184	1,403

* Included in: "General administrative and other operating expenses".

7. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by Open Union's directors are as follows:

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2011				
– Yin Fu Sheng	–	–	–	–
– Yu Hong	–	–	–	–
– Song Xiang Ping, Peter	–	732	38	770
	–	732	38	770

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2012				
– Yin Fu Sheng	–	–	–	–
– Yu Hong	–	–	–	–
– Song Xiang Ping, Peter	–	840	43	883
	–	840	43	883

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2013				
– Yin Fu Sheng	–	–	–	–
– Yu Hong	–	–	–	–
– Song Xiang Ping, Peter	–	501	45	546
	–	501	45	546

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2014				
– Yin Fu Sheng	–	–	–	–
– Yu Hong	–	–	–	–
– Song Xiang Ping, Peter	–	486	19	505
	–	486	19	505

	Fees	Salaries and allowances	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2013 (unaudited)				
– Yin Fu Sheng	–	–	–	–
– Yu Hong	–	–	–	–
– Song Xiang Ping, Peter	–	209	18	227
	–	209	18	227

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. In addition, no emoluments were paid by Open Union to any of the directors as an inducement to join, or upon joining Open Union or as a compensation for loss of office during the Relevant Periods.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals				
	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
Director	1	1	1	1	1
Non-director	4	4	4	4	4
	5	5	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Salaries and allowances	464	646	657	286	282
Contributions to defined contribution retirement schemes	70	99	116	48	44
	534	745	773	334	326

The remuneration paid to each of the above individuals during the Relevant Periods fall within the band of RMBNil to RMB1,000,000.

During the Relevant Periods, no remuneration was paid by Open Union to any of the five highest paid individuals as an inducement to join or upon joining Open Union, or as a compensation for loss of office.

9. TAXATION

Open Union is subject to Enterprise Income Tax ("**EIT**") of the PRC at a statutory rate of 25% for the Relevant Periods. Starting from year 2012, Open Union is approved by the relevant tax authorities in the PRC as a High and New Technology Enterprise to enjoy preferential EIT rate of 15% for three consecutive years.

Open Union reported no current income tax expense because it incurred loss for taxation purpose for the years ended 31 December 2011 and 2012. Open Union's estimated assessable profits for the year ended 31 December 2013 and the five months ended 31 May 2014 are wholly absorbed by unrelieved tax losses brought forward from previous years.

Reconciliation of income tax expense

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss) Profit before taxation	(2,061)	(2,381)	(1,968)	(2,688)	1,420
Applicable tax rate	25%	15%	15%	15%	15%
Income tax at applicable tax rate	(515)	(357)	(295)	(403)	213
Non-deductible expenses	311	502	477	244	118
Tax incentive on certain expenses	(93)	(304)	(148)	(66)	(92)
Unrecognised tax losses	23	183	–	232	–
Unrecognised temporary differences	274	(29)	16	(7)	45
Utilisation of previously unrecognised tax losses	–	–	(44)	–	(217)
Others	–	5	(6)	–	(67)
Income tax expense for the year/period	–	–	–	–	–

Unrecognised deferred tax assets arising from

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible temporary differences	1,096	903	1,010	1,310
Tax losses	635	1,854	1,561	115
	1,731	2,757	2,571	1,425

No deductible temporary differences expire under current tax legislation. The tax losses arising in the PRC can be used to offset against future taxable profit for a maximum of 5 years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Open Union can utilise the benefits therefrom.

The unrecognised tax losses arising in the PRC at the end of each reporting period will expire as follows:

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015	542	542	249	–
At 31 December 2016	93	93	93	–
At 31 December 2017	–	1,219	1,219	115
	635	1,854	1,561	115

10. DIVIDENDS

No dividends were declared nor paid during the Relevant Periods.

11. (LOSS) PROFIT PER SHARE

(Loss) Profit per share has not been presented as such information is not considered meaningful for the purpose of the Financial Information.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Computer equipment	Furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – year ended 31 December 2011						
At 1 January 2011	–	–	14	–	–	14
Additions	–	–	1,336	2	–	1,338
Depreciation	–	–	(109)	–	–	(109)
At 31 December 2011	–	–	1,241	2	–	1,243
Reconciliation of carrying amount – year ended 31 December 2012						
At 1 January 2012	–	–	1,241	2	–	1,243
Additions	27,666	1,544	4,738	444	–	34,392
Depreciation	(922)	(313)	(1,118)	(48)	–	(2,401)
At 31 December 2012	26,744	1,231	4,861	398	–	33,234
Reconciliation of carrying amount – year ended 31 December 2013						
At 1 January 2013	26,744	1,231	4,861	398	–	33,234
Additions	–	54	679	–	399	1,132
Depreciation	(1,383)	(543)	(2,092)	(83)	(71)	(4,172)
Disposals	–	–	–	–	(328)	(328)
At 31 December 2013	25,361	742	3,448	315	–	29,866
Reconciliation of carrying amount – five months ended 31 May 2014						
At 1 January 2014	25,361	742	3,448	315	–	29,866
Additions	–	–	295	–	300	595
Depreciation	(577)	(221)	(919)	(35)	(24)	(1,776)
At 31 May 2014	24,784	521	2,824	280	276	28,685

	Leasehold land and buildings	Leasehold improvements	Computer equipment	Furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011						
Cost	–	–	1,350	2	–	1,352
Accumulated depreciation	–	–	(109)	–	–	(109)
	–	–	1,241	2	–	1,243
At 31 December 2012						
Cost	27,666	1,544	6,088	446	–	35,744
Accumulated depreciation	(922)	(313)	(1,227)	(48)	–	(2,510)
	26,744	1,231	4,861	398	–	33,234
At 31 December 2013						
Cost	27,666	1,598	6,767	446	–	36,477
Accumulated depreciation	(2,305)	(856)	(3,319)	(131)	–	(6,611)
	25,361	742	3,448	315	–	29,866
At 31 May 2014						
Cost	27,666	1,598	7,062	446	300	37,072
Accumulated depreciation	(2,882)	(1,077)	(4,238)	(166)	(24)	(8,387)
	24,784	521	2,824	280	276	28,685

Open Union's leasehold land and buildings were situated in the PRC under medium-term leases.

13. INTANGIBLE ASSETS

	Licence rights
	RMB'000
Reconciliation of carrying amount – year ended 31 December 2011	
At 1 January 2011	–
Additions	2,580
Amortisation	(129)
At 31 December 2011	2,451
Reconciliation of carrying amount – year ended 31 December 2012	
At 1 January 2012	2,451
Amortisation	(258)
At 31 December 2012	2,193
Reconciliation of carrying amount – year ended 31 December 2013	
At 1 January 2013	2,193
Amortisation	(258)
At 31 December 2013	1,935
Reconciliation of carrying amount – five months ended 31 May 2014	
At 1 January 2014	1,935
Amortisation	(108)
At 31 May 2014	1,827
At 31 December 2011	
Cost	2,580
Accumulated amortisation	(129)
	2,451
At 31 December 2012	
Cost	2,580
Accumulated amortisation	(387)
	2,193
At 31 December 2013	
Cost	2,580
Accumulated amortisation	(645)
	1,935
At 31 May 2014	
Cost	2,580
Accumulated amortisation	(753)
	1,827

14. INTEREST IN A JOINT VENTURE

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments:				
Share of net assets	–	9,715	8,871	6,333

Details of the joint venture at 31 December 2012 and 2013 and 31 May 2014 are as follows:

Name of the entity	Place and date of establishment	Registered and paid-up capital	Percentage of equity ownership of interest held directly		Principal place of business and activities
			At 31 December 2012 and 2013	At 31 May 2014	
上海東方網通信技術有限公司 Shanghai Eastern Net Communication Technology Company Limited ("**Eastern Net**", English translation for identification purpose only)	The PRC, 9 May 2012	RMB20,000,000	52% *(Note (a))*	40% *(Note (b))*	Promotion of prepaid cards and provision of related customer service in Shanghai, the PRC

Note:

(a) In accordance with the shareholders' agreement signed between Open Union and the other joint venture partner, each of Open Union and the other joint venture partner is entitled to appoint 2 out of 5 board members of Eastern Net; the remaining board member is appointed on a year-to-year rotation basis by Open Union and the other joint venture partner. Because certain strategic financial and operating decisions in relation to Eastern Net's operation require the consent of 4 out of 5 board members, the parties have joint control of the arrangement and Eastern Net is being regarded as a joint venture of Open Union and is accounted for using the equity method of accounting.

(b) On 25 November 2013, Open Union, together with the other joint venture partner, entered into an equity interest transfer agreement under which both parties agreed to transfer 12% and 8% of their respective equity interest in Eastern Net to a third party (the "**New Investor**"), for a consideration of RMB3,600,000 and RMB2,400,000 respectively (the "**Transfer**"). Upon completion of the Transfer in March 2014, each of Open Union, the other joint venture partner and the New Investor is entitled to appoint 2, 2 and 1, respectively, out of 5 board members of Eastern Net. Because certain strategic financial and operating decisions in relation to Eastern Net's operation still require the consent of 4 out of 5 board members, Open Union and the other joint venture partner still have joint control of the arrangement and Eastern Net is still being regarded as a joint venture of Open Union.

Financial Information of the joint venture

Financial information of the joint venture is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by Open Union for equity accounting purposes including any differences in accounting policies and fair value adjustment, if any.

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts				
Current assets	–	17,923	16,835	15,631
Non-current assets	–	911	394	339
Current liabilities	–	(151)	(170)	(139)
Equity	–	18,683	17,059	15,831
Include in current assets above:				
Cash and cash equivalents	–	14,612	1,126	2,110
Open Union's share of equity	–	9,715	8,871	6,333

	Year ended 31 December			Five months ended 31 May	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Gross amounts					
Revenue	–	308	908	115	–
Expenses	–	(1,625)	(2,532)	(1,541)	(1,228)
Loss and total comprehensive loss	–	(1,317)	(1,624)	(1,426)	(1,228)
Open Union's share of loss and total comprehensive loss	–	(685)	(844)	(742)	(587)
Included in above:					
Depreciation and amortisation	–	(72)	(82)	(20)	(44)
Interest income	–	227	291	114	–

There are no capital commitment and contingent liabilities in relation to the joint venture itself.

15. OTHER INVESTMENTS

The other investments represents unlisted investments in certain principal unguaranteed funds (the "**Investments**") placed with banks in the PRC. The maturity period of the Investments is within 3 months and they cannot be early redeemed within the maturity period. The Investments are unlisted investment funds which mainly invested in treasury bonds, bank debentures, central bank bills, enterprise/corporate bonds and other investments in the PRC with high credit rating. The Investments bear interest at floating rate with expected return of 5.2% to 5.7% per annum.

In the opinion of the directors of Open Union, the fair value of the Investments cannot be reliably measured because (a) the Investments do not have quoted market price in an active market; (b) the range of reasonable fair value estimates is significant for the Investments; and (c) the probabilities of the various estimates cannot be reasonably assessed and used in estimating the fair value. As such, the Investments are stated at cost less any impairment losses.

16. TRADE AND OTHER RECEIVABLES

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables					
From sales agents		111	8,683	2,342	1,206
From prepaid cards' holders		445	2,282	239	250
From co-operative prepaid cards networks		–	3,168	2,038	2,542
Others		43	133	243	304
	(a)	599	14,266	4,862	4,302
Other receivables					
Deposits		–	700	694	694
Deposits paid to merchants	*(b)*	5,600	24,790	34,588	24,578
Prepayments and other receivables	*(c)*	3,075	12,452	3,757	11,808
		8,675	37,942	39,039	37,080
		9,274	52,208	43,901	41,382

(a) Trade receivables

Open Union grants credit period to sales agents, prepaid cards' holders and co-operative prepaid cards networks up to 1 day, 30 days and 60 days respectively. At the end of each reporting period, the ageing analysis of the trade receivables by invoice date is as follows:

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 month	576	13,711	4,292	2,441
1 month to 3 months	23	537	103	986
Over 3 months	-	18	467	875
	599	14,266	4,862	4,302

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	463	4,456	1,940	3,031
Less than 1 month past due	123	9,621	2,428	267
1 month to 3 months past due	13	189	146	229
Over 3 months past due	–	–	348	775
	136	9,810	2,922	1,271
	599	14,266	4,862	4,302

The past due receivables are not assessed to be impaired as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable. Open Union does not hold any collateral over these balances.

(b) Deposits paid to merchants

The amounts represented deposits paid to merchants as a guarantee for the settlement of the spending made by prepaid cards' holders/internet payment accounts' holders.

(c) Prepayments and other receivables

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Funds prepaid to merchants *(Note)*	1,217	10,958	3,261	6,131
Other receivables	1,858	1,494	496	5,677
	3,075	12,452	3,757	11,808

Note: The amounts represented funds remitted to the merchants in advance for the settlement of the spending to be made by the prepaid cards' holders/internet payment accounts' holders. The prepaid amounts are based on the historical spending pattern and expected transaction value with individual merchants.

17. RESTRICTED FUNDS

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank deposits		321,357	466,709	431,724	425,289
Bank principal – guaranteed funds	*(a)*	–	–	–	75,000
		321,357	466,709	431,724	500,289

Pursuant to relevant laws and regulations in the PRC, the funds are maintained solely for the purpose of settlement of outstanding payable to merchants when the prepaid cards holders/internet payment accounts' holders make purchase transactions with respective merchants and are not allowed to be used by Open Union for any other purpose.

(a) Bank principal – guaranteed funds

The balances represented funds with principal amount guaranteed by banks. Open Union is entitled to redeem the funds at the principal amount before their maturity. They are unlisted and bear interest at floating rate.

18. CASH AND CASH EQUIVALENTS

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank saving/current accounts		1,076	5,034	3,721	286
Bank time deposits with original maturities within 3 months		60,000	5,000	–	–
		61,076	10,034	3,721	286
Bank principal – guaranteed funds	*(a)*	–	–	–	2,500
		61,076	10,034	3,721	2,786

(a) Bank principal – guaranteed funds

The balances represented funds with principal amount guaranteed by banks. Open Union is entitled to redeem the funds at the principal amount before their maturity. They are unlisted and bear interest at floating rate.

19. TRADE AND OTHER PAYABLES

		At 31 December			At 31 May
		2011	2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables					
To sales agents		–	–	744	–
To merchants		887	12,809	5,947	12,317
To co-operative prepaid cards networks		13	2,416	3,563	2,424
	(a)	900	15,225	10,254	14,741
Unutilised float funds	*(b)*	319,600	454,992	416,481	480,992
		320,500	470,217	426,735	495,733
Other payables					
Accruals and other payables		1,208	3,185	2,909	6,819
Due to Former Controlling Party	*(c)*	2,190	–	–	–
Due to Beijing Weike	*(c)*	–	–	–	1,500
Due to a joint venture	*(c)*	–	2,651	2,115	2,505
		3,398	5,836	5,024	10,824
		323,898	476,053	431,759	506,557

(a) Trade payables

The credit periods of trade payables to sales agents, merchants and co-operative prepaid cards network are up to 30 days, 30 days and 60 days respectively.

At the end of each reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	At 31 December			At 31 May
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 month	900	14,895	8,331	13,194
1 month to 3 months	–	330	928	1,055
Over 3 months	–	–	995	492
	900	15,225	10,254	14,741

(b) Unutilised float funds

The balances represented amounts prepaid by the prepaid cards' holders/ internet payment accounts' holders to Open Union and unutilised at the end of each reporting period. Open Union is required to pay to the merchants from these funds when the prepaid cards' holders/internet payment accounts' holders make purchase transactions with the respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between Open Union and individual merchants and number of purchase transactions.

(c) Due to Former Controlling Party / Beijing Weike / a joint venture

The amounts due are unsecured, interest-free and have no fixed repayment term.

20. PAID-UP CAPITAL

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	100,000	100,000	100,000	100,000

21. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Financial Information, during the Relevant Periods, Open Union had the following transactions with related parties:

		Year ended 31 December			Five months ended 31 May	
Relationship	**Nature of transactions**	**2011**	**2012**	**2013**	**2013**	**2014**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Former Controlling Party	Property, plant and equipment transfer-in	645	–	–	–	300
	Intangible asset transfer-in	2,580	–	–	–	–
	Rental expenses paid	2,190	–	–	–	–
Fellow subsidiaries	Rental income received	–	–	150	–	200
Joint venture	Expenses paid	–	80	110	–	–

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Open Union's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. Open Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Open Union's financial performance.

Credit risk

The carrying amounts of trade and other receivables, bank balances, bank principal – guaranteed funds and other investments included in the statements of financial position represent Open Union's maximum exposure to credit risk in relation to its financial assets.

The credit risk on bank balances, bank principal – guaranteed funds and other investments is limited because the counterparties are banks/entities with high credit-ratings.

Therefore, Open Union's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the management reviews the credit condition of each individual debtor regularly.

Liquidity risk

Open Union's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. At the end of each reporting period, Open Union's financial liabilities are all interest-free and either repayable on demand or within one year.

Interest rate risk

Open Union's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including bank balances, bank principal – guaranteed funds and other investments.

During the Relevant Periods, if interest rates had been 50 basis points higher/lower and all other variables were held constant, Open Union's net results would be as follows:

	Year ended 31 December			Five months ended 31 May	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Increase/Decrease	1,393	2,148	2,305	1,014	1,007

Open Union's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the Relevant Periods and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing financial assets in existence during the Relevant Periods. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the Relevant Periods.

Fair value

The carrying values of all financial instruments approximated their fair values at the end of each reporting period.

23. CAPITAL MANAGEMENT

The objectives of Open Union's capital management are to safeguard its ability to continue as a going concern and to provide returns for equity holders. Open Union manages its capital structure and makes adjustments, including payment of dividends to equity holders, return of capital to equity holders or call for additional capital from equity holders or sale of assets to reduce debts. No changes were made in Open Union's objectives, policies or processes in managing capital during the Relevant Periods.

24. COMMITMENTS UNDER OPERATING LEASES

Open Union as lessee

Open Union leases a number of properties under operating leases, which typically run for an initial period of one to three years. None of the leases includes contingent rental.

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	620	2,022	1,847	1,099
In the second to fifth years inclusive	300	700	1,487	1,032
	920	2,722	3,334	2,131

Open Union as lessor

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	At 31 December			At 31 May
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	75	–

25. SUBSEQUENT EVENTS

In July 2014, Open Union entered into certain cooperation agreements with an independent third party, who is a social and healthcare information service provider in the PRC and the shares of which are listed on Shenzhen Stock Exchange, for the formation of a joint venture to develop products, such as real-name prepaid cards, that can be used for payment of medical expenses at hospitals and pharmacies in the PRC with a total registered capital of RMB10 million of which 49% and 51% will be contributed by Open Union and the independent third party, respectively. At the date of approving the Financial Information, the parties are yet to make any capital contribution.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Open Union in respect of any periods subsequent to 31 May 2014.

MANAGEMENT DISCUSSION AND ANALYSIS ON BEIJING WEIKE AND THE LICENCE COMPANY

Set out below is the management discussion and analysis on Beijing Weike and the Licence Company for the three years ended 31 December 2013 and the five months ended 31 May 2014. The following financial information are based on the audited financial information of Beijing Weike and the Licence Company as set out in Appendix II and Appendix III to this circular respectively.

Business and financial review of Beijing Weike

Beijing Weike has been principally engaged in the trading of softwares and promotion of online technology in the PRC. Due to the keen competition in the industry, Beijing Weike kept a minimum operation scale during the three years ended 31 December 2011, 2012 and 2013 and actively seek investment opportunities for expanding from its core business in the operation of electronic payment, trading and settlement platforms.

On 30 April 2014, the acquisition of 90% of the equity interests in the Licence Company by Beijing Weike completed and the assets, liabilities and profit and loss of the Licence Company have been consolidated to the accounts of Beijing Weike since then. During the five months ended 31 May 2014, Beijing Weike recorded a consolidated net revenue of approximately RMB2.1 million and a consolidated net loss after taxation of approximately RMB73,000 respectively. Such results are substantially attributable to the consolidated selling and distribution costs of approximately RMB1.5 million and consolidated general and administrative and other expenses of approximately RMB622,000. As at 31 May 2014, Beijing Weike recorded a consolidated total assets of approximately RMB984.9 million and consolidated total liabilities of approximately RMB875.3 million substantially due to the consolidation of the assets and liabilities of the Licence Company.

Business and financial review of the Licence Company

(i) Comparison for the five months ended 31 May 2014 to the five months ended 31 May 2013

The Licence Company has been principally engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service in the PRC.

For the five months ended 31 May 2014, the Licence Company recorded a revenue of approximately RMB11.0 million, representing a decrease of approximately 19.7% as compared with that of approximately RMB13.7 million for the five months ended 31 May 2013. Such decrease was primarily due to the decrease in service fee income from prepaid card issuance and merchants because the License Company adopts a policy to waive cards issuance fee for most of the transactions since January 2014.

However, due to the drop in commission paid to sales agents because the Licence Company is relying more on its own sales force, the gross profit increased from approximately RMB8.2 million for the five months ended 31 May 2013 to approximately RMB9.3 million for the five months ended 31 May 2014.

The net profit after taxation of the Licence Company for the five months ended 31 May 2014 was approximately RMB1.4 million, as compared with the net loss after taxation of approximately RMB2.7 million for the five months ended 31 May 2013. Such change was primarily due to the turnaround in the results for the five months ended 31 May 2014 as resulted from the increase in gross profit, the gain on disposal of partial interest in a joint venture and the decrease in general administrative and other operating expenses and selling and distribution costs during the five months ended 31 May 2014.

(ii) Comparison for the year ended 31 December 2013 to the year ended 31 December 2012

The Licence Company has been principally engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service in the PRC.

For the year ended 31 December 2013, the Licence Company recorded a revenue of approximately RMB30.6 million, representing an increase of approximately 12.5% as compared with that of approximately RMB27.2 million for the year ended 31 December 2012. Such increase was primarily due to the increase in interest income on the accumulated unutilised floats funds generated from the operation of the prepaid cards business and internet payment business and merchant service fee income resulted from the growth in value of prepaid cards issued and value of transactions processed, which off-set the effect of the drop in service fee from card issuance as a result of the waiver by the License Company of the cards issuance fee for certain bulk transactions.

Notwithstanding that the commission paid to sales agents increased in line with the value of prepaid cards issued, the Licence Company was able to report an increase of gross profit from approximately RMB20.8 million for the year ended 31 December 2012 to approximately RMB21.2 million for the year ended 31 December 2013.

The net loss after taxation of the Licence Company for the year ended 31 December 2013 was approximately RMB2.0 million, as compared with that of approximately RMB2.4 million for the year ended 31 December 2012. Such decrease was primarily due to the increase in the gross profit and the decrease in general administrative and other operating expenses.

(iii) Comparison for the year ended 31 December 2012 compared to the year ended 31 December 2011

The Licence Company has been principally engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service in the PRC.

For the year ended 31 December 2012, the Licence Company recorded a revenue of approximately RMB27.2 million, representing an increase of approximately 38.1% as compared with approximately RMB19.7 million for the year ended 31 December 2011. Such increase was primarily due to increase in card issuing service fee income and interest income on the accumulated unutilised float funds generated from the operation of the prepaid cards business and internet payment business and service fee income from card issuance because of the growth in value of prepaid cards issued. The slight drop in the merchant service fee income was primarily due to the drop in the percentage of transaction fee charged by the Licence Company.

Accordingly, the gross profit increased from approximately RMB13.2 million for the year ended 31 December 2011 to approximately RMB20.8 million for the year ended 31 December 2012.

The net loss after taxation of the Licence Company for the year ended 31 December 2012 was approximately RMB2.4 million, as compared with the net loss after taxation of approximately RMB2.1 million for the year ended 31 December 2011. Such increase was primarily due to the increase in general administrative and other operating expenses.

(iv) For the year ended 31 December 2011

The Licence Company has been principally engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service in the PRC.

For the year ended 31 December 2011, the Licence Company recorded a revenue of approximately RMB19.7 million, mainly comprising the revenue generated by merchant service fee and interest income on the accumulated unutilised float funds generated from the operation of the prepaid cards business and internet payment business. The net loss after taxation of the Licence Company for the year ended 31 December 2011 was approximately RMB2.1 million, which was primarily attributable to the gross profit of approximately RMB13.2 million and the general administrative and other operating expenses of approximately RMB15.2 million.

(v) Performance of the joint venture

The Licence Company invested RMB20 million in (上海東方網通信技術有限公司 Shanghai Eastern Net Communication Technology Company Limited*) ("**Eastern Net**") in 2012 for the promotion of prepaid cards and provision of related customer service in Shanghai, the PRC. The Licence Company intends to develop Eastern Net as the operating platform for its prepaid cards business in the Eastern PRC with strong local business partners, and therefore, the Licence Company and other joint venture partner disposed part of their interests in Eastern Net to a new investor in March 2014. Because Eastern Net is still in development stage, no significant revenue and results were reported for each of the two years ended 31 December 2012 and 2013 and the five months ended 31 May 2014.

* *For identification purpose only*

Liquidity and financial resources

Beijing Weike

As at 31 December 2011, 2012 and 2013, except for the deposits on investment for the acquisition of the Licence Company paid in December 2013, Beijing Weike had no significant assets and liabilities to be reported because it kept a minimum operation scale for the trading of softwares and promotion of online technology in the PRC.

As at 31 May 2014, Beijing Weike was an investment holding company and it did not carry out any other business. The major asset of Beijing Weike is its 90% equity interests in the Licence Company. As the Licence Company is the only operating subsidiary of Beijing Weike, and except for the amounts due to the ultimate controlling party of approximately RMB142.1 million, which are unsecured, interest-free and have no fixed repayment term, and the remaining consideration for the acquisition of the Licence Company of approximately RMB228 million, which is secured by Beijing Weike's 90% equity interest in the Licence Company and interest-free, is expected to be settled within the next twelve months, Beijing Weike had no material liabilities.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, Beijing Weike had no borrowings other than the normal trade debts and thus the gearing ratio (being total borrowings over the total assets) is zero.

The Licence Company

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the Licence Company had (i) trade and other payables of approximately RMB323.9 million, RMB476.1 million, RMB431.8 million and RMB506.6 million respectively; and (ii) cash and cash equivalents of approximately RMB61.1 million, RMB10.0 million, RMB3.7 million and RMB2.8 million respectively.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the Licence Company had (i) restricted funds of approximately RMB321.4 million, RMB466.7 million, 431.7 million and RMB500.3 million respectively; and (ii) current ratio (calculated by current assets divided by current liabilities) of approximately 1.2 times, 1.1 times, 1.1 times and 1.1 times respectively.

As at 31 December 2011, 31 December 2012, 31 December 2013 and 31 May 2014, the Licence Company had no borrowings other than normal trade debts and thus the gearing ratios (being total borrowings over the total assets) are zero.

Foreign exchange management

Beijing Weike and the Licence Company are limited liability companies incorporated in the PRC and most of their monetary assets, liabilities, incomes and expenses were denominated in RMB. Beijing Weike and the Licence Company did not use any derivative financial instruments for hedging purposes.

Funding and treasury policy

Beijing Weike and the Licence Company adopt a prudent funding and treasury policy towards their overall business operations with an aim to minimise financial risks. Future projects will be financed by cash flows from operations or capital raised by means of equity financing.

Capital commitment

As at 31 December 2011, 2012, 2013 and 31 May 2014, the Licence Company had no capital commitment.

Except for the capital commitment for the acquisition of the Licence Company at an aggregate consideration of RMB468,000,000 as at 31 December 2013, as at 31 December 2011, 2012 and 2013 and 31 May 2014, Beijing Weike had no further capital commitment.

Significant investment, material acquisition and disposals

Saved as the investment in a joint venture, namely Eastern Net, the Licence Company did not have any significant investments, material acquisition or disposal for the period from 1 January 2011 to 31 May 2014.

Saved as the acquisition of 90% equity interests in the Licence Company, Beijing Weike did not have any significant investments, material acquisition or disposal for the period from 1 January 2011 to 31 May 2014.

New products of the Licence Company

In order to capture the business opportunity arising from growth of the PRC third-party payment industry, the Licence Company is developing new products, such as electronic gift card which can be applied in internet and mobile payment. Having considered the recent growth of the transaction volume via internet and mobile payment in the PRC, the Board is optimistic of the prospect of new products of the Licence Company.

Contingent liabilities

As at 31 December 2011, 2012, 2013 and 31 May 2014, the Licence Company did not have any significant contingent liabilities.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, Beijing Weike did not have any significant contingent liabilities.

Pledge of asset

As at 31 December 2011, 2012, 2013 and 31 May 2014, the Licence Company did not have any pledge of assets.

Except for the pledge by Beijing Weike of its 90% equity interest in the Licence Company to secure the payment of remaining acquisition consideration of RMB228 million as at 31 May 2014, Beijing Weike did not have any further pledge of assets as at 31 December 2011, 2012 and 2013 and 31 May 2014.

Employee information

As at 31 May 2014, the Licence Company had 91 employees (including directors).

As at 31 May 2014, Beijing Weike had 3 employees, who are all directors.

The total remunerations paid to Beijing Weike and the Licence Company's employees are disclosed in page II-20 and page III-19 of this circular.

Remuneration policy

Beijing Weike and the Licence Company recruit, employ, promote and remunerate their employees based on their qualification, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. Other benefits include social insurance and allowance. Bonus to the employees of Beijing Weike and the Licence Company were determined after taking into accounts the results of Beijing Weike and the Licence Company and the performance of employees. During the year ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, remuneration paid to the employees of Beijing Weike were approximately RMB151,000, RMB19,000, RMB0 and RMB9,000 respectively. During the year ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, remuneration paid to the employees of the Licence Company were approximately RMB3.7 million, RMB9.4 million, RMB5.8 million and RMB3.3 million respectively. Both Beijing Weike and the Licence Company did not have any share option scheme during the three years ended 31 December 2013 and the five months ended 31 May 2014. However, the Company may grant options to any employee (whether full time or part-time) of Beijing Weike and the Licence Company pursuant to the share option scheme as adopted by the Company after the Completion.

The remuneration policy of Beijing Weike's and the Licence Company's senior management is also regularly monitored by the Company's remuneration committee.

Beijing Weike and the Licence Company provide training (whether in-house or out-sourced) to their employees when necessary.

A. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

MAZARS

MAZARS CPA LIMITED
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1 September 2014

The Directors
China Smartpay Group Holdings Limited
Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Smartpay Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities at 31 March 2014 and related notes as set out on pages V-4 to V-8 of the circular in connection with the proposed acquisition of 33% interest of Wei Ke Rui Si Online (Beijing) Technology Company Limited ("**Beijing Weike**", English translation of 微科睿思在線(北京)科技有限公司 for identification purpose only) and its 90%-owned subsidiary namely Open Union Network Technology Services Limited (English translation of 開聯通網絡技術服務有限公司 for identification purpose only) (the "**Target Group**", together with the Group hereinafter collectively referred to as the "**Enlarged Group**") (the "**Proposed Acquisition**") dated 1 September 2014 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-4 to V-8 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Enlarged Group's consolidated assets and liabilities at 31 March 2014 as if the Proposed Acquisition had taken place on 31 March 2014. As part of this process, information about the consolidated assets and liabilities of the Group at 31 March 2014 has been extracted by the Directors from the Group's annual report for the year ended 31 March 2014. Information about the consolidated assets and liabilities of the Target Group at 31 May 2014 has been extracted by the Directors from the accountants' report of Beijing Weike as set out in Appendix II of the Circular, if applicable.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 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 with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. INTRODUCTION

Pursuant to the New Framework Agreement, the related Control Agreements and Loan Arrangements as well as other relevant documents (the "**Agreements**") as described in circular of the Company dated 1 September 2014 (the "**Circular**"), the Group will acquire 33% interest of Beijing Weike and its 90%-owned subsidiary namely the Licence Company (the "**Target Group**", together with the Group hereinafter collectively referred to as the "**Enlarged Group**") (the "**Proposed Acquisition**").

The unaudited pro forma financial information consisting the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at 31 March 2014 is prepared as if the Proposed Acquisition had been completed on 31 March 2014 and is based on (i) the consolidated assets and liabilities of the Group at 31 March 2014, which has been extracted from the annual report of the Group for the year ended 31 March 2014; and (ii) the consolidated assets and liabilities of the Target Group at 31 May 2014 as extracted from the accountants' report of Beijing Weike as set out in Appendix II of the Circular, if applicable, after making pro forma adjustments that are directly attributable to the Proposed Acquisition and not relating to future events or decisions, factually supportable and clearly identified as to those have/have no continuing effect on the Group.

The unaudited pro forma financial information is based on a number of assumptions, estimates and uncertainties. Among other key assumptions, the Directors have assumed that the Company would be able to raise sufficient funding through internal resources and other fund raising activities to finance the Proposed Acquisition.

The unaudited pro forma financial information has been prepared by the Directors in accordance with paragraph 7.31(1) of the GEM Listing Rules, for the purposes of illustrating the effect of the Proposed Acquisition pursuant to the terms of the Agreements and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed as of 31 March 2014 or any future date.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Group for the year ended 31 March 2014, the historical financial information of the Target Group and other financial information included elsewhere in the Circular.

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group at 31 March 2014	Pro forma adjustment		Pro forma Enlarged Group at 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 5)*	
Non-current assets				
Property, plant and equipment	3,319	–	–	3,319
Goodwill	988	–	–	988
Investment in a joint venture	–	196,106	–	196,106
	4,307	196,106	–	200,413
Current assets				
Trade and other receivables	123,641	(50,000)	–	73,641
Restricted bank balances	9,026	–	–	9,026
Cash and cash equivalents	47,141	(47,141)	–	–
	179,808	(97,141)	–	82,667
Current liabilities				
Trade and other payables	38,631	98,965	1,200	138,796
Tax payables	1,842	–	–	1,842
	40,473	98,965	1,200	140,638
Net current assets (liabilities)	139,335	(196,106)	(1,200)	(57,971)
Total assets less current liabilities	143,642	–	(1,200)	142,442
Non-current liabilities				
Deferred tax liabilities	658	–	–	658
Other long-term liabilities	393	–	–	393
	1,051	–	–	1,051
NET ASSETS	142,591	–	(1,200)	141,391

3. NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

1. The balances of consolidated assets and liabilities of the Group at 31 March 2014 are extracted from the annual report of the Group for the year ended 31 March 2014 and rounded to the nearest thousand.

2. Pursuant to the Agreements, the total purchase consideration payable for the Proposed Acquisition is amounting to RMB156,000,000 (equivalent to approximately HK$196,106,000).

   Upon the Completion, the Target Group will be classified as a joint venture of the Enlarged Group in accordance with Hong Kong Financial Reporting Standard ("**HKFRS**") 11 "*Joint Arrangements*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounted for in the consolidated financial statements of the Enlarged Group at cost under the equity method of accounting in accordance with Hong Kong Accounting Standard ("**HKAS**") 28 (2011) "*Investments in Associates and Joint Ventures*" issued by the HKICPA.

   For the purposes of the unaudited pro forma financial information, the following adjustments have been made:

   (i) recognition of the acquisition costs at RMB156,000,000 (equivalent to approximately HK$196,106,000) ; and

   (ii) settlement of the acquisition costs of RMB156,000,000 (equivalent to approximately HK$196,106,000) by

	RMB'000	*HK$'000*
Utilisation of deposits on investment	39,775	50,000
Cash	37,500	47,141
Other payable	78,725	98,965
	156,000	196,106

   Having considered the placing of 144,000,000 placing shares at a price of HK$1.46 per placing share with net proceeds, after deducing the placing commission and other related expenses, of approximately HK$204,000,000 completed by the Company on 3 April 2014 and the internal resources available, the Directors concluded that the Group would be able to settle the outstanding balance of RMB78,725,000 (equivalent to approximately HK$98,965,000) as detailed above upon the Completion.

The Directors have assessed whether it is necessary to recognise any impairment loss with respect to the Group's interest in the Target Group as a joint venture, at 31 March 2014 in accordance with HKAS 39 "*Financial Instruments: Recognition and Measurement*" issued by the HKICPA. When necessary, the Directors will then follow the requirements of HKAS 36 "*Impairment of Assets*" issued by the HKICPA to perform the impairment test on the interest in the Target Group by comparing its recoverable amount, being higher of value in use and fair value less costs to sell, with its carrying amount.

With reference to a business valuation of the Licence Company determined under on a market-based approach based on the multiple of price-to-annual prepaid cards issuing amount as stated in a valuation report issued by an independent professional valuer, Roma Appraisals Limited, as set out in Appendix VI of the Circular, the Directors concluded that there would be no impairment in respect of the interest in the Target Group at 31 March 2014.

The Directors consider such business valuation is appropriate to be used as a reference in determining the recoverable amount of the Group's interest in the Target Group for impairment analysis under HKAS 36. In addition, unless there is significant change in the circumstances, the Company will adopt consistent accounting policies and valuation method to assess the impairment of carrying amount of interest in the Target Group in subsequent reporting periods in accordance with the requirements of HKAS 39 and HKAS 36, as appropriate.

3. Pursuant to the Agreements, the economic benefits of and the risks associated with Shanghai Yongle, a company newly established in May 2014, would be effectively transferred to the Group upon the Completion date and therefore, the financial statements of Shanghai Yongle would be consolidated in the Enlarged Group's consolidated financial statements as if it was a subsidiary of the Group in accordance with HKFRS 10 "*Consolidated Financial Statements*" issued by the HKICPA. However, Shanghai Yongle carries out no activities since its establishment. No adjustment has been made to the unaudited pro forma financial information in this respect.

4. In addition to the above, the Group has also been granted with an option to acquire the remaining 67% interest in Beijing Weike (the "**Option**") at an exercise price of RMB312,000,000 (equivalent to approximately HK$392,218,000) of which RMB64,000,000 (equivalent to approximately HK$80,455,000) would be paid upon the acceptance of the Option and the remaining RMB248,000,000 (equivalent to approximately HK$311,763,000) would be paid upon exercise of the Option. No adjustment has been made to the unaudited pro forma financial information in this respect.

5. The adjustment represents acquisition-related costs (including advisory, legal, accounting, valuation and other professional fees) which will be expensed in profit or loss of the Group for the accounting period beginning 1 April 2014. This adjustment will not have continuing profit or loss effect on the Enlarged Group.

6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2014 and of the Target Group entered into subsequent to 31 May 2014.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuations as at 31 May 2014 of the Licence Company.

ROMA

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1 September 2014

China Smartpay Group Holdings Limited
Unit 3202,
Citicorp Centre,
18 Whitfield Road,
Causeway Bay, Hong Kong

Case Ref: KY/BV1489/AUG13

Dear Sir/Madam,

Re: Business Valuation of 29.7% Equity Interest in 開聯通網絡技術服務有限公司

We refer to recent instructions from China Smartpay Group Holdings Limited (hereinafter referred to as the "**Company**") to us to conduct a business valuation on 29.7% equity interest in 開聯通網絡技術服務有限公司 (hereinafter referred to as the "**Licence Company**"). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 May 2014 (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, economic and industry overviews, an overview of the Licence Company, basis of valuation, investigation and analysis, valuation methodology, major assumptions, information reviewed, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. The Company is a public company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma Appraisals**") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

This valuation report has been prepared in accordance with the International Valuation Standards. Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company and/or its representative(s) (together referred to as the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development and prospect of third party payment services industry in the PRC, the development, operations and other relevant information of the Licence Company. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Licence Company provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

3. ECONOMIC OVERVIEW

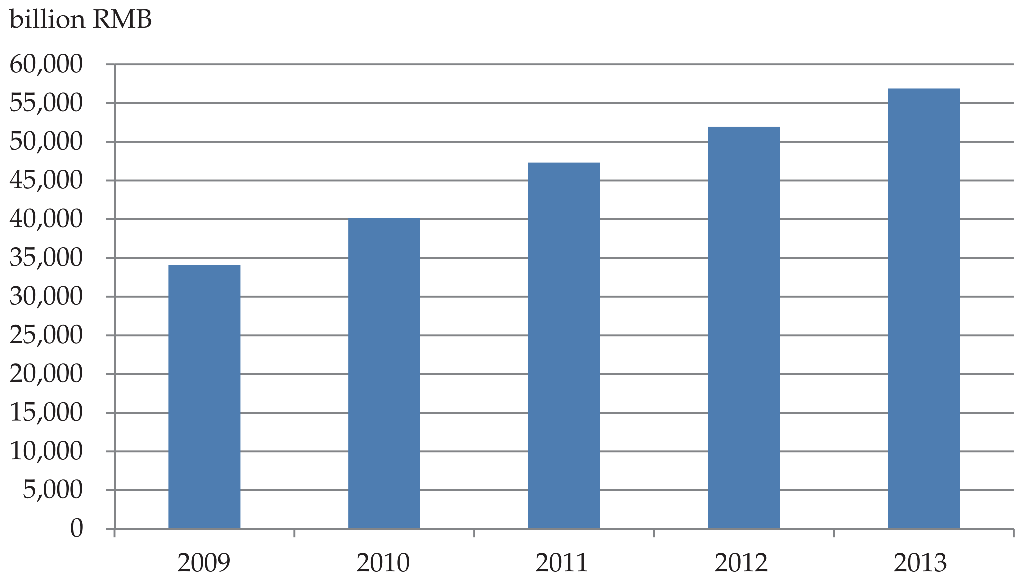
3.1 Overview of the Economy in the PRC

According to the National Bureau of Statistics of China, the nominal gross domestic product ("**GDP**") of the PRC in the full year of 2013 was RMB56,884.5 billion, an increase of 9.5% over last year. The PRC was the third largest economy in the world, ranked after the European Union and the United States, in terms of nominal GDP measured by the International Monetary Fund ("**IMF**") in 2012. Despite the global financial crisis in late 2008, the Chinese economy continued to be supported by the Chinese government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in order to make the PRC less dependent on foreign exports. The PRC's economy rebounded quickly in 2010, outperforming all other major economies with robust GDP growth and the economy remained in strong growth in 2011 and 2012.

Over the past decade from 2004 to 2013, compound annual growth rate of the PRC's nominal GDP was 15.1% and in the government's latest plan, it is targeted to grow at 7% for the period from 2011 to 2015. Figure 1 further illustrates the nominal GDP of the PRC from 2009 to 2013.

Figure 1 – The PRC's Nominal Gross Domestic Product from 2009 to 2013

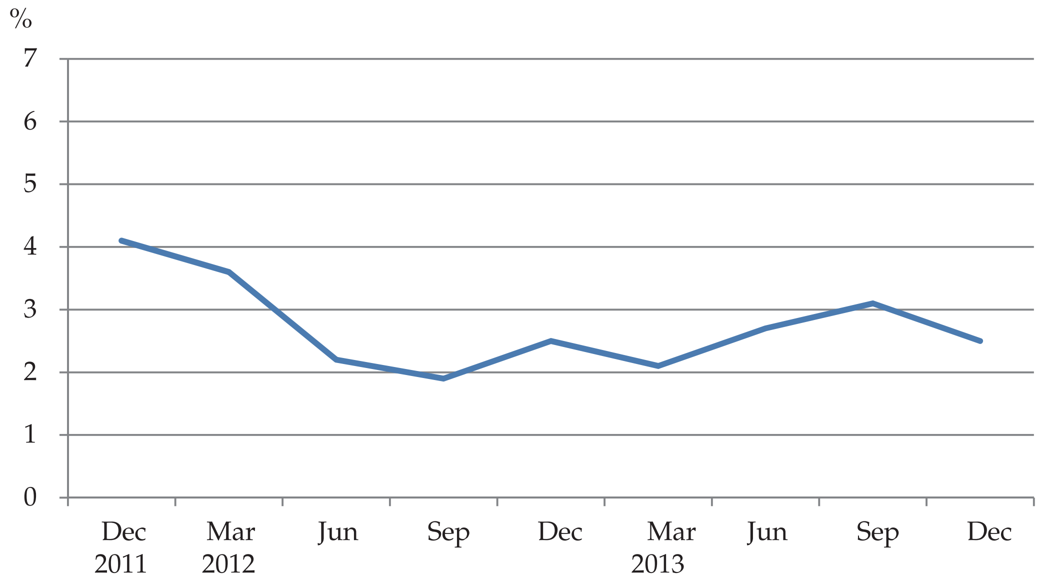


Source: National Bureau of Statistics of China

3.2 Inflation in the PRC

Tackling inflation problem has long been the top priority of the Chinese government as high prices are considered as one of the causes of social unrest. For such a fast-growing economy, the middle-class' demand for food and commodities has been rising continuously. Inflation in the PRC has been driven mainly by food prices, which have been stayed high in 2011. According to the National Bureau of Statistics of China, the consumer price index demonstrated an uptrend in the first half of 2011. Thanks to the government's policies in suppressing commodity prices, the inflation slowed in the second half of 2011 and first half of 2012 and maintained at around 2% to 3% during 2013. Figure 2 shows the year-over-year change in consumer price index of the PRC from December 2011 to December 2013.

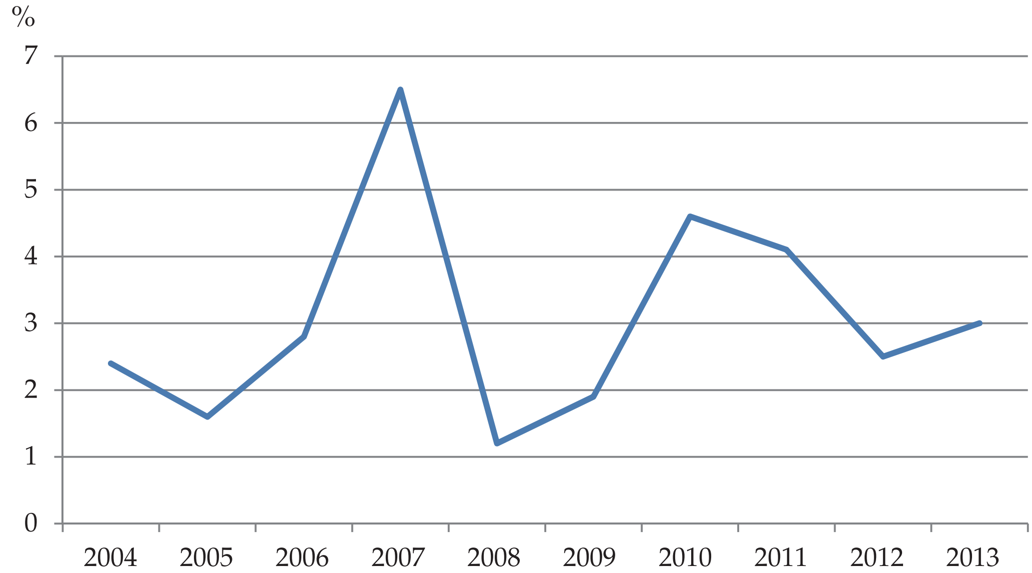
Figure 2 – Year-over-year Change in the PRC's Consumer Price Index from December 2011 to December 2013



Source: National Bureau of Statistics of China

The PRC's inflation rate was volatile during the past decade. According to the IMF, the average inflation rate in the PRC increased sharply from 2.8% in 2006 to 6.5% in 2007, and then dropped drastically to 1.2% and 1.9% in 2008 and 2009 respectively. The inflation rate rebounded and increased to 4.6% in 2010 and maintained at a similar level of 4.1% in 2011. The inflation dropped again in 2012 to 2.5% and rose slightly to 3.0% in 2013. According to the forecast by the IMF, the long-term inflation rate of the PRC is expected to be around 3.0%. Figure 3 shows the historical trend of the PRC inflation rate from 2004 to 2013.

Figure 3 – The PRC's Inflation Rate from 2004 to 2013



Source: International Monetary Fund

4. INDUSTRY OVERVIEW

4.1 Third Party Payment Services Industry in the PRC

Third party payments are transactions that are not directly handled by banking institutions. In such transactions a non-financial institution provides a platform for transactions where the buyer's payment is processed through the platform and notifies the seller, and the provider transfers the money to the seller when the deal is completed. Such payment method shields buyer's credit card or other payment information from the merchant. The range of businesses covered in the third-party payment market includes banking card payment, online payment, mobile payment, land-line telephone payment, digital television payment, and prepaid card processing and issuance businesses.

Since June 2010, the Chinese government has gradually introduced regulatory measures to define and develop the industry. The "Administrative Measures Relating to Payment Services by Non-financial Institutions (非金融機構支付服務管理辦法)" (hereinafter referred to as the "**Payment Service Measures**") promulgated by the People's Bank of China ("**PBOC**") was the start of regulations and thus giving legal status to the industry.

According to the Payment Service Measures, the third party payment business comprises of three parts, namely (i) online payment, (ii) prepaid card issuance and acceptance and (iii) bank card acceptance.

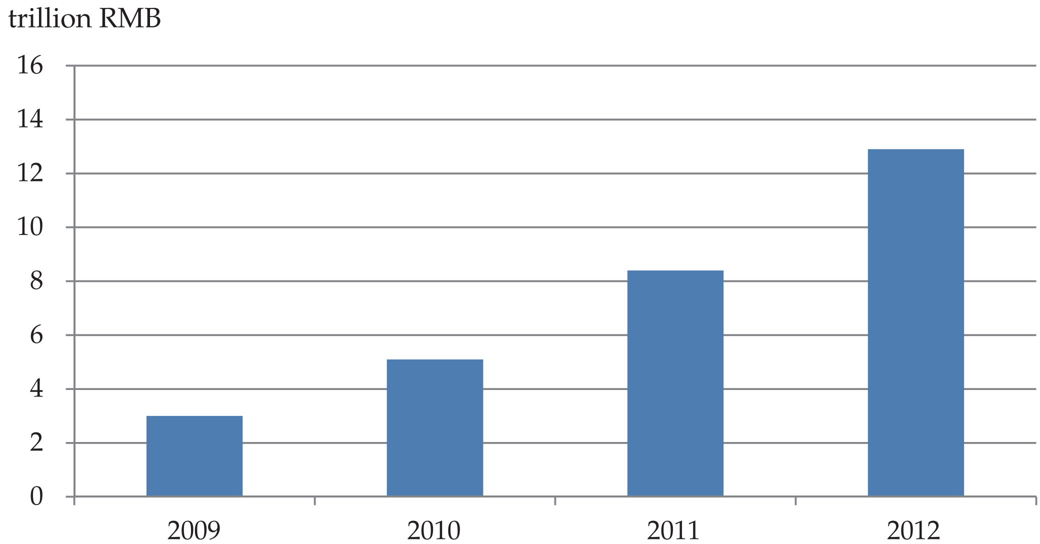
Online payment refers to money transfers activities between payers and receivers through a public or private network, including currency exchange, internet payment, mobile phone payment, fixed telephone payment, digital TV payment, etc.

Prepaid card issuance and acceptance refers to issuance of prepaid cards for commercial purposes. The stored value of prepaid value would be spent on purchase of goods or services beyond the prepaid card issuance company. This includes prepaid cards with magnetic stripe or chip technologies which issued in forms of cards or passcodes, etc.

Bank card acceptance refers to payment collection activities of bank card merchants through the point of sale ("POS") terminals.

The market has experienced exponential growth in recent years, according to iResearch Inc., an independent market research and consultancy company based in the PRC. The market more than tripled during the years 2009 to 2012, amounting to RMB12.9 trillion in transaction volume in 2012. Figure 4 shows the market size and growth of the third party payment services industry from 2009 to 2012. In fact, according to Maverick China Research, a PRC-based market research company, third party payment is the most popular payment method in the PRC, the usage of which is higher than credit cards.

Figure 4 – Market Size and Growth of the Third Party Payment Services Industry from 2009 to 2012

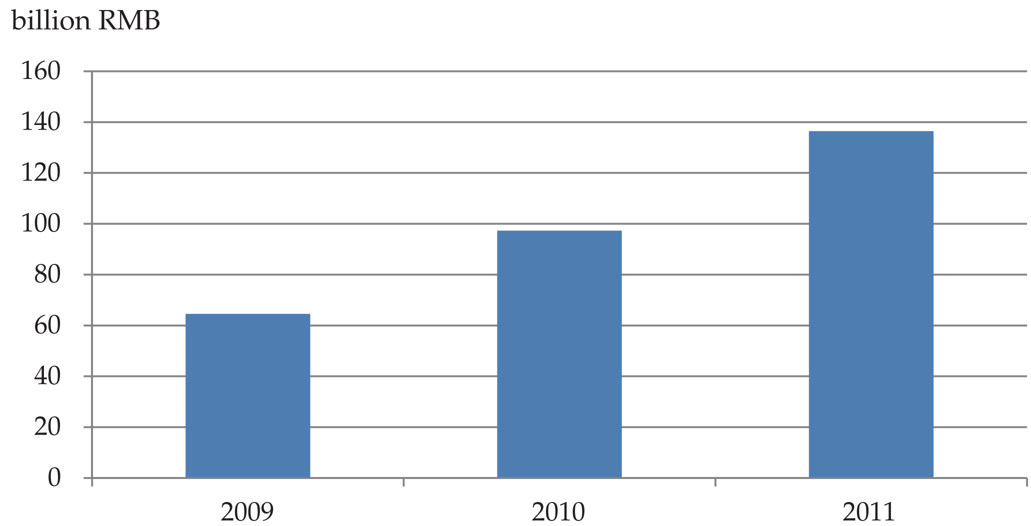


Source: iResearch Inc.

Incumbents are concentrated in more developed areas of the PRC, such as Beijing and Shanghai, while Shanghai alone hosts 54 organizations engaged in such businesses. In terms of the industry makeup, competition can be intense especially in segments such as internet transactions. Such phenomenon reflects the characteristics of a maturing market where growth begins to slow and new entrants are numerous, and well established players such as Alipay and UnionPay enjoy advantages.

Prepaid card business is more fragmented and less mature in comparison. Prepaid cards can be divided into two categories depending on the licenses granted: the first being vendor-specific cards which could be used within a specific vendor's network of stores; another being multipurpose cards which could be used at a variety of vendors. The regulations also concern whether these cards can be used throughout the nation or only used locally. According to Partners in Prepaid, a MasterCard initiative promoting collaboration and innovation in the prepaid industry, there is an already established preference for prepaid card particularly in the business segment, along with high interest rates and growing electronic payments usage. iResearch Inc. remarked that users take the initiative to buy prepaid cards mainly because of its convenience and discount in shopping. Figure 5 shows the transaction size of the multipurpose prepaid card market from 2009 to 2011.

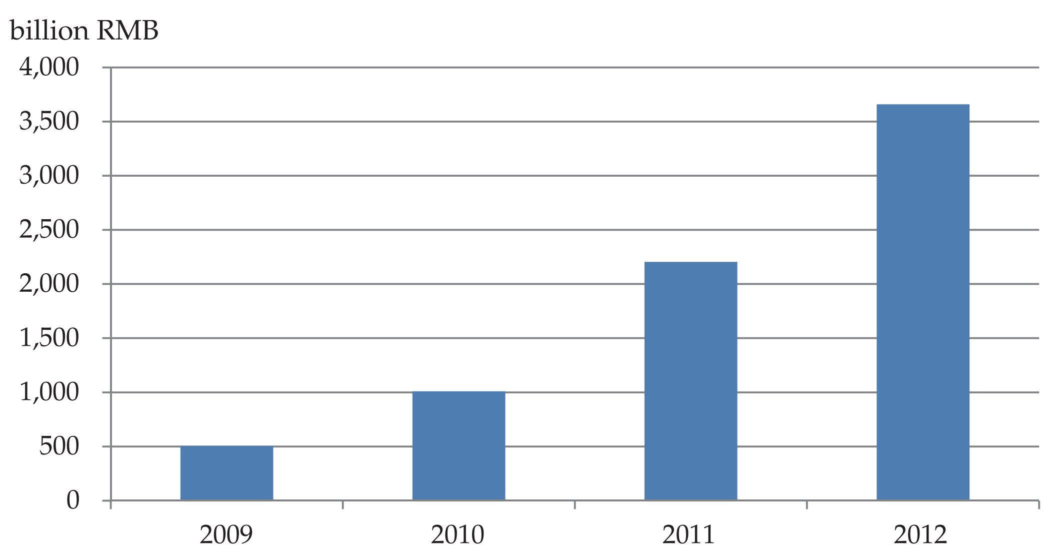
Figure 5 – Transaction Size of the Multipurpose Prepaid Card Market from 2009 to 2011



Source: iResearch Inc.

Third party online payment segment have experienced dramatic growth, achieving 100.1% growth in 2010 and 118.1% growth in 2011, however as market begins to transition to maturity stage the growth rate was 66% in 2012. Figure 6 illustrates the transaction volume of the third party online payment market from 2009 to 2012.

Figure 6 – Transaction Volume of the Third Party Online Payment Market from 2009 to 2012



Source: iResearch Inc.

5. THE LICENCE COMPANY

The Licence Company is engaged in third party payment business on a nationwide basis, which mainly includes two components: (i) issuing and processing prepaid card; and (ii) providing online payment processing services. The two components are often overlapping, as in scenario when the cardholder uses Licence Company's prepaid cards to do online shopping. Therefore, the Licence Company does not report the two components separately.

The business of the Licence Company is mainly based in Beijing. In 2012, the Licence Company began to expand its operation in Shanghai, Shandong and Shanxi. In 2013, Wenzhou of Zhejiang is added. It has developed a wide range of merchant network across a broad section of retailers.

The Licence Company holds the relevant license to issue multipurpose prepaid cards, which are also authorized to be used throughout the whole country. According to the Management, the Licence Company, apart from its own brand of prepaid cards, it also processes transactions from other non-bank institution's prepaid cards as well, generating revenue from such transactions. The Licence Company also enabled its prepaid card to conduct online payments and mobile payments.

6. BASIS OF VALUATION

Our valuation is based on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2011, market value is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development and prospect of third party payment services industry in the PRC, the development, operations and other relevant information of the Licence Company. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Licence Company provided to us by the Management and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Licence Company requires consideration of all pertinent factors, which may or may not affect the operation of the business. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Licence Company;

- The financial condition of the Licence Company;

- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market; and

- Investment returns and market transactions of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Licence Company, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities in companies that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("**equity**") and investors who lend money to the business entity ("**debt**"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Licence Company, we have taken into account of the uniqueness of its operation and the nature of the third party payment services industry it is participating. Also, we have considered the accessibility to available data and relevant market transactions.

The Income-Based Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. Despite the Licence Company has over three years of financial track record, the Management was of the view that the Licence Company is at early development stage which its historical financial performance could not form a reasonable and sufficient basis to produce a concrete financial projection. Hence, financial projection was not provided to us and hence the Income-Based Approach was not adopted. The Asset-Based Approach, which values a business entity solely based on the value of the business entity's invested capital, was not adopted because it could not reflect the true market value of the Licence Company. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Licence Company.

Under the Market-Based Approach, we have shortlisted three transactions of comparable companies (hereinafter referred to as the "**Comparable Companies**") which their principal businesses are comparable to that of the Licence Company. The Comparable Companies were selected mainly with reference to the following selection criteria:

- The subject company was principally engaged in prepaid card business in the PRC;
- The transaction was completed during the period from June 2010 (since the Payment Service Measures became effective) to the Date of Valuation; and
- Details of the transaction, such as the percentage of interest acquired, consideration amount and latest prepaid card issuing amount, were available.

Since the Payment Service Measures was introduced in June 2010 and there was no official payment service license existed before that, also the prepaid card and third party payment business in the PRC has only started to develop and grow in recent years, we considered that covering comparable transactions completed during the period from June 2010 to the Date of Valuation would be relevant and appropriate for this valuation.

Details of the Comparable Companies selected are listed as follows:

Transaction Date	:	27 September 2012
Acquirer	:	深圳市明華智能技術有限公司 (Shenzhen Minghua Intelligence Technology Co., Ltd.*)
Target Company	:	深圳市壹卡會科技服務有限公司 (Shenzhen Eka Technology Service Co., Ltd.*) (hereinafter referred to as the "**Comparable Company 1**")
% Equity Interest Acquired	:	73%
Price-to-Annual Issuing Amount Multiple	:	1.33

*Source: China Payment Industry Research and Payment Licenses Evaluation Report (2012-2013) prepared by iResearch Inc. (hereinafter referred to as "**iResearch Report**")*

Note: Price-to-annual issuing amount multiple was estimated by the consideration amount of the comparable transaction on 100% equity interest basis divided by the trailing 12-month issuing amount (發卡金額) of the Comparable Company 1 as at 30 September 2012. "**Issuing amount**" is referred to the monetary value stored on the prepaid cards issued by the card issuance company. As advised by the Management, regarding a prepaid card issuance company, issuing amount is an important indicator of its business strength, because all of its major revenue streams (including interest income, card issuance fee, merchant service fee, etc.) are all dependent on card issuing amount. Hence, it is expected that annual issuing amount was an appropriate and relevant figure to reflect the value of a prepaid card Issuance company.

Transaction Date	:	28 February 2011
Acquirer	:	China Innovationpay Group Limited (formerly known as SYSCAN Technology Holdings Limited) (8083.HK)
Target Company	:	Country Praise Enterprises Limited and its subsidiaries (including 北京高匯通商業管理有限公司 (Beijing Gaohuitong Commercial Management Co., Ltd.*, "Gaohuitong") (hereinafter referred to as the "**Comparable Company 2**")
% Equity Interest Acquired	:	100%
Price-to-Annual Issuing Amount Multiple	:	0.68

Source: Announcement of China Innovationpay Group Limited (formerly known as SYSCAN Technology Holdings Limited) (8083.HK) dated 26 November 2010

Note: Price-to-annual issuing amount multiple was estimated by the consideration amount of the comparable transaction divided by the trailing 12-month issuing amount (發卡金額) of the Comparable Company 2 as at 30 September 2010.

Transaction Date	:	13 November 2013
Acquirer	:	貴州長征電氣股份有限公司 (Guizhou Changzheng Tiacheng Holding Co. Ltd.) (600112.CH)
Target Company	:	北京國華匯銀科技有限公司 (Beijing Guohua Huiyin Technology Co., Ltd.*, "Guohua Huiyin") (hereinafter referred to as the "**Comparable Company 3**")
% Equity Interest Acquired	:	100%
Price-to-Annual Issuing Amount Multiple	:	2.87

Source: Circular of Changzheng Tiacheng Holding Co. Ltd. dated 13 November 2013 and audited financial report of Comparable Company 3 published dated 13 November 2013.

Note: Price-to-annual issuing amount multiple was estimated by the consideration amount of the comparable transaction divided by the estimated trailing 12-month issuing amount (發卡金額) of the Comparable Company 3 as at 30 September 2013. The adopted issuing amount was estimated based on the trailing 12-month cash inflow from operating sales income (銷售商品、提供勞務收到的現金) according to the audited financial report. This is because prepaid card issuance is the main business of Comparable Company 3 hence the major component of such cash inflow should be due to issuance of prepaid cards. Should the prepaid card issuance amount be lower than such cash inflow, only a higher multiple would be arrived at.

iResearch Inc. obtained the information of the Comparable Company 1 through the information package which the Comparable Company 1 used for fund-raising.

Audited consolidated financial statements of the Comparable Company 3 are for the 10 month ended 31 October 2013 and year ended 31 December 2012. 瑞華會計師事務所（特殊普通合伙） (Ruihua Certified Public Accountants) was the auditor who prepared the audited financial statements of the Comparable Company 3.

We understand from the Management that the financial statements have been prepared and reviewed by auditors (an independent third party) and they are final versions. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the financial statements.

The selected three comparable transactions were exhaustive based on the aforementioned criteria. We noted that the transaction of Comparable Company 2 occurred in 2011; the scale of prepaid card issuance of the Comparable Companies was comparatively smaller than the Licence Company's. However, these were the only available comparable transactions that have been completed during the period from June 2010 (since the Payment Service Measures became effective) to the Date of Valuation. Also, the comparable transactions were selected on a best effort basis after thorough searches as regard to the similarity to the Licence Company. We have conducted searches through Bloomberg and public internet domains in selecting the comparable transactions suitable for the valuation, in which we have made full-fledged attempt to search for as many comparable transactions as possible. Hence, the comparable transactions were selected on a best effort basis and we believed that the three comparable transactions are representative for this valuation.

The Comparable Company 1 was established in June 2006, and it is one of the third-party payment companies which could obtain the nationwide payment service licence (支付業務許可證) issued by PBOC (No. Z2002744000016). The principal business of the Comparable Company 1 is prepaid card business on nationwide basis, which includes nationwide prepaid card issuance and acceptance, providing internet payment services, and providing payment application solutions and consumer services for enterprises and individuals. The issuing amount of the Comparable Company 1 was RMB288,650,000 for the period from 1 January 2012 to 30 September 2012; while the trailing 12-month issuing amount of the Licence Company as at 31 May 2014 was RMB928,552,921. We are of the view that both the issuing amounts of Licence Company and the Comparable Company 1 were sizable.

We do not have reliable information on the number of participating merchants and number of POS terminals of the Comparable Company 1 for comparison. Regarding operating history, both the Licence Company and the Comparable Company 1 obtained their nationwide third party payment service licences on the same date (i.e. 3 May 2011) which are both among the first batches of nationwide third party payment service licences issued by PBOC.

The Comparable Company 2 was established in August 2008. The principal business of the Comparable Company 2 includes providing payment service and development and operation of electronic payment tools. The issuing amount of the Comparable Company 2 was RMB184,213,000 for the period from 1 January 2010 to 30 September 2010. As of 30 September 2010, the Comparable Company 2 had 798 contracted merchants and 8,500 accepting POS devices, compared with the Licence Company's 1900 merchants and 11,000 accepting POS devices. As such, we are of the view that both the Licence Company and the Comparable Company 2 were sizable in prepaid card business.

The Comparable Company 3 was established in June 2009, and has obtained the payment service licence (支付業務許可證) for the city of Beijing issued by PBOC (No. Z2023111000017). The principal business of the Comparable Company 3 is prepaid card business in Beijing and providing payment application solutions for enterprises and individuals. The cash inflow from sales of the Comparable Company 3 was RMB6,460,191 for the period from 1 January 2013 to 31 October 2013. We consider it representative of the issuance amount because prepaid card issuance is the main business of Comparable Company 3.

Due to the fact that the Licence Company is also a non-bank institution that engages in prepaid card business in the PRC, we believe that the Comparable Companies are comparable to the Licence Company.

We note that all of the Comparable Companies are smaller in scale than the Licence Company. As advised by the Management, a prepaid card company with higher issuance amount enjoys bigger advantage when negotiating with banks to secure higher interest rates and when negotiating with merchants to secure higher fees and charges. However, we believe the Comparable Companies are comparable to the Licence Company because all of these companies have the same business model. The advantage of bigger business scale only implies there is potential upside of our current valuation.

We note that the Comparable Company 2 did not have any payment service licence back in 2011 when its transaction was first announced. This is because the Payment Service Measures was still not in place, until the first batch of licence was issued in May 2011. The Comparable Company 2 later obtained the payment service licence to issue prepaid cards in Beijing and Shanghai on 27 June 2012 and extended the licence coverage to Zhejiang, Guangdong and Liaoning and online payment service on a nationwide basis. The payment service licence allows a company to operate payment business in compliance with regulation. A licenced payment company should be valued more than an unlicenced one if all other conditions are equal. The fact that at the time transaction Comparable Company 2 did not have any licence implies there is potential upside of our current valuation.

We also note the transaction of Comparable Company 2 occurred more than 3 years ago. Both the third party industry and the prepaid card industry have grown over the past 3 years. Consequently, the valuation today should be higher. Indeed, after the completion of transaction, the share price of China Innovationpay Group Limited (8083. HK) has risen 70% from HK$0.4 to HK$0.68 the 50-day moving average on 15 August 2014. This suggests potential upside of our current valuation.

We note that the Comparable Company 3's payment service licence only allows it to issue prepaid cards in Beijing while the Licence Company can issue prepaid cards everywhere in the PRC. We also note that a nationwide licence has certain advantages over localized ones as nationwide licence is able to develop nationwide product. The Licence Company concentrates its business in Beijing, Shanghai, Shandong and Shanxi Provinces, but could easily be expanded to other provinces, especially when the Licence Company works with merchants with nationwide networks. However, we believe the Comparable Company 3 is comparable to the Licence Company because the two companies have the same business model. The advantage of nationwide licence only implies there is potential upside of our current valuation.

In the course of our valuation, we have made reference to the price-to-annual issuing amount multiples of the Comparable Companies. We have performed the valuation in accordance with the common practice in valuing prepaid card business. Also, we noted from the circular of China Innovationpay Group Limited (formerly known as SYSCAN Technology Holdings Limited) (8083.HK) dated 24 January 2011 that the consideration of the transaction was subject to adjustments after completion upon the satisfaction of certain targets in terms of (i) monetary amounts of prepaid cards issued, (ii) number of prepaid cards issued and (iii) aggregate transaction amounts executed under the prepaid cards issued. We are of the view that the market value of a prepaid card business entity is very much dependent on the issuing amount of prepaid cards. Hence, adopting price-to-annual issuing amount multiples of Comparable Companies in this valuation is considered appropriate and it is a common practice in valuing prepaid card business.

"**Issuing amount**" is referred to the monetary value stored on the prepaid cards issued by the card issuance company. As advised by the Management, regarding a prepaid card issuance company, issuing amount is an important indicator of its business strength, because all of its major revenue streams (including interest income, card issuance fee, merchant service fee, etc.) are all dependent on card issuing amount. Hence, it is expected that annual issuing amount was an appropriate and relevant figure to reflect the value of a prepaid card Issuance company.

As advised by the Management, the high seasons for the prepaid card business are usually around holiday seasons as many of the prepaid cards are used as gift cards. The major holidays are evenly distributed among the four quarters of the year. There is spring festival for the first quarter, dragon boat festival and labor day holiday for the second quarter, mid-autumn festival for the third quarter, national day holiday, Christmas and new year eve for the last quarter. Therefore, the prepaid card business and issuing amount do not vary a lot between different quarters and there is not much seasonality in the price-to-annual issuing amount multiples adopted for the Comparable Companies.

Considering that the market value of a prepaid card business entity is highly dependent on the issuing amount of prepaid cards, price-to-annual issuing amount multiples would be the primary indicator for us to arrive at the market value of the Licence Company.

8.4.1 Price-to-Annual Issuing Amount

Based on the audited financial information of the Licence Company as provided by the Management, the issuing amount of the Licence Company for the year ended 31 December 2013 was RMB931,009,883 and that for the period from 1 January 2014 to 31 May 2014 was RMB385,463,822. We estimated that the trailing 12-month issuing amount of the Licence Company as at 31 May 2014 was RMB928,552,921 on a pro-rata basis. We summed up the issuing amount of the Licence Company for the period from 1 January 2014 to 31 May 2014 and seven-twelfths of the issuing amount for the year ended 31 December 2013 to arrive at the trailing 12-month issuing amount of the Licence Company as at 31 May 2014. We have applied the price-to-annual issuing amount multiple of the Comparable Company 1 of 1.33, the Comparable Company 2 of 0.68 and the Comparable Company 3 of 2.87 to the trailing 12-month issuing amount of the Licence Company as at 31 May 2014 respectively in arriving at the market value of the Licence Company after accounting for necessary minority discount.

8.4.2 Minority Discount

We noted that controlling interest was acquired in the transaction of the Comparable Company 1 (i.e. 73%) and its consideration amount was determined from a controlling interest perspective. A controlling interest is considered to have greater value than a minority interest because of the purchaser's ability to effect changes in the overall business structure and to influence business policies. Adjustment should be made to reflect the higher marketability of a controlling interest of the Comparable Company 1 as compared to a minority interest of the Licence Company (i.e. 29.7%). Hence, we considered that minority discount is appropriate in estimating the market value of 29.7% equity interest in the Licence Company, and we have made reference to Mergerstat Control Premium Study, 4th Quarter 2013 conducted by FactSet Mergerstat, LLC., which was the latest version study available as at the Date of Valuation, in determining the minority discount of 27.27% applied to the Comparable Company 1.

In the Mergerstat Control Premium Study, 4th Quarter 2013, FactSet Mergerstat, LLC. examined 28 transactions within the banking and credit agencies industry completed throughout year 2013, and arrived at the median control premium of 37.5% after analyzing the transactions. With the median control premium, we estimated the minority discount of 27.27% by (1 – 1 ÷ (1 + control premium)) which is a common practice in converting control premium to minority discount. We considered that a sample size of 28 transactions happened in 2013 is recent and sufficient; while the banking and credit agencies industry is the most representative and relevant category to the third party payment service industry of the Licence Company. Therefore, we considered the minority discount adopted was appropriate for this valuation.

Minority discount was not applied to the transaction of the Comparable Company 2 since only non-controlling interest of 0.82% was acquired in the transaction of the Comparable Company. The price multiples of the Comparable Company 2 were representing non-controlling interest, and minority discount would not be necessary.

8.4.3 Valuation Summary

With the price-to-annual issuing amount multiple derived from the Comparable Companies, we have estimated the 100% market value of the Licence Company based on calculation as follows:

Price-To-Annual Issuing Amount

	Comparable Company 1	**Comparable Company 2**	**Comparable Company 3**
Trailing 12-Month Issuing Amount of the Licence Company as at 31 May 2014 (RMB)	928,552,921	928,552,921	928,552,921
Price-To-Annual Issuing Amount Multiple of the Comparable Companies (RMB)	1.33	0.68	2.87
Estimated market value of the Licence Company before Minority Discount (RMB)	1,238,364,099	630,788,324	2,664,455,441
Minority Discount	27.27%	27.27%	27.27%
Estimated 100% Market Value of the Licence Company (RMB)	**900,628,436**	**458,755,145**	**1,937,785,775**

As aforementioned in section 8.4, the market value of a prepaid card business entity is highly dependent on the issuing amount of prepaid cards, price-to-annual issuing amount multiples would be the primary indicator for us to arrive at the market value of the Licence Company.

With the price-to-annual issuing amount multiples, the estimated 100% market values of the Licence Company by each of the Comparable Companies were RMB900,628,436, RMB458,755,145 and RMB1,937,785,775 respectively. We concluded that the market value of 100% equity interest in the Licence Company was the average of these figures, i.e. RMB1,099,056,452. In the view that the business nature of the Comparable Companies are similar to that of the License Company, there is no clear indication for us nor do we have any reason to overweight one comparable company over the other. Hence, we have applied average on the values derived from each of the Comparable Companies, giving same weight to them. The market value of 29.7% equity interest in the Licence Company was estimated to be RMB326,000,000.

In view that there were limited comparable transactions and limited financial information of the comparable transactions available to us, the selected three comparable transactions were exhaustive based on the aforementioned criteria in section 8.4 of the valuation report. The comparable transactions were selected on a best effort basis after thorough searches as regard to the similarity to the Licence Company. We have conducted searches through Bloomberg and public internet domains in selecting the comparable transactions suitable for the valuation, in which we have made full-fledged attempt to search for as many comparable transactions as possible. Hence, the comparable transactions were selected on a best effort basis and we believed that the three comparable transactions are representative for this valuation.

In addition, we have conducted enquiries and discussions with the Management to understand the comparable transactions selected. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts provided by the Management. Therefore, we are of the opinion that the valuation of the market value of the Licence Company was fair and reasonable.

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- Our valuation has relied to a considerable extent on the figures regarding the transaction of the Comparable Companies (including but not limited to consideration amount, annual issuing amount and book value of equity) as disclosed in iResearch Report and internal documents provided by the Management, which we have assumed to be reasonably accurate;
- The cost structure of the Licence Company would be maintained at the industry level in the long run;
- It is assumed that the Licence Company does not carry any non-operating assets and/or liabilities, and hence none is included in the valuation;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Licence Company operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industry in which the Licence Company operates, and the Licence Company will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Licence Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Licence Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Licence Company; and

- Interest rates and exchange rates in the localities for the operation of the Licence Company will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Licence Company. The factors considered included, but were not necessarily limited to, the following:

- Audited financial information of the Licence Company;

- General descriptions and historical information of the Licence Company;

- iResearch Report prepared by iResearch Inc.;

- Details of the Comparable Companies;

- Market trends of the third party payment services industry in the PRC; and

- Economic outlook in the PRC.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Licence Company and have assumed no responsibility for the title to the Licence Company valued.

This valuation report has been prepared in accordance with the International Valuation Standards. Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Licence Company, and their subsidiaries and associated companies, or the values reported herein.

13. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 29.7% equity interest in the Licence Company as at the Date of Valuation, in our opinion, was reasonably stated as **RMB326,000,000 (RENMINBI THREE HUNDRED AND TWENTY SIX MILLION ONLY).**

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Kelvin Luk
CVA,
Director

Note: Mr. Luk is a member of the International Association of Consultants, Valuators and Analysts (IACVA). He has over ten years of experience in business valuation and consultation.

In 2013, Mr. Kelvin Luk has performed purchase price allocation for accounting reference purpose on a private company established in the PRC which principally engaged in the provision of online third-party payment services and prepaid card issuance business in the PRC. Moreover, in 2014, Mr. Luk has performed business valuation and purchase price allocation for accounting reference purpose on a private company established in the PRC which provides payment and settlement solutions for online transactions and related technical supporting services.

1. 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 aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in Shares/Underlying Shares

	Number of Shares/Underlying Shares held					Approximate
Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% of issued share capital *(Note 1)*
Mr. Cheng Nga Ming Vincent ("**Mr. Cheng**")	–	–	174,500,000 *(Note 2)*	–	174,500,000	20.20%
Mr. Cao Guoqi ("**Mr. Cao**")	6,000,000 *(Note 3)*	770,000 *(Note 4)*	51,270,000 *(Note 5)*	–	58,040,000	6.72%
Mr. Fung Weichang ("**Mr. Fung**")	2,000,000 *(Note 3)*	–	–	–	2,000,000	0.23%
Mr. Zhang Huaqiao	6,000,000 *(Note 3)*	–	–	–	6,000,000	0.69%

Notes:

1. The approximate percentage of issued share capital is calculated based on 864,000,000 Shares in issue as at the Latest Practicable Date.

2. These 174,500,000 Shares were held by Tian Li Holdings Limited ("**Tian Li**"), a company which is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee ("**Ms. Cheng**"), the sister of Mr. Cheng, respectively. As Mr. Cheng owns more than one-third of the issued share capital of Tian Li, he is deemed to be interested in the 174,500,000 Shares held by Tian Li under the SFO.

3. These Shares represent the options of shares granted to Mr. Cao, Mr. Fung and Mr. Zhang Huaqiao pursuant to the Company' share option scheme.

4. These 770,000 Shares were held by Ms. Zheng Lu ("**Ms. Zheng**"), the spouse of Mr. Cao.

5. These 51,270,000 Shares were held by Probest Limited ("**Probest**"), a company which is wholly-owned by Mr. Cao.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares/underlying Shares

	Number of Shares/underlying Shares held					
Name of Shareholder	Personal Interests (held as beneficial owner)	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of issued share capital *(Note 1)*
Tian Li	174,500,000	–	–	–	174,500,000	20.20%
Probest	51,270,000	–	–	–	51,270,000	5.93%
Ms. Zheng	770,000	57,270,000 *(Note 2)*	–	–	58,040,000	6.72%

Notes:

1. The approximate percentage of issued share capital is calculated based on 864,000,000 Shares in issue as at the Latest Practicable Date.

2. Ms. Zheng is the wife of Mr. Cao and accordingly, she is deemed to be interested in the 57,270,000 Shares in which Mr. Cao is interested in under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no other person (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial Shareholder required to be kept by the Company under Section 336 of the SFO, or who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

Service Contracts

There is no existing or proposed service contract between any of the Directors and the Company or any member of the Enlarged Group (excluding contracts expiring or determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensations)).

Interests in other competing business

Each of the Directors has confirmed that so far as they are aware, the Directors and their respective associates do not have any interests in a business apart from the Enlarged Group's business which competes or likely to compete with the Enlarged Group.

Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets have been acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2014, being the date to which the latest published audited accounts of the Company were made up or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Enlarged Group.

3. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

4. EXPERTS AND CONSENT

The qualifications of the experts who have given opinions and advice in this circular are as follows:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants
Roma Appraisals Limited	Professional valuers

As at the Latest Practicable Date, each of Mazars CPA Limited, and Roma Appraisals Limited has no shareholding in any company in the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Enlarged Group and has no direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2014, being the date to which the latest published audited accounts of the Company were made up or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of, Mazars CPA Limited and Roma Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice and/or references to its name, in the form and context in which they respectively appear.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Enlarged Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(i) the sale and purchase agreement dated 11 March 2013 entered into between Charm Act Group Limited (a wholly-owned subsidiary of the Company) as the vendor and Straum Investments Limited as well as Original Fortune Group Limited as the purchasers relating to the disposal of 30 ordinary shares of US$1.00 each in the issued share capital of Oriental City Group Thailand Limited (representing 30% of the then issued share capital of Oriental City Group Thailand Limited) for an aggregate consideration of HK$10,000,000;

(ii) the placing agreement dated 10 October 2013 entered into between the Company and the placing agents in respect of the placing of up to 120,000,000 new Shares at a price of HK$1.03 per placing Shares on a several and best effort basis, which was subsequently completed on 25 October 2013, where a total of 120,000,000 new Shares were placed;

(iii) the Framework Agreement;

(iv) the supplemental agreement to the Framework Agreement dated 27 December 2013 entered into among the PRC Company, Mr. Tan Zhihui, Mr. Zhang Baojian, Goodgate and OCG Hainan, pursuant to which, among other things, OCG Hainan had paid a deposit in the amount of HK$50 million to the PRC Company;

(v) the capital injection agreement dated 20 March 2014 entered into among Goodgate as the investor, 上海商酷網絡科技有限公司 (Shanghai Koolcloud Technology Limited Co., Ltd.*) ("**Shanghai Koolcloud**") as the target company and the then shareholders of Shanghai Koolcloud, pursuant to which Goodgate had injected capital in the amount of RMB20 million to acquire approximately 22.22% of the enlarged issued share capital of Shanghai Koolcloud and was granted an option to invest a further RMB10 million into the registered capital of Shanghai Koolcloud (together with the aforesaid capital injection, representing an aggregate of approximately 30% of the further enlarged issued share capital of Shanghai Koolcloud) by 31 December 2014;

* *For identification purpose only*

(vi) the placing and subscription agreement dated 28 March 2014 entered into between the Company, Tian Li and the placing agents in respect of (a) the placing of up to 144,000,000 existing Shares at a placing price of HK$1.46 per placing Share on a best effort basis; and (b) the subscription of up to 144,000,000 new Shares by Tian Li at a subscription price of HK$1.46 per subscription Share, which was subsequently completed on 2 April 2014 and 11 April 2014 respectively, where 144,000,000 existing Shares were placed to the placees and 144,000,000 new Shares were subscribed by Tian Li;

(vii) the agreement dated 25 May 2014 entered into among the PRC Company, Mr. Tan Zhihui, Mr. Zhang Baojian, Goodgate and OCG Hainan for termination of the Framework Agreement;

(viii) the New Framework Agreement;

(ix) the New Supplemental Agreement;

(x) the First Side Letter;

(xi) the Second Side Letter;

(xii) the Third Side Letter;

(xiii) the WK S&P Agreement;

(xiv) the First WK S&P Supplemental Agreement;

(xv) the Second WK S&P Supplemental Agreement;

(xvi) the Option Agreement;

(xvii) the WK Pledge Agreement;

(xviii) the First Loan Agreement;

(xix) the Receivable Assignment Agreement;

(xx) the LC Acquisition Agreement;

(xxi) the supplemental agreements entered into in May 2014, July 2014 and August 2014 to amend and supplement certain terms of the LC Acquisition Agreement;

(xxii) the sales and purchase agreement dated 25 November 2013 in respect of the disposal of 12% equity interests of Eastern Net by the Licence Company at a consideration of RMB3.6 million;

(xxiii) the Cooperation Agreement dated 22 July 2014 entered into between the Licence Company and YLZ in relation to the formation of joint venture in the PRC for the development of various value-added products between the parties for a period of 20 years; and

(xxiv) the cooperation agreement dated 22 July 2014 entered into between the Licence Company and YLZ pursuant to the Strategic Cooperation Agreement, whereby the parties have agreed to set up a joint venture in Fujian Province, the PRC with a registered capital of RMB10,000,000, 51% and 49% of which to be contributed by YLZ and the Licence Company respectively and the term of such cooperation between the parties shall be 20 years.

Save as disclosed above, there was no contract (not being contract in the ordinary course of business of the Enlarged Group) which have been entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date which are or may be material.

6. AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin, all of whom are independent non-executive Directors, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Dr. Yuan Shumin has been appointed as the chairman of the audit committee. The audit committee meeting shall be held at least every three months to consider, among others, the Company's budget, revised budget and financial reports prepared by the Board. The primary responsibilities of the audit committee are set out below:

1. to review the annual report and accounts, half yearly report and quarterly reports and provide advice and comments thereon to the Board; and

2. to review and supervise the financial reporting process and internal control system of the Group.

Mr. Wang Yiming ("Mr. Wang"), aged 47, was appointed as an independent non-executive Director in August 2013. Mr. Wang is a member of the Company's audit committee, remuneration committee, nomination committee, internal control committee and compliance committee. Mr. Wang holds a bachelor degree in electronic and a master degree in business administration from Shanghai Jiao Tong University. He was the executive director of Shanghai Jiaoda Withub Information Industrial Company Limited* (上海交大慧谷信息產業股份有限公司), a company listed on GEM between September 2004 and July 2014.

* *For identification purpose only*

Mr. Lu Dongcheng ("Mr. Lu"), aged 47, was appointed as an independent non-executive Director in August 2013. Mr. Lu is the chairman of the Company's nomination committee and a member of the Company's audit committee, remuneration committee, internal control committee and compliance committee. Mr. Lu holds a Master degree of Business Administration from Yale University and a Doctor degree from Peking Medical University which has merged with Peking University. He was the partner of Infinity Group (Peking) Venture Capital Management Co., Ltd. during June 2008 to April 2011 and the chief executive officer of AnPing Capital Management Limited during May 2011 to April 2012. Mr. Lu is currently the chief executive officer of Suzhou Mountain View Equity Investment Management Co., Ltd. and the supervising partner of Mountain View Capital PE Funds.

Dr. Yuan Shumin ("Dr. Yuan"), aged 65, was appointed as an independent non-executive Director in May 2014. Dr. Yuan is the Company's compliance officer, the chairman of the Company's audit committee, remuneration committee and internal control committee, and a member of the Company's nomination committee and compliance committee. Dr. Yuan was a member of the Chinese Institute of Certified Public Accountants. He obtained a doctorate degree in Science (part-time doctorate program) in the School of Management from Fudan University in January 1998. Dr. Yuan was the supervisor of teaching department, the assistant supervisor and the assistant dean of the School of Accountancy in Shanghai University of Finance and Economics from 1993 to 2000; and the standing assistant dean and the dean of the School of Adult Education in Shanghai University of Finance and Economics from 2000 to 2005. Dr. Yuan joined the School of Accountancy in Shanghai Finance University in September 2005 and had been the president of that School of Accountancy until 2013.

From 2008 to March 2014, Dr. Yuan was an independent director of Shanghai Tofflon Science and Technology Co., Ltd.* (上海東富龍科技股份有限公司), whose shares are listed on the Chinext of Shenzhen Stock Exchange. Dr. Yuan is an independent director of (i) Deluxe Family Co., Ltd.* (華麗家族股份有限公司); (ii) Shanghai Jiabao Industry & Commerce (Group) Co., Ltd.* (上海嘉寶實業(集團)股份有限公司), the shares of these companies are listed on the Shanghai Stock Exchange; and (iii) Shanghai Morn Electric Equipment Co., Ltd.* (上海摩恩電氣股份有限公司), the shares of this company are listed on the Shenzhen Stock Exchange.

Dr. Yuan is also an independent non-executive director of Shanghai Jiaoda Withub Information Industrial Company Limited (上海交大慧谷信息產業股份有限公司), whose shares are listed on GEM.

7. GENERAL

(a) The company secretary of the Company is Mr. Tang Wai Leung, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

* *For identification purposes only*

(c) The head office and principal place of business of the Company in Hong Kong is at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

(d) The Company's share registrar and transfer office in Hong Kong is Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.

(e) The Company's compliance officers are Mr. Cheng Nga Ming Vincent and Dr. Yuan Shumin.

(f) In the event of inconsistency, the English text shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the head office and principal place of business in Hong Kong at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 March 2013 and 2014;

(c) the accountants' reports from MAZARS CPA Limited in respect of the financial information of Beijing Weike and the Licence Company, the texts of which are set out in Appendix II and Appendix III, respectively, to this circular;

(d) the accountants' report from MAZARS CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(e) the business valuation report on the Licence company prepared by Roma Appraisals Limited as set out in Appendix VI to this circular;

(f) the written consent referred to in the paragraph headed "Experts and Consent" in this appendix;

(g) the material contracts referred to under the section headed "Material Contracts" in the appendix; and

(h) this circular.

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 the extraordinary general meeting of China Smartpay Group Holdings Limited (the "**Company**") will be held at 11:00 a.m. on Thursday, 18 September 2014 at Unit 3202, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the framework agreement dated 25 May 2014 (the "**New Framework Agreement**", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) (as amended and supplemented by the supplemental agreement dated 9 July 2014 (the "**New Supplemental Agreement**", a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification) and three side letters dated 31 July 2014, 12 August 2014 and 29 August 2014 respectively (the "**Side Letters**", copies of which have been produced to the meeting marked "C", "D" and "E", respectively and signed by the chairman of the meeting for the purpose of identification)) entered into between 深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited*) ("**Shenzhen Yongle**"), an indirect wholly owned subsidiary of the Company, Mr. Lin Xiaofeng ("**Mr. Lin**"), Mr. Wu Mianqing ("**Mr. Wu**", together with Mr. Lin, the "**Shanghai Yongle Shareholders**") and 微科睿思在線（北京）科技有限公司 (Wei Ke Rui Si Online (Beijing) Technology Company Limited*) ("**Beijing Weike**") and the then shareholders of Beijing Weike in relation to the proposed investment in 開聯通網路技術服務有限公司 (Open Union Network Technology Services Limited*) (the "**Licence Company**") by Shenzhen Yongle through Beijing Weike and 上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Limited*) ("**Shanghai Yongle**") subject to the terms and conditions thereof, and the transactions contemplated thereunder, including:

(i) the entering into of (A) the business cooperation agreement (the "**Business Cooperation Agreement**") and the technical consultation and services agreement (the "**Technical Consultation and Services Agreement**") between Shenzhen Yongle and Shanghai Yongle, (B) the pledge agreements (the "**Pledge Agreements**"), the share disposal agreements (the "**Share Disposal Agreement**s") and the voting right

* *For identification purpose only*

proxy agreements (the "**Voting Right Proxy Agreement**s") between Shenzhen Yongle, Shanghai Yongle and each of the Shanghai Yongle Shareholders, and (C) the consent letter by the spouse of Mr. Lin (the "**Spouse Consent**", together with the Business Cooperation Agreement, the Technical Consultation and Services Agreement, the Pledge Agreements, the Share Disposal Agreements and the Voting Right Proxy Agreements, the "**Control Agreements**");

(ii) the provision of loans amounting up to a maximum of RMB468 million by Shenzhen Yongle to Shanghai Yongle under three loan agreements (the "**Loan Agreements**") for (A) the acquisition of 33% of the equity interests of Beijing Weike by Shanghai Yongle as contemplated under the sale and purchase agreement dated 9 July 2014 (as amended and supplemented by two supplemental agreements dated 31 July 2014 and 12 August 2014 respectively) entered into between Shanghai Yongle and the then shareholders of Beijing Weike; and (B) subject to and conditional upon receipt of the prior written notice of Shenzhen Yongle and compliance by the Company of all the requirements under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (including but not limited to approval of the shareholders of the Company at its extraordinary general meeting), the exercise of the option granted under the option agreement dated 9 July 2014 entered into between Mr. Zhang Zebin and Shanghai Yongle to acquire 67% of the equity interests of Beijing Weike by Shanghai Yongle;

(iii) the entering into of (A) an agreement (the "**Exclusive Assets Acquisition Agreement**") between Shenzhen Yongle and the Licence Company, pursuant to which the Licence Company shall irrevocably grant an exclusive right to Shenzhen Yongle for acquisition of its assets and business (including but not limited to prepaid card businesses and the internet payment services), and (B) an agreement (the "**Exclusive Equity Acquisition Agreement**") between Shenzhen Yongle and Beijing Weike, pursuant to which Beijing Weike shall irrevocably grant an exclusive right to Shenzhen Yongle for acquisition of its 90% equity interests in the License Company, subject to the respective terms and conditions thereof; and

(iv) the provision of an undertaking (the "**Company's Undertaking**") by the Company on 8 August 2014, pursuant to which the Company undertakes, among other things, to unwind the Control Agreements and the Loan Agreements when the relevant foreign investment restrictions in the People's Republic of China (the "**PRC**") (excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) no longer exist such that the Company is allowed to hold interests in the Licence Company directly or indirectly

be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company (the "**Director**") be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the New Framework Agreement (as amended and supplemented by the New Supplemental Agreement and the Side Letters) and the transactions contemplated thereunder (including the entering into of the Control Agreements, the Loan Agreements, the Exclusive Assets Acquisition Agreement, the Exclusive Equity Acquisition Agreement and the Company's Undertaking) and to agree to such variations of the terms of the New Framework Agreement (as amended and supplemented by the New Supplemental Agreement and the Side Letters), the Control Agreements, the Loan Agreements, the Exclusive Assets Acquisition Agreement, the Exclusive Equity Acquisition Agreement and the Company's Undertaking as he/she may in his/her absolute discretion consider necessary or desirable."

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

Hong Kong, 1 September 2014

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:
Unit 3202, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

(2) Delivery of an instrument appointment a proxy will not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy will be deemed to be revoked.

(3) To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority), must be deposited at the office of the Hong Kong share registrar of the Company, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.