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China Smartpay Group Holdings Limited

中國支付通集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8325)

ENTERING INTO TERM SHEET IN RELATION TO INVESTMENT INTO SUNWAY TECHNOLOGIES

On 7 June 2016 (after trading hours), the Company entered into the Term Sheet with Sunway Technologies, pursuant to which the Company intends to subscribe and Sunway Technologies intends to issue 14.29% of the enlarged issued share capital. Both parties agreed to use the proceeds from the Investment to co-develop an Octopus-style small-value fast payment program in Beijing.

The board (the “**Board**”) of directors (the “**Directors**”) of the China Smartpay Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 7 June 2016, the Company has entered into a term sheet (the “**Term Sheet**”) with Sunway Technologies Samoa Co. Ltd., a company registered in Samoa and an independent third party of the Company (“**Sunway Technologies**”), pursuant to which the Company intends to subscribe and Sunway Technologies intends to issue 14.29% of the enlarged issued share capital of Sunway Technologies for a total consideration of 20 million RMB (the “**Investment**”).

INTENDED USE OF INVESTMENT PROCEEDS

Both parties agreed to use the proceeds from the Investment to co-develop an Octopus-style small-value fast payment program in Beijing.

DUE DILIGENCE REVIEW

The Company shall be entitled to carry out a due diligence review and investigation on Sunway Technologies including (without limitation to) its assets, liabilities, contracts, commitments and business and financial and legal aspects (the “**Due Diligence Review**”).

EXCLUSIVITY PERIOD

An exclusivity period of at least 45 days shall ensue after signing of the Term Sheet till the signing of legally-binding investment agreement, during which none of Sunway Technologies, its shareholders, directors, employees, relatives, associated companies or subsidiaries are allowed to negotiate with any third party(ies) regarding equity or debt investment without the Company’s written consent.

BINDING EFFECT

Save for the provisions relating to confidentiality, exclusivity period as well as governing law and jurisdiction, which are intended to be binding, the provisions of the Term Sheet shall not be legally binding.

INFORMATION ON SUNWAY TECHNOLOGIES

Sunway Technologies provides “PAY1” services for Beijing residents through its wholly-owned subsidiary 星河都市安科技(北京)有限公司 (transliterated as Sunway Technologies (Beijing) Limited). PAY1 is part of Beijing’s “one-pass, one-net and one-fee” program. It not only provides municipal payment services such as water, electricity and heating bill payment, but also provides diversified financial services, public transportation one-pass top-up services, electronic donations and e-commerce services. The PAY1 network of 2000 terminals and tens of thousands of merchants covers all of Beijing and has expanded to other locations in the “Beijing-Tianjin-Hebei Economic Zone”. It processes over RMB5 billion of payment transaction volume per year for close to 5 million users. It is one of China’s largest and best-equipped self-service payment terminal networks.

REASONS AND BENEFITS OF THE INVESTMENT

The Company offers a full suite of payment-focused e-commerce services to merchants and consumers, covering prepaid cards, electronic payment, prestige benefits, e-commerce and internet financing. The Company also holds a payment service licence that allows it to operate prepaid card and internet payment services throughout China. It has been the Company’s long-term strategy to develop “Internet+” prepaid service in areas ranging from public transportation, health care to

tourism. The Investment will help the Company to develop an Octopus-style small-value fast payment program in Beijing by combining the Company's existing prepaid card product with municipal payment services.

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

Hong Kong, 7 June 2016

As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Zhang Huaqiao, Dr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.chinasmartpay.com.hk.