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China Smartpay Group Holdings Limited

中國支付通集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8325)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE THAILAND BUSINESS OF THE GROUP ON GEM OF THE STOCK EXCHANGE

DISCLOSEABLE TRANSACTION

Reference is made to the Announcements.

On 27 September 2018, OPG issued the OPG Prospectus. The purpose of this announcement is to set forth further information on the Spin-Off from the perspective of the Company and the implications of the Spin-Off and the Listing on the Company under the GEM Listing Rules. Prospective investors of the OPG Shares should read the OPG Prospectus. This announcement does not form part of the OPG Prospectus, for which the OPG Directors collectively and individually accept full responsibility.

PUBLICATION OF THE OPG PROSPECTUS

OPG published the OPG Prospectus on 27 September 2018. The OPG Prospectus is available for view and download from the website of OPG at <http://www.ocg.com.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk> from 27 September 2018.

THE SPIN-OFF

The Spin-Off will be implemented by way of the Share Offer (including the Preferential Offer) which consists of the Public Offer and the Placing, and separate Listing of the OPG Shares on GEM. Further information on the Preferential Offer is set forth in the paragraph headed “Preferential Offer” below.

It is expected that if the Share Offer is completed, a total of 250,000,000 Offer Shares will be made available under the Share Offer (assuming that the Offer Size Adjustment Option is not exercised), representing 25% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, and a total of 287,500,000 Offer Shares (assuming that the Offer Size Adjustment Option is exercised in full), representing approximately 27.71% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue. The total number of the OPG Shares which is expected to be in issue immediately following completion of the Share Offer and the Capitalisation Issue is 1,000,000,000 OPG Shares (assuming that the Offer Size Adjustment Option is not exercised), of which the Company will, through Charm Act, hold 525,000,000 OPG Shares, representing 52.5% interest in the enlarged issued share capital of OPG and hence will, together with Charm Act, become the OPG Controlling Shareholders after the Listing.

The Offer Price is expected to be not less than HK\$0.22 per Offer Share and not more than HK\$0.30 per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee).

It is currently expected that OPG will grant the Offer Size Adjustment Option to the Placing Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters), to require OPG to issue and allot up to an aggregate of 37,500,000 additional Placing Shares, representing 15% of the initial number of the Offer Shares at the Offer Price under the Share Offer to cover any excess demand in the Placing. If the Offer Size Adjustment Option is exercised in full, the additional 37,500,000 new Shares and the aggregate Offer Shares (including Offer Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option) will represent approximately 3.61% and 27.71%, respectively, of OPG’s enlarged issued share capital immediately after completion of the Share Offer, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option but without taking into account any OPG Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme.

The Offer Shares to be issued pursuant to the Share Offer will rank *pari passu* in all respects with all the OPG Shares then in issue. Based on the current structure of the Spin-Off, assuming that the Offer Size Adjustment Option is not exercised, immediately following completion of the Spin-Off, the Company will continue to hold 52.5% of the total issued share capital of OPG. If the Offer Size Adjustment Option is exercised in full, the Company’s indirect shareholding in OPG will be reduced to approximately 50.6%. In any of these events, OPG will continue to be a non-wholly owned subsidiary of the Company upon completion of the Spin-Off, and the operating results of the OPG Group will continue to be consolidated into the consolidated financial statements of the Group.

PREFERENTIAL OFFER

As disclosed in the announcement of the Company dated 24 September 2018, in order to enable the Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting the approval for the listing of, and permission to deal in, the OPG Shares on GEM and the Share Offer becoming unconditional, it is expected that Qualifying Shareholders will be invited to apply for an aggregate of 20,000,000 Reserved Shares in the Preferential Offer, representing approximately 8.89% and 8% of the Offer Shares available under the Placing and the Share Offer, respectively, assuming that the Offer Size Adjustment Option is not exercised, as the Qualifying Shareholder's Preferential Entitlement. The Reserved Shares will be offered out of the Placing Shares under the Placing and will not be subject to reallocation as described in the OPG Prospectus.

The basis of the Qualifying Shareholder's Preferential Entitlement is one Reserved Share for every integral multiple of 82 Shares held by the Qualifying Shareholders as at 4:00 p.m. on Wednesday, 26 September 2018, being the Record Date.

A BLUE Application Form has been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder recorded on the register of members of the Company as at 4:00 p.m. on the Record Date. In addition, Qualifying Shareholders would receive copies of the OPG Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under the Company's corporate communications policy.

Preferential Entitlement of Qualifying Shareholders to the Reserved Shares is not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Details of the Preferential Offer, including the terms and conditions for applications (including excess applications) for the Reserved Shares, is set out in the OPG Prospectus and the accompanying BLUE Application Form.

Shareholders are reminded that this announcement is for information purposes only, and is not intended to be, and does not constitute, an offer or any invitation to apply for their Preferential Entitlement under the Preferential Offer. Such offer or invitation is made through the OPG Prospectus and Shareholders should refer to the OPG Prospectus for further information on the Preferential Offer.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Spin-Off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 19.29 of the GEM Listing Rules. As the highest of the applicable percentage ratio in respect of the Spin-Off exceeds 5% but is less than 25%, the Spin-Off will constitute a discloseable transaction (as such term is defined under the GEM Listing Rules) for the Company. The Spin-Off is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Share Offer will not be extended to, among others, persons who are not Independent Third Parties, except that all Qualifying Shareholders (including connected persons of the Company who are Qualifying Shareholders) will be entitled to participate in the Preferential Offer.

The timetable for the Share Offer, including the Preferential Offer, is set forth in the OPG Prospectus. The Company will make further announcement(s) in relation to the Spin-Off and the Listing in accordance with the requirements of the GEM Listing Rules as and when appropriate.

There is no assurance that the Spin-Off and the Listing will take place or the relevant approvals be granted, or as to when it may take place or be granted. The Company will issue further announcement(s) on the Spin-Off as and when appropriate.

The Share Offer (including the Preferential Offer) is subject to, among others, the granting of the approval of listing of, and permission to deal in, the OPG Shares on the Stock Exchange, the Underwriting Agreements having become unconditional and not having been terminated, and the final decision of the OPG Board. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Spin-Off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

Reference is made to the Announcements.

On 27 September 2018, OPG issued the OPG Prospectus. The purpose of this announcement is to set forth further information on the Spin-Off from the perspective of the Company and the implications of the Spin-Off and the Listing on the Company under the GEM Listing Rules. Prospective investors of the OPG Shares should read the OPG Prospectus. This announcement does not form part of the OPG Prospectus, for which the OPG Directors collectively and individually accept full responsibility.

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A Qualifying Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of the OPG Prospectus may at any time request for a printed copy of the OPG Prospectus, free of charge, by sending a request in writing to Union Registrars Limited or by email to Union Registrars Limited at ocg@unionregistrars.com.hk. Union Registrars Limited

will promptly, upon request, send by ordinary post a printed copy of the OPG Prospectus to such Qualifying Shareholder, free of charge, although such Qualifying Shareholder may not receive that printed copy of the OPG Prospectus before the close of the Public Offer and Preferential Offer.

Qualifying Shareholders may also obtain a printed copy of the OPG Prospectus, free of charge, during normal business hours from any of the designated branches of the receiving bank and the designated offices of each of the Public Offer Underwriters as set out in the OPG Prospectus.

THE SPIN-OFF

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It is expected that if the Share Offer is completed, a total of 250,000,000 Offer Shares will be made available under the Share Offer (assuming that the Offer Size Adjustment Option is not exercised), representing 25% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, and a total of 287,500,000 Offer Shares (assuming that the Offer Size Adjustment Option is exercised in full), representing approximately 27.71% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue. The total number of the OPG Shares which is expected to be in issue immediately following completion of the Share Offer and the Capitalisation Issue is 1,000,000,000 OPG Shares (assuming that the Offer Size Adjustment Option is not exercised), of which the Company will, through Charm Act, hold 525,000,000 OPG Shares, representing 52.5% interest in the enlarged issued share capital of OPG and hence will, together with Charm Act, become the OPG Controlling Shareholders after the Listing.

The Offer Price is expected to be not less than HK\$0.22 per Offer Share and not more than HK\$0.30 per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee).

It is currently expected that OPG will grant the Offer Size Adjustment Option to the Placing Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters), to require OPG to issue and allot up to an aggregate of 37,500,000 additional Placing Shares, representing 15% of the initial number of the Offer Shares at the Offer Price under the Share Offer to cover any excess demand in the Placing. If the Offer Size Adjustment Option is exercised in full, the additional 37,500,000 new Shares and the aggregate Offer Shares (including Offer Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option) will represent approximately 3.61% and 27.71%, respectively, of OPG’s enlarged issued share capital immediately after completion of the Share Offer, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option but without taking into account any OPG Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme.

The Offer Shares to be issued pursuant to the Share Offer will rank *pari passu* in all respects with all the OPG Shares then in issue. Based on the current structure of the Spin-Off, assuming that the Offer Size Adjustment Option is not exercised, immediately following completion of the Spin-Off, the Company will continue to hold 52.5% of the total issued share capital of OPG. If the Offer Size Adjustment Option is exercised in full, the Company's indirect shareholding in OPG will be reduced to approximately 50.6%. In any of these events, OPG will continue to be a non-wholly owned subsidiary of the Company upon completion of the Spin-Off, and the operating results of the OPG Group will continue to be consolidated into the consolidated financial statements of the Group.

On the basis of the above and pursuant to the OPG Prospectus, immediately following completion of the Spin-Off, OPG will have a public float of not less than 25% and will be able to comply with the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

Separate Listing of the OPG Shares

On 14 February 2018, OPG submitted a listing application form (Form 5A) to the Stock Exchange for an application for the listing of, and permission to deal in, the OPG Shares on GEM. On 17 August 2018, OPG renewed its listing application.

The Company is required to comply with the requirements under Practice Note 3 of the GEM Listing Rules. The Directors confirm that the Company will comply with all requirements of the GEM Listing Rules in respect of the Spin-Off. The Listing of the OPG Shares on GEM is conditional upon the fulfilment or waiver of conditions stated in the paragraph headed "Conditions of the Spin-Off" below.

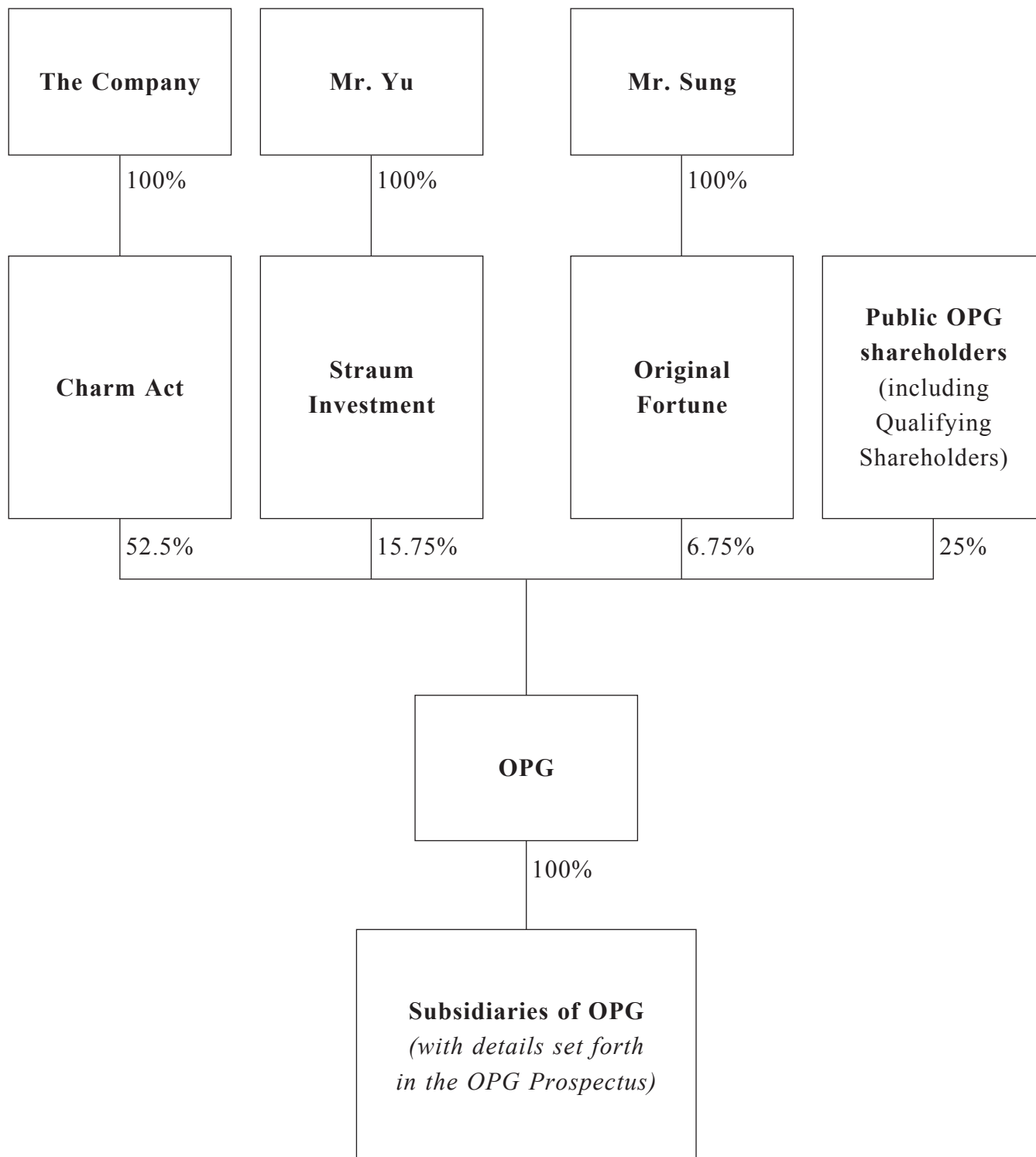
Subject to the Stock Exchange granting approval of the Listing of, and permission to deal in, the OPG Shares in issue and to be issued as mentioned in the OPG Prospectus on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the OPG Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Shares will continue to be listed on GEM after completion of the Spin-Off and the Listing.

Shareholding effects of the Spin-Off

Based on the current structure of the Spin-Off, the number of the Offer Shares is expected to represent 25% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised). The Company's shareholding in OPG will be reduced to 52.5% (assuming that the Offer Size Adjustment Option is not exercised) or to approximately 50.6% (assuming the Offer Size Adjustment Option is exercised in full) immediately following completion of the Share Offer and the Capitalisation Issue.

The corporate and shareholding structure of the OPG Group immediately after completion of the Spin-Off and the Listing (assuming that all Qualifying Shareholders take up their respective Preferential Entitlements under the Preferential Offer in full and that the Offer Size Adjustment Option is not exercised) is set forth below:



INFORMATION ON THE REMAINING GROUP AND THE OPG GROUP

Business overview of the OPG Group

As disclosed in the OPG Prospectus, OPG is, through its subsidiaries, principally engaged in the merchant acquiring business in Thailand by providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand. Since the commencement of business in 2004, the OPG Group has been adopting and deploying financial technology into its merchant acquiring business model, thereby enabling merchants in Thailand to accept various cross-border electronic payment methods, including credit cards, debit cards, QR Codes, NFC and other alternative payment technologies, adopted by shoppers via its POS terminals to acquire and route the respective payment instructions to issuing banks for authentication. The table below sets forth the breakdown of the revenue by nature of the OPG Group's business activity during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	(%)	<i>HK\$'000</i>	(%)	<i>HK\$'000</i>	(%)
MDR income	77,491	76.5	74,688	76.7	81,457	76.8
Foreign exchange rate discount income	23,759	23.5	22,739	23.3	24,050	22.7
Marketing service income	—	—	—	—	576	0.5
Total revenue	<u>101,250</u>	<u>100.0</u>	<u>97,427</u>	<u>100.0</u>	<u>106,083</u>	<u>100.0</u>

Business delineation between the business of the Remaining Group and the OPG Group

The Group is currently operating prepaid cards and internet payment business, prestige benefits business and internet micro-credit business in the PRC, merchant acquiring business in Thailand and securities investment business in Hong Kong.

Following completion of the Spin-Off and the Listing, the Remaining Group will be principally engaged in prepaid cards and internet payment business, prestige benefits business and internet micro-credit business in China, whilst the OPG Group will be principally engaged in the merchant acquiring business in Thailand and is further expanding its business to Cambodia. The scope of business of each of the Remaining Group and the OPG Group are different.

Members of the Remaining Group do not, and are expected not to, engage in any business activities that compete or will compete with those of the OPG Group. To address potential conflicts of interests between the Remaining Group and the OPG Group, the OPG Controlling Shareholders (including the Company) have entered into the Deed of Non-competition in favour of OPG (for itself and for the benefits of its subsidiaries).

Under the Deed of Non-competition, the OPG Controlling Shareholders (including the Company) have, among other things, undertaken that with effect from the Listing Date, they will not, and will procure none of their close associates (except for any members of the OPG Group) to, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of the OPG Group in Thailand, Cambodia or such other places (save for Hong Kong and the PRC) as the OPG Group may conduct or carry on business from time to time including but not limited to the merchant acquiring business.

Pursuant to the Deed of Non-competition, the non-competition undertaking given by the OPG Controlling Shareholders (including the Company) under the Deed of Non-competition shall lapse and the OPG Controlling Shareholders (including the Company) shall be released from the restrictions imposed on them on the earliest of (i) the day on which the OPG Shares cease to be listed on the Stock Exchange; (ii) the day on which the relevant OPG Controlling Shareholder and/or his/its close associates cease to hold, taken together, 30% or more of the issued share capital of OPG or otherwise the relevant OPG Controlling Shareholder ceases to be a OPG Controlling Shareholder; or (iii) the day on which the relevant OPG Controlling Shareholder beneficially owns or is interested in the entire issued share capital of OPG.

Further details of the Deed of Non-competition are set out in the OPG Prospectus.

Underwriting Agreements and lock-up restrictions

Underwriting Agreement

The Company has entered into the Public Offer Underwriting Agreement in relation to the Public Offer as further described in the OPG Prospectus. The Company will also enter into the Placing Underwriting Agreement in relation to the Placing. The Offer Shares will be underwritten by the Underwriters subject to the terms as set forth in the Underwriting Agreements.

Lock-up

Pursuant to the OPG Prospectus and Rule 13.16A(1) of the then GEM Listing Rules, each of the OPG Controlling Shareholders has undertaken to and covenanted with the Stock Exchange that save as provided in Rule 13.18 of the then GEM Listing Rules, it shall not and shall procure that the relevant registered holders shall not:

- (i) in the period commencing on the date by reference to which disclosure of its shareholding is made in the OPG Prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the OPG Shares in respect of which it is shown in the OPG Prospectus to be the beneficial owner; or
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the OPG Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a OPG Controlling Shareholder.

The Company has also entered into similar non-disposal arrangements with the Public Offer Underwriters under the Public Offer Underwriting Agreement as further described in the OPG Prospectus.

Financial information of the OPG Group

The following is certain selected financial information of the OPG Group based on its audited combined financial statements for the Track Record Period, as extracted from the OPG Prospectus:

Combined statements of profit or loss

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	101,250	97,427	106,083
Cost of services rendered	<u>(74,821)</u>	<u>(72,068)</u>	<u>(75,676)</u>
Gross profit	26,429	25,359	30,407
Other income	87	31	61
General administrative expenses	(9,050)	(9,342)	(8,317)
Selling and distribution costs	(2,775)	(4,992)	(10,138)
Finance costs	(33)	(163)	(172)
Listing expenses	<u>—</u>	<u>—</u>	<u>(9,988)</u>
Profit before tax	14,658	10,893	1,853
Income tax expenses	<u>(4,358)</u>	<u>(2,300)</u>	<u>(2,947)</u>
Profit (Loss) for the year	<u><u>10,300</u></u>	<u><u>8,593</u></u>	<u><u>(1,094)</u></u>
ATTRIBUTABLE TO:			
Equity holders of OPG	7,635	8,593	(1,094)
Non-controlling interests	<u>2,665</u>	<u>—</u>	<u>—</u>
	<u><u>10,300</u></u>	<u><u>8,593</u></u>	<u><u>(1,094)</u></u>

Combined statements of profit or loss and other comprehensive income

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss) for the year	10,300	8,593	(1,094)
Other comprehensive (loss) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign subsidiaries	<u>(1,416)</u>	<u>601</u>	<u>2,518</u>
Total comprehensive income for the year	<u>8,884</u>	<u>9,194</u>	<u>1,424</u>
Total comprehensive income attributable to:			
Equity holders of the OPG Group	6,699	9,194	1,424
Non-controlling interests	<u>2,185</u>	<u>—</u>	<u>—</u>
	<u>8,884</u>	<u>9,194</u>	<u>1,424</u>

Combined statements of financial position

	At 31 March		
	2016	2017	2018
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Non-Current Assets			
Property, plant and equipment	2,806	7,936	11,999
Intangible assets	474	886	1,335
Deferred tax assets	—	—	279
	<u>3,280</u>	<u>8,822</u>	<u>13,613</u>
Current Assets			
Trade receivables	16,624	10,265	42,311
Other receivables	8,331	3,373	7,740
Due from related parties	606	606	—
Income tax recoverable	—	70	666
Restricted funds	1,582	616	1,963
Bank balances and cash	11,173	15,150	21,664
	<u>38,316</u>	<u>30,080</u>	<u>74,344</u>
Current Liabilities			
Trade payables	18,188	10,873	44,274
Other payables	3,677	1,462	2,650
Due to ultimate holding company	6,194	4,539	5,684
Withholding tax payable	—	—	582
Income tax payable	760	—	—
	<u>28,819</u>	<u>16,874</u>	<u>53,190</u>
Net current assets	<u>9,497</u>	<u>13,206</u>	<u>21,154</u>
Total assets less current liabilities	<u>12,777</u>	<u>22,028</u>	<u>34,767</u>
Non-current Liabilities			
Deferred tax liabilities	1,213	1,213	1,213
Other long term liabilities	1,690	1,747	1,936
	<u>2,903</u>	<u>2,960</u>	<u>3,149</u>
NET ASSETS	<u><u>9,874</u></u>	<u><u>19,068</u></u>	<u><u>31,618</u></u>
Capital and reserves			
Share capital	—	—	—
Reserves	<u>9,874</u>	<u>19,068</u>	<u>31,618</u>
TOTAL EQUITY	<u><u>9,874</u></u>	<u><u>19,068</u></u>	<u><u>31,618</u></u>

FINANCIAL IMPACT OF THE SPIN-OFF

The following estimates the financial impact of the Spin-Off on the Group on the basis of the current structure of the Spin-Off that OPG will offer 25% of the total number of the OPG Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised) and is for illustration purpose only.

The actual financial impact of the Spin-Off on the Group is subject to review by the Company's auditors.

Net asset value

The audited consolidated net assets of the Group were approximately HK\$1,402 million as of 31 March 2018. Based on the number of Offer Shares, the maximum Offer Price of HK\$0.30 and the current proposed structure of the Share Offer, the estimated market capitalisation of OPG (assuming that the Offer Size Adjustment Option is not exercised) is expected to be not more than HK\$300 million at the time of the Listing.

The Board expects that the consolidated net assets of the Group will be increased as a result of the issue of the OPG Shares and the net proceeds raised from the Share Offer (the “**Increase in Net Assets**”), and the consolidated cash balances are also expected to be increased by the net proceeds from the Share Offer.

In accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Increase in Net Assets, which constitutes changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of its interest in OPG under the Share Offer to be recognised in profit or loss of the Group given that OPG will remain as an indirect non-wholly owned subsidiary of the Company immediately upon completion of the Spin-Off and the Share Offer.

Earnings

Following completion of the Spin-Off and the Listing, members of the OPG Group will continue to be non-wholly owned subsidiaries of the Company. The operating results of the OPG Group will therefore continue to be consolidated into the financial statements of the Company.

Based on the audited combined statements of profit or loss and other comprehensive income of the OPG Group for the Track Record Period, as extracted from the OPG Prospectus, the audited combined net profits before taxation of the OPG Group were approximately HK\$14.66 million, HK\$10.89 million and HK\$1.85 million, respectively, and the audited combined net profits (loss) after taxation of the OPG Group were approximately HK\$10.30 million, HK\$8.59 million and HK\$(1.09 million), respectively.

Assuming that no new OPG Shares will be issued before the Listing, following completion of the Spin-Off and the Listing, the proportion of the Group's earnings contributed from the OPG Group is expected to be reduced as the Company's interest in OPG will be reduced from 70% to 52.5% (assuming that the Offer Size Adjustment Option is not exercised) and to approximately 50.6% (assuming that the Offer Size Adjustment Option is exercised in full).

Since OPG will be regarded as an indirect non-wholly owned subsidiary of the Company and the OPG Group's financial results will continue to be consolidated into the accounts of the Group, the profit attributable to non-controlling interests will increase.

REASONS FOR AND BENEFITS OF THE SPIN-OFF

The Board considers that both the business operation and financial performance of the Group grew steadily. With a view to enhance its shareholders' returns and utilise the available funds generated from its principal business, the management of the Group decided to explore suitable alternative investment opportunities.

Further, the Board believes that the Group's merchant acquiring business in Thailand has grown to a sufficient size to warrant a separate Listing on the Stock Exchange and that such separate Listing will be beneficial to the Company for the following reasons:

- (a) the Spin-Off and the Listing essentially separate the OPG Group's business in Thailand from the Remaining Group's business, thereby enabling investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective business of the Remaining Group and the OPG Group separately and to make their investment decisions accordingly;
- (b) whilst the management of the Company will be able to focus on the business in the PRC, the OPG Group will have its own separate management structure focusing on its Thailand operation, and as a separate listed entity, it will provide a separate fund raising platform for the OPG Group thereby enabling it to raise the capital required to finance its future expansion without reliance on the Company to do so; and
- (c) the Company intends to maintain approximately 52.5% equity interest in the OPG Group upon completion of the Spin-Off and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised). Accordingly, the Company will continue to benefit from any potential upside in the OPG Group's business through receipt of dividend distributions of the OPG Group.

In light of the above reasons, the Board (including the independent non-executive Directors) believes that the Spin-Off is beneficial to the business development of the Group, and is fair and reasonable in the best interests of the Shareholders and the Company as a whole.

Further, the Board confirms that the Remaining Group will have sufficient working capital upon completion of the Spin-Off and the Listing.

CONDITIONS OF THE SPIN-OFF

As disclosed in the OPG Prospectus, the acceptance of all applications for the Offer Shares is conditional upon, among others, satisfaction of all the following conditions:

- (i) the Listing Division granting approval for the listing of, and permission to deal in, the Offer Shares to be issued pursuant to the Capitalisation Issue and the Share Offer (including any OPG Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any OPG Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme) (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the OPG Shares on the Stock Exchange);
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s) by the Sponsor and/or the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with the terms of these agreements or otherwise; and
- (iii) the Offer Price having been duly determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

In each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) or if not as stipulated by 8:00 a.m. (Hong Kong time) on the Listing Date or such other date as the Sponsor and/or the Sole Global Coordinator (for itself and on behalf of the Underwriters) may agree but in any event, not later than the 30th day after the date of the OPG Prospectus.

If any of the conditions is not fulfilled or waived by the Sponsor and/or the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the times specified above, the Share Offer will lapse. In that case, an announcement will be published by the Company as soon as practicable thereafter.

PROPOSED USE OF NET PROCEEDS FROM THE SHARE OFFER

As disclosed in the OPG Prospectus, the OPG Directors estimate that OPG will receive net proceeds from the Share Offer of HK\$61.1 million, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and assuming that the Offer Price is HK\$0.26 per OPG Share, being the mid-point of the indicative Offer Price range of between HK\$0.22 per OPG Share and HK\$0.30 per OPG Share, and that the Offer Size Adjustment Option is not exercised at all. The net proceeds from the Share Offer are intended to be used for the following purposes:

- approximately HK\$15.3 million, representing approximately 25.0% of the estimated net proceeds, for improving the availability and enhancing functions of the OPG Group's smart POS terminals;

- approximately HK\$9.7 million, representing approximately 15.9% of the estimated net proceeds, for developing the OPG Group's acquiring host system;
- approximately HK\$1.4 million, representing approximately 2.3% of the estimated net proceeds, for strengthening and broadening the OPG Group's marketing initiatives;
- approximately HK\$2.6 million, representing approximately 4.3% of the estimated net proceeds, for recruiting new talents;
- approximately HK\$18.1 million, representing approximately 29.6% of the estimated net proceeds, for extending the OPG Group's payment processing services to cover other payment network associations;
- approximately HK\$7.9 million, representing approximately 12.9% of the estimated net proceeds, for expanding to Cambodia; and
- approximately HK\$6.1 million, representing approximately 10.0% of the estimated net proceeds, for working capital of the OPG Group.

If the Offer Size Adjustment Option is exercised in full, it is estimated that additional net proceeds of approximately HK\$9.7 million will be received, assuming that the Offer Price of HK\$0.26 per OPG Share, being the mid-point of the indicative Offer Price range of between HK\$0.22 per OPG Share and HK\$0.30 per OPG Share. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied pro rata to the above-mentioned purposes.

Further information on the proposed use of the net proceeds from the Share Offer by the OPG Group is set forth in the OPG Prospectus.

PREFERENTIAL OFFER

As disclosed in the announcement of the Company dated 24 September 2018, in order to enable the Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting the approval for the listing of, and permission to deal in, the OPG Shares on GEM and the Share Offer becoming unconditional, it is expected that Qualifying Shareholders will be invited to apply for an aggregate of 20,000,000 Reserved Shares in the Preferential Offer, representing 8.89% and 8% of the Offer Shares available under the Placing and the Share Offer, respectively, assuming that the Offer Size Adjustment Option is not exercised, as the Qualifying Shareholder's Preferential Entitlement. The Reserved Shares will be offered out of the Placing Shares under the Placing and will not be subject to reallocation as described in the OPG Prospectus.

The basis of the Qualifying Shareholder's Preferential Entitlement is one Reserved Share for every integral multiple of 82 Shares held by the Qualifying Shareholders as at 4:00 p.m. on Wednesday, 26 September 2018, being the Record Date.

The Preferential Entitlement of Qualifying Shareholders to the Reserved Shares is not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

A **BLUE** Application Form has been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder recorded on the register of members of the Company as at 4:00 p.m. on the Record Date. In addition, Qualifying Shareholders would receive copies of the OPG Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under the Company's corporate communications policy.

For those Qualifying Shareholders who have elected to receive corporate communications in printed form under the Company's corporate communications policy or have not been asked to elect the means of receiving the Company's corporate communications, printed copies of the OPG Prospectus have been despatched to them.

For those Qualifying Shareholders who have (a) elected to receive electronic version of corporate communications; or (b) are deemed to have consented to receiving the electronic version of corporate communications, an election version of the OPG Prospectus which is identical to the printed OPG Prospectus can be viewed and downloaded from the websites of OPG and the Stock Exchange.

Qualifying Shareholders who hold less than 82 Shares as at 4:00 p.m. on the Record Date and therefore will not have a Preferential Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offer by applying for excess Reserved Shares only.

Qualifying Shareholders should note that their Preferential Entitlement to the Reserved Shares may not represent a full board lot of 10,000 OPG Shares. Further, the Reserved Shares allocated to the Qualifying Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the OPG Shares may be at a price below the prevailing market price for full board lots.

Qualifying Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Preferential Entitlement under the Preferential Offer. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Shareholder's Preferential Entitlement under the Preferential Offer will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Form(s) and assuming that the conditions of the Share Offer are satisfied.

Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Shareholder's Preferential Entitlement under the Preferential Offer, the relevant Preferential Entitlement will be satisfied in full (subject to the terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares resulting from other Qualifying Shareholders declining to take up some or all of their Preferential Entitlement by way of allocation on a fair and reasonable basis.

Details of the Preferential Offer, including the terms and conditions for applications (including excess applications) for the Reserved Shares, is set out in the OPG Prospectus and the accompanying BLUE Application Form.

Shareholders are reminded that this announcement is for information purposes only, and is not intended to be, and does not constitute, an offer or any invitation to apply for their Preferential Entitlement under the Preferential Offer. Such offer or invitation is made through the OPG Prospectus and Shareholders should refer to the OPG Prospectus for further information on the Preferential Offer.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Spin-Off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 19.29 of the GEM Listing Rules. As the highest of the applicable percentage ratio in respect of the Spin-Off exceeds 5% but is less than 25%, the Spin-Off will constitute a discloseable transaction (as such term is defined under the GEM Listing Rules) for the Company. The Spin-Off is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Share Offer will not be extended to, among others, persons who are not Independent Third Parties, except that all Qualifying Shareholders (including connected persons of the Company who are Qualifying Shareholders) will be entitled to participate in the Preferential Offer.

The timetable for the Share Offer, including the Preferential Offer, is set forth in the OPG Prospectus. The Company will make further announcement(s) in relation to the Spin-Off and the Listing in accordance with the requirements of the GEM Listing Rules as and when appropriate.

There is no assurance that the Spin-Off and the Listing will take place or the relevant approvals be granted, or as to when it may take place or be granted. The Company will issue further announcement(s) on the Spin-Off as and when appropriate.

The Share Offer (including the Preferential Offer) is subject to, among others, the granting of the approval of listing of, and permission to deal in, the OPG Shares on the Stock Exchange, Underwriting Agreements having become unconditional and not being terminated, and the final decision of the OPG Board. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Spin-Off and the Listing will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, the capitalised terms used herein shall have the following meanings:

“Announcements”	the announcements issued by the Company on 3 December 2017, 14 February 2018, 11 September 2018, 13 September 2018 and 24 September 2018 in respect of the Spin-Off and the Listing
“Available Reserved Shares”	those Reserved Shares not taken up by the Qualifying Shareholders’ Preferential Entitlement
“Beneficial Shareholder(s)”	any beneficial owner(s) of the Share(s) whose Share(s) is/are registered, as shown in the register of members of the Company, in the name of a registered Shareholder at 4:00 p.m. on the Record Date
“BLUE Application Form(s)”	the application form(s) to be sent to the Qualifying Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offer
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 749,999,800 OPG Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of OPG upon completion of the Share Offer as referred to in the OPG Prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Charm Act”	Charm Act Group Limited (美雅集團有限公司), a company with limited liability incorporated in BVI on 30 November 2007 and wholly-owned by the Company, which is one of the OPG Controlling Shareholders
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Company”	China Smartpay Group Holdings Limited (中國支付通集團控股有限公司) (formerly known as Oriental City Group Holdings Limited (奧思知集團控股有限公司)), an exempted company incorporated in the Cayman Islands on 12 December 2007 and the issued shares of which are listed on GEM (stock code: 8325), which is one of the OPG Controlling Shareholders
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Non-competition”	the deed of non-competition dated 18 September 2018 executed by the Company and Charm Act in favour of OPG (for itself and for the benefit of its subsidiaries) regarding certain non-competition undertakings, as further described in the OPG Prospectus
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries, together with the OPG Group, before the Spin-Off
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are not considered as connected person(s) of the Company within the meaning of the GEM Listing Rules
“Listing”	the listing of the OPG Shares on GEM
“Listing Date”	the date expected to be on or about 16 October 2018, on which the OPG Shares are listed and dealings in the OPG Shares first commence on GEM
“Listing Division”	the Listing Division of the Stock Exchange

“MDR”	merchant discount rate at which the OPG Group deducts from the transaction value of each transaction from the merchants, details of which are set out in the OPG Prospectus
“Mr. Sung”	Mr. Sung Hak Keung, Andy
“Mr. Yu”	Mr. Yu Chun Fai, the founder, the chairman, chief executive officer and executive director of OPG
“NFC”	Near Field Communication, a short-range wireless connection for data exchange between devices
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appeared on the register of members of the Company at 4:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories and any Shareholder(s) or Beneficial Shareholder(s) at that time who is/are otherwise known by the Company to be resident in any of the Specified Territories
“Offer Price”	the final offer price for each Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable thereon) at which the Offer Shares are to be offered for subscription pursuant to the Share Offer
“Offer Share(s)”	the Placing Share(s) (including, for the avoidance of doubt, the Reserved Shares) and the Public Offer Share(s), together where relevant, with any additional Share(s) to be issued pursuant to the exercise of the Offer Size Adjustment Option
“Offer Size Adjustment Option”	the option expected to be granted by OPG to the Placing Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) to require OPG to allot and issue up to additional 37,500,000 Placing Shares, representing 15% of the number of the Offer Shares initially available under the Share Offer at the Offer Price, details of which are set out in the OPG Prospectus
“OPG”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 19 January 2018 and an indirect non-wholly owned subsidiary of the Company
“OPG Board”	the board of directors of OPG

“OPG Controlling Shareholder(s)”	in the context of the OPG Prospectus unless the context otherwise requires, means Charm Act and/or the Company (as the case may be)
“OPG Directors”	the directors of OPG
“OPG Group”	OPG and its subsidiaries or, where the context so requires, in respect of the period prior to OPG becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of OPG at the relevant time
“OPG Prospectus”	the prospectus dated 27 September 2018 issued by OPG for the Share Offer
“OPG Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of OPG
“Original Fortune”	Original Fortune Group Limited (源富集團有限公司), a company with limited liability incorporated in BVI on 16 June 2011 and wholly owned by Mr. Sung
“Placing”	the conditional placing of the Placing Shares at the Offer Price to selected professional, institutional and other investors, details of which are described in the OPG Prospectus
“Placing Shares”	the 225,000,000 OPG Shares (including 20,000,000 Reserved Shares under the Preferential Offer) initially offered by OPG for subscription at the Offer Price under the Placing, subject to reallocation and the Offer Size Adjustment Option as described in the OPG Prospectus
“Placing Underwriters”	the underwriters of the Placing who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional placing underwriting agreement expected to be entered into on or about the Price Determination Date by, among others, OPG, the Sponsor, the Sole Global Coordinator and the Placing Underwriters relating to the Placing, as further described in the OPG Prospectus
“POS”	point-of-sale, the location where a transaction occurs
“PRC”	the People’s Republic of China, which shall, except where the context requires and only for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Preferential Entitlement”	the entitlement of the Qualifying Shareholder(s) to apply for the Reserved Shares under the Preferential Offer on an assured basis to be determined on the basis of their respective shareholdings in the Company as at 4:00 p.m. on the Record Date, as disclosed in the announcement issued by the Company on 24 September 2018
“Preferential Offer”	the preferential offer to the Qualifying Shareholders of up to 20,000,000 Reserved Shares (representing approximately 8.89% and 8% of the Offer Shares available under the Placing and the Share Offer, respectively (assuming no reallocation and non-exercise of the Offer Size Adjustment Option)) as Preferential Entitlement at the Offer Price on and subject to the terms and conditions stated in the OPG Prospectus and in the BLUE Application Form
“Price Determination Agreement”	the agreement to be entered into between OPG and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Monday, 8 October 2018, or such later date as may be agreed by OPG and the Sole Global Coordinator (for itself and on behalf of the Underwriters) but in any event not later than 12:00 noon on Thursday, 11 October 2018 on which the final Offer Price is expected to be fixed for the purpose of the Share Offer
“Public Offer”	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in the OPG Prospectus and the related application forms
“Public Offer Shares”	the 25,000,000 OPG Shares being initially offered by OPG for subscription at the Offer Price under the Public Offer, subject to reallocation as set forth in the OPG Prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set forth in the Public Offer Underwriting Agreement and in the OPG Prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 26 September 2018 relating to the Public Offer entered into by, among others, OPG, the Sponsor, the Sole Global Coordinator and the Public Offer Underwriters, as further described in the OPG Prospectus

“QR Code”	quick response code, a two-dimensional barcode consists of square black modules and white background to store information that can be read by digital devices
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appeared on the register of members of the Company at 4:00 p.m. on the Record Date, excluding the Non-Qualifying Shareholders
“Record Date”	26 September 2018, being the record date for determining the Preferential Entitlement of the Qualifying Shareholders to the Reserved Shares
“Remaining Group”	the Group, excluding the OPG Group, following completion of the Spin-Off and the Listing
“Reserved Shares”	the 20,000,000 Offer Shares available in the Preferential Offer being offered by OPG to the Qualifying Shareholders pursuant to the Preferential Offer as the Preferential Entitlement and which are to be allocated out of the Placing Shares as described in the OPG Prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by OPG on 18 September 2018, further details of which are described in the OPG Prospectus
“Sole Global Coordinator”	Alpha Financial Group Limited, a licensed corporation to engage in type 1 (dealing in securities) regulated activity under the SFO, being the sole global coordinator to the Share Offer
“Spin-Off”	the separate listing of the OPG Shares on GEM, which is to be effected by way of the Share Offer including the Preferential Offer

“Sponsor”	Ample Capital Limited, a licensed corporation to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined in the SFO, being the sponsor to the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Straum Investments”	Straum Investments Limited, a company with limited liability incorporated in BVI on 10 October 2001 and wholly-owned by Mr. Yu
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Track Record Period”	the period comprising the three financial years of the OPG Group ended 31 March 2018
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“%”	per cent.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

By order of the Board
China Smartpay Group Holdings Limited
Yan Dinggui
Executive Deputy Chairman

Hong Kong, 27 September 2018

As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Yan Dinggui, Dr. Cao Guoqi, Mr. Fung Weichang and Mr. Song Xiangping; (ii) two non-executive Directors, namely, Mr. Zhang Huaqiao and Mr. Xie Zhichun; and (iii) four independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng, Dr. Yuan Shumin and Dr. Zhou Jinhuang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.chinasmartpay.com>.