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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of China Smartpay Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.*

## **FINANCIAL HIGHLIGHTS**

- The Group's revenue amounted to approximately HK\$598.30 million for the year ended 31 March 2016, which represented an increase of approximately 79% as compared with the Group's revenue recorded in the corresponding period in 2015.
- The Group reported a profit amounted to approximately HK\$70.43 million for the year ended 31 March 2016 as compared with a loss of approximately HK\$70.50 million last year. The Group reported a profit attributable to equity holders of the Company for the year ended 31 March 2016 amounted to approximately HK\$63.82 million, (2015: loss approximately HK\$78.23 million).
- The Group recognised share-based compensation cost, fair value loss on contingent consideration (which resulted from acquisition of prestige benefits business) and fair value gain on financial assets at fair value through profit or loss amounted to approximately HK\$66.48 million, HK\$32.19 million and HK\$139.70 million for the year ended 31 March 2016 respectively (2015: approximately HK\$53.50 million, HK\$Nil and HK\$Nil). Without the recognition of share-based compensation cost, fair value loss on contingent consideration and fair value gain on financial assets at fair value through profit or loss, the Group reported a profit for the year amounted to approximately HK\$29.40 million as compared with a loss for the year of approximately HK\$17.00 million last year.
- Earnings per share for the profit attributable to equity holders of the Company for the year ended 31 March 2016 was approximately 5.06 HK cents (2015: losses per share approximately 8.15 HK cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

## ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016, together with the comparative figures for the corresponding period in 2015.

### CONSOLIDATED INCOME STATEMENT

*Year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	<b>2015</b> <b>HK\$'000</b>
<b>Revenue</b>	4	<b>598,300</b>	333,388
Cost of services rendered and cost of goods sold		<u>(394,074)</u>	<u>(270,289)</u>
Gross profit		<b>204,226</b>	63,099
Other income	5	<b>2,553</b>	858
General administrative expenses		<b>(176,810)</b>	(113,972)
Selling and distribution costs		<b>(38,129)</b>	(7,522)
Finance costs	6	<b>(10,601)</b>	(2,534)
Fair value loss on contingent consideration – consideration shares		<b>(32,187)</b>	–
Fair value gain on financial assets at fair value through profit or loss		<b>139,700</b>	–
Gain on disposal of equity interest in an associate		<b>48</b>	–
Share of results of joint ventures		<b>6</b>	(1,167)
Share of results of associates		<u><b>(991)</b></u>	<u>(1,519)</u>
<b>Profit (Loss) before tax</b>	6	<b>87,815</b>	(62,757)
Income tax expenses	7	<u><b>(17,384)</b></u>	<u>(7,740)</u>
<b>Profit (Loss) for the year</b>		<u><b>70,431</b></u>	<u>(70,497)</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>63,820</b>	(78,232)
Non-controlling interests		<u><b>6,611</b></u>	<u>7,735</u>
		<u><b>70,431</b></u>	<u>(70,497)</u>
<b>Earnings (Losses) per share for profit (loss) attributable to equity holders of the Company</b>			
Basic	8	<u><b>5.06 HK cents</b></u>	<u>(8.15) HK cents</u>
Diluted	8	<u><b>4.80 HK cents</b></u>	<u>(8.15) HK cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 March 2016*

	<b>2016</b> <b>HK\$'000</b>	<b>2015</b> <b>HK\$'000</b>
Profit (Loss) for the year	<b>70,431</b>	(70,497)
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign subsidiaries	<u>(38,497)</u>	<u>(268)</u>
<b>Total comprehensive income (loss) for the year</b>	<b><u>31,934</u></b>	<b><u>(70,765)</u></b>
<b>Total comprehensive income (loss) attributable to:</b>		
Equity holders of the Company	<b>26,797</b>	(78,507)
Non-controlling interests	<u><b>5,137</b></u>	<u>7,742</u>
	<b><u>31,934</u></b>	<b><u>(70,765)</u></b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 March 2016*

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Interests in joint ventures		<b>10,854</b>	7,683
Interests in associates		<b>75,562</b>	29,945
Goodwill		<b>690,170</b>	475,031
Property, plant and equipment		<b>46,104</b>	43,937
Intangible assets		<b>36,603</b>	2,063
Deferred tax assets		<b>1,170</b>	–
		<b>860,463</b>	558,659
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>208,280</b>	–
Inventories		<b>9,925</b>	–
Other investments		<b>9,622</b>	1,955
Trade and other receivables	<i>10</i>	<b>295,189</b>	101,556
Restricted funds		<b>556,930</b>	784,002
Cash held by a security broker		<b>12,554</b>	–
Cash and bank balances		<b>230,509</b>	37,577
		<b>1,323,009</b>	925,090
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>652,969</b>	804,315
Interest-bearing borrowings, secured		<b>20,206</b>	88,466
Tax payables		<b>16,364</b>	4,131
Current portion of contingent consideration			
– consideration shares		<b>36,089</b>	–
		<b>725,628</b>	896,912
<b>Net current assets</b>		<b>597,381</b>	28,178
<b>Total assets less current liabilities</b>		<b>1,457,844</b>	586,837

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>2,477</b>	2,076
Other long-term liabilities	<i>12</i>	<b>1,690</b>	393
Contingent consideration – consideration shares		<u><b>63,903</b></u>	<u>–</u>
		<u><b>68,070</b></u>	<u>2,469</u>
<b>NET ASSETS</b>		<u><b>1,389,774</b></u>	<u>584,368</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>14,526</b>	10,368
Reserves		<u><b>1,352,735</b></u>	<u>552,030</u>
<b>Equity attributable to equity holders of the Company</b>		<b>1,367,261</b>	562,398
Non-controlling interests		<u><b>22,513</b></u>	<u>21,970</u>
<b>TOTAL EQUITY</b>		<u><b>1,389,774</b></u>	<u>584,368</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Share options reserve	Accumulated losses	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	7,200	133,782	6,996	(665)	766	10,427	(24,052)	134,454	142,591
Loss for the year	-	-	-	-	-	-	(78,232)	(78,232)	(70,497)
<b>Total other comprehensive loss:</b>									
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Exchange difference on translation of foreign subsidiaries	-	-	-	(275)	-	-	-	(275)	(268)
Total comprehensive loss for the year	-	-	-	(275)	-	-	(78,232)	(78,507)	(70,765)
<b>Transaction with owners:</b>									
<i>Contribution and distributions</i>									
Recognition of share-based compensation cost	-	-	-	-	-	53,503	-	53,503	53,503
Shares issue upon placing in April 2014 (Note 13(a))	1,440	203,267	-	-	-	-	-	204,707	204,707
Shares issue upon placing in September 2014 (Note 13(b))	1,043	147,202	-	-	-	-	-	148,245	148,245
Share issue upon subscription in October 2014 (Note 13(c))	685	99,311	-	-	-	-	-	99,996	99,996
Dividend paid to non-controlling interests of a non-wholly owned subsidiaries	-	-	-	-	-	-	-	(6,681)	(6,681)
<i>Change in ownership interests</i>									
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	12,772	12,772
Transaction with owners for the year	3,168	449,780	-	-	-	53,503	-	506,451	512,542
At 31 March 2015	10,368	583,562	6,996	(940)	766	63,930	(102,284)	562,398	584,368

	Attributable to equity holders of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 April 2015	10,368	583,562	6,996	(940)	–	766	63,930	–	(102,284)	562,398	21,970	584,368
Profit for the year	–	–	–	–	–	–	–	–	63,820	63,820	6,611	70,431
<b>Total other comprehensive loss:</b>												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Exchange difference on translation of foreign subsidiaries	–	–	–	(37,023)	–	–	–	–	–	(37,023)	(1,474)	(38,497)
Total comprehensive income for the year	–	–	–	(37,023)	–	–	–	–	63,820	26,797	5,137	31,934
<b>Transaction with owners:</b>												
<i>Contributions and distributions</i>												
Recognition of share-based compensation cost	–	–	–	–	–	–	66,487	–	–	66,487	–	66,487
Issue of convertible bonds	–	–	–	–	–	–	–	130,690	–	130,690	–	130,690
Conversion of convertible bonds issued under the subscription agreements	838	154,404	–	–	–	–	–	(65,340)	–	89,902	–	89,902
Conversion of convertible bonds issued under the placing agreements	838	155,050	–	–	–	–	–	(65,350)	–	90,538	–	90,538
Consideration shares issued upon the subscription in July 2015	640	74,670	–	–	–	–	–	–	–	75,310	–	75,310
Shares issued upon subscription in January 2016 (Note 13(d))	1,842	348,142	–	–	–	–	–	–	–	349,984	–	349,984
Transfer to statutory reserve	–	–	–	–	–	1,779	–	–	(1,779)	–	–	–
Repurchase of issued shares	–	–	–	–	(27,379)	–	–	–	–	(27,379)	–	(27,379)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	(6,938)	(6,938)
	4,158	732,266	–	–	(27,379)	1,779	66,487	–	(1,779)	775,532	(6,938)	768,594
<i>Changes in ownership interests</i>												
Non-controlling interests arising from incorporation of subsidiaries	–	–	–	–	–	–	–	–	–	–	5,952	5,952
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	2,534	2,534	(3,608)	(1,074)
	–	–	–	–	–	–	–	–	2,534	2,534	2,344	4,878
<b>At 31 March 2016</b>	<b>14,526</b>	<b>1,315,828</b>	<b>6,996</b>	<b>(37,963)</b>	<b>(27,379)</b>	<b>2,545</b>	<b>130,417</b>	<b>–</b>	<b>(37,709)</b>	<b>1,367,261</b>	<b>22,513</b>	<b>1,389,774</b>



## NOTES:

### 1. CORPORATE INFORMATION

China Smartpay Group Holdings Limited was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in prepaid cards and internet payment business in the People's Republic of China ("PRC"), prestige benefits business in the PRC, e-commerce and trade financing business among Hong Kong and the PRC, card acceptance business in Thailand and securities investment business in Hong Kong.

### 2. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014/2015 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year.

#### Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKASs 16 and 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKASs 16 and 41	<i>Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>1</sup>
Various HKFRSs	<i>Annual Improvements Project – 2012-2014 Cycle</i> <sup>1</sup>
HKFRS 15 and Clarifications to HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
HKFRS 9 (2014)	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 16	<i>Leases</i> <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>4</sup> The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred/removed

The Directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

### **Basis of measurement**

The measurement basis used in the preparation of these consolidated financial statements is historical cost except for certain financial instruments which were stated at fair value as explained in the accounting policies set out below.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company 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 subsidiaries are consolidated from the date on which the 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 the Company, in consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement 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 the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### *Changes in ownership interests*

Changes in the Group's ownership interests 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 the Company.

When the 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.

### **Critical judgements made in applying accounting policies**

#### *Subsidiary – Oriental City Group (Thailand) Company Limited (“OCG Thailand”)*

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the “FBA”), OCG Thailand, being a company engaged in the provision for card acceptance business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the preference shares structure arrangement (the “Preference Shares Structure”) of OCG Thailand, majority of OCG Thailand’s issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders’ meeting of OCG Thailand.

The Company’s legal advisors as to Thai laws have confirmed that the Preference Shares Structure is in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of similar capital structure of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Preference Shares Structure is valid, legal and enforceable in Thailand.

Based upon the management’s judgement on the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary on the ground that it is able to control the operations of OCG Thailand by exercising its majority voting power in any shareholders’ meeting of OCG Thailand.

#### *Subsidiary – 上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Limited\*, “Shanghai Yongle”)*

By implementation of a series of structured agreements entered between an indirect wholly-owned subsidiary of the Company, 深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited\*, “Shenzhen Yongle”), Shanghai Yongle and the legal owners of Shanghai Yongle (the “Weike Structured Agreements”), Shenzhen Yongle had obtained control over Shanghai Yongle and Shenzhen Yongle is exposed, or has rights, to variable returns from its involvement with Shanghai Yongle and has the ability to affect those returns through its power over Shanghai Yongle.

The Company’s legal advisors as to the applicable laws and regulations in the PRC have confirmed that the Weike Structured Agreements are in compliance with all existing laws and regulations in the PRC. After due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Weike Structured Agreements are valid, legal and enforceable in the PRC.

Based upon the management's judgement on the Weike Structured Agreements, the Company accounts for Shanghai Yongle and its subsidiaries, 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 開聯通支付服務有限公司 (formerly known as 開聯通網絡技術服務有限公司) (Open Union Payment Services Limited\*, "Open Union"), as subsidiaries in accordance with HKFRS 10.

As the Group holds no equity interests in Shanghai Yongle but is subject to the Weike Structured Agreements, significant judgment is necessary as to whether these contracts give the Group the ability to exercise control over Shanghai Yongle, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

*Subsidiary – 上海靜元信息技術有限公司 (Shanghai Jingyuan Message Technology Limited\*, "Shanghai Jingyuan")*

By implementation of a series of structured agreements entered between an indirect wholly-owned subsidiary of the Company, 客樂芙信息技術(上海)有限公司 (Colourful Message Technology (Shanghai) Limited\*, "Colourful"), Shanghai Jingyuan and the legal owners of Shanghai Jingyuan (the "Colourful Structured Agreements"), Colourful had obtained control over Shanghai Jingyuan and Colourful is exposed, or has rights, to variable returns from its involvement with Shanghai Jingyuan and has the ability to affect those returns through its power over Shanghai Jingyuan.

The Company's legal advisors as to the applicable laws and regulations in the PRC have confirmed that the Colourful Structured Agreements are in compliance with all existing laws and regulations in the PRC. After due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Colourful Structured Agreements are valid, legal and enforceable in the PRC.

Based upon the management's judgement on the Colourful Structured Agreements, the Company accounts for Shanghai Jingyuan and its subsidiary, 上海遨樂網絡科技有限公司 (Shanghai Aole Internet Technology Limited\*, "Shanghai Aole"), as subsidiaries in accordance with HKFRS 10.

As the Group holds no equity interests in Shanghai Jingyuan but is subject to the Colourful Structured Agreements, significant judgement is necessary as to whether these contracts give the Group the ability to exercise control over Shanghai Jingyuan, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

\* *English translation for identification purpose only.*

### 3. SEGMENT REPORTING

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the Directors consider that the operating segments of the Group comprise:

- (i) prepaid cards and internet payment business in the PRC;
- (ii) prestige benefits business in the PRC;
- (iii) e-commerce and trade financing business among Hong Kong and the PRC;
- (iv) card acceptance business in Thailand; and
- (v) securities investment business in Hong Kong.

In addition, the Directors consider that the Group's place of domicile is Hong Kong, where the central management and control is located.

Segment results, which are the measures reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of other income, gain or loss, finance costs, general administrative expenses incurred by corporate office, share of results of joint ventures and associates and income tax.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's five distinctive business activities are provided in three different locations.

Revenue from customers contributing over 10% of the total revenue of the Group is also reflected within the operating segment information.

**Year ended 31 March 2016**

	Prepaid cards and internet payment business <i>HK\$'000</i>	Prestige benefits business <i>HK\$'000</i>	E-commerce and trade financing business <i>HK\$'000</i>	Card acceptance business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue						
Major customer A	–	–	96,914	–	–	96,914
Other customers	<u>140,135</u>	<u>77,208</u>	<u>182,793</u>	<u>101,250</u>	<u>–</u>	<u>501,386</u>
	<u>140,135</u>	<u>77,208</u>	<u>279,707</u>	<u>101,250</u>	<u>–</u>	<u>598,300</u>
Segment results	<u>46,077</u>	<u>11,862</u>	<u>8,574</u>	<u>15,960</u>	<u>139,700</u>	222,173
Unallocated other income						2,553
Unallocated finance costs						(10,601)
Unallocated other expenses and losses						(93,186)
Fair value loss on contingent consideration						
– consideration shares						(32,187)
Gain on disposal of equity interest in associate						48
Share of results of joint ventures						6
Share of results of associates						<u>(991)</u>
<b>Profit before tax</b>						<b>87,815</b>
Income tax expenses						<u>(17,384)</u>
<b>Profit for the year</b>						<b><u>70,431</u></b>

Year ended 31 March 2015

	Prepaid cards and internet payment business <i>HK\$'000</i>	E-commerce and trade financing business <i>HK\$'000</i>	Card acceptance business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue				
Major customer A	–	187,597	–	187,597
Other customers	<u>7,871</u>	<u>32,332</u>	<u>105,588</u>	<u>145,791</u>
	<u>7,871</u>	<u>219,929</u>	<u>105,588</u>	<u>333,388</u>
Segment results	<u>(1,299)</u>	<u>16,570</u>	<u>19,406</u>	34,677
Unallocated other income				858
Unallocated finance costs				(2,534)
Unallocated other expenses and losses				(93,072)
Share of results of joint ventures				(1,167)
Share of results of associates				<u>(1,519)</u>
<b>Loss before tax</b>				(62,757)
Income tax expenses				<u>(7,740)</u>
<b>Loss for the year</b>				<u>(70,497)</u>

Other information of the operating segments is as follows:

**At 31 March 2016**

	Prepaid card and internet payment business HK\$'000	Prestige benefits business HK\$'000	E-commerce and trade financing business HK\$'000	Card acceptance business HK\$'000	Securities investment business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Property, plant and equipment	36,843	329	80	2,805	–	6,047	46,104
Intangible assets	31,641	150	4,338	474	–	–	36,603
Goodwill	496,765	192,417	988	–	–	–	690,170
Financial assets at fair value through profit or loss	–	–	–	–	208,280	–	208,280
Other assets	869,199	23,097	165,254	37,709	–	107,056	1,202,315
Total assets	<u>1,434,448</u>	<u>215,993</u>	<u>170,660</u>	<u>40,988</u>	<u>208,280</u>	<u>113,103</u>	<u>2,183,472</u>
Total liabilities	<u>638,977</u>	<u>118,761</u>	<u>4,767</u>	<u>26,792</u>	<u>–</u>	<u>4,401</u>	<u>793,698</u>
Additional segment information:							
Amortisation	1,371	49	492	–	–	–	1,912
Depreciation	4,594	138	37	1,411	–	408	6,588
Share-based compensation cost	–	–	–	–	–	66,487	66,487
Fair value gain on financial assets at fair value through profit or loss	–	–	–	–	139,700	–	139,700
Fair value loss on contingent consideration	–	–	–	–	–	32,187	32,187
Additions to intangible assets	31,020	206	4,820	474	–	–	36,520
Additions to property, plant and equipment	<u>8,193</u>	<u>479</u>	<u>–</u>	<u>1,337</u>	<u>–</u>	<u>670</u>	<u>10,679</u>



At 31 March 2015

	Prepaid card and internet payment business <i>HK\$'000</i>	E-commerce and trade financing business <i>HK\$'000</i>	Card Acceptance business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Property, plant and equipment	38,488	122	3,097	2,230	43,937
Intangible assets	2,035	–	–	28	2,063
Goodwill	474,043	988	–	–	475,031
Other assets	<u>849,200</u>	<u>24,650</u>	<u>38,630</u>	<u>50,238</u>	<u>962,718</u>
Total assets	<u>1,363,766</u>	<u>25,760</u>	<u>41,727</u>	<u>52,496</u>	<u>1,483,749</u>
Total liabilities	<u>856,782</u>	<u>6,359</u>	<u>28,149</u>	<u>8,091</u>	<u>899,381</u>
Additional segment information:					
Amortisation	55	–	–	2	57
Depreciation	861	38	1,236	424	2,559
Share-based compensation cost	–	–	–	53,503	53,503
Additions to intangible assets	2,079	–	–	30	2,109
Additions to property, plant and equipment	<u>39,165</u>	<u>–</u>	<u>1,442</u>	<u>2,394</u>	<u>43,001</u>

#### 4. REVENUE

Revenue is analysed by category as follows:

	2016 HK\$'000	2015 HK\$'000
<b>Prepaid cards and internet payment business</b>		
Card issuing service fee income	2,528	261
Management fee income of prepaid cards	73,066	–
Merchant service fee income	12,530	1,537
Interest income from accumulated unutilised float funds	22,832	6,073
Software development income	26,643	–
Sales and service fee income of POS machines	2,536	–
<b>Prestige benefits business</b>		
Issuance income of prestige benefits cards	74,528	–
Hotel booking agency service income	2,680	–
<b>E-commerce and trade financing business</b>		
Sales of goods	277,707	219,929
Loan interest income	2,000	–
<b>Card acceptance business</b>		
Card acceptance transaction fee income	77,491	82,683
Foreign exchange rate discount income	23,759	22,905
	<u>598,300</u>	<u>333,388</u>

#### 5. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Bank interest income from self-owned funds	682	192
Government grants	369	–
Gain on disposal of property, plant and equipment	30	–
Investment income arising from other investments	1,318	–
Sundry income	154	666
	<u>2,553</u>	<u>858</u>

## 6. PROFIT (LOSS) BEFORE TAX

This is stated after charging (crediting):

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Effective interest expense on convertible bonds	5,315	—
Finance costs on other long-term liabilities	33	36
Interest expense on interest-bearing borrowings	<u>5,253</u>	<u>2,498</u>
	<u><b>10,601</b></u>	<u><b>2,534</b></u>
<b>(b) Staff costs, including key management remuneration</b>		
Salaries, allowances and other short-term employee benefits	30,822	18,379
Contributions to defined contribution plans	5,212	1,440
Share-based compensation cost	<u>33,735</u>	<u>23,263</u>
	<u><b>69,769</b></u>	<u><b>43,082</b></u>
<b>(c) Key management remuneration, including directors' remuneration</b>		
Salaries, allowances and other short-term employee benefits	6,965	5,008
Contributions to defined contribution plans	91	52
Share-based compensation cost	<u>24,583</u>	<u>9,055</u>
	<u><b>31,639</b></u>	<u><b>14,115</b></u>
<b>(d) Other items</b>		
Auditor's remuneration	1,337	808
Amortisation of intangible assets (included in "General administrative expenses")	1,912	57
Cost of goods sold	250,064	190,280
Depreciation of property, plant and equipment	6,588	2,559
Share-based compensation cost to service providers	32,752	30,240
Exchange loss (gain), net	60	(95)
Operating lease charges on premises	<u>10,673</u>	<u>4,231</u>

## 7. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<i>Current tax</i>		
Hong Kong Profits Tax	1,018	2,739
PRC Enterprise Income Tax	13,202	–
Thailand Enterprise Income Tax	3,216	3,659
Withholding tax on dividend declared by a foreign subsidiary	<u>741</u>	<u>1,188</u>
	<u>18,177</u>	<u>7,586</u>
<i>Deferred tax</i>		
Origination and reversal of temporary difference	(1,194)	–
Withholding tax on undistributed earnings of a foreign subsidiary	<u>401</u>	<u>154</u>
	<u>(793)</u>	<u>154</u>
Income tax expenses for the year	<u><u>17,384</u></u>	<u><u>7,740</u></u>

### (i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the years ended 31 March 2015 and 2016.

### (ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the British Virgin Island (the "BVI") are exempted from the payment of income tax in the BVI.

The Group's operations in the PRC are subject to enterprise income tax ("PRC Enterprise Income Tax") of the PRC at 25%, except for Open Union which is subject to PRC Enterprise Income Tax at a preferential rate of 15% for high and new technology enterprises.

The Group's operations in Thailand are subject to Thailand Enterprise Income Tax at 20% (2015: 20%).

The Group's operation in Singapore is subject to Singapore income tax at 17%.

Dividends payable by a foreign invested enterprise in the PRC or Thailand to its foreign investors are subject to a 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC or Thailand that provides for a different withholding arrangement.

## Reconciliation of income tax expenses

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit (Loss) before tax	<u>87,815</u>	<u>(62,757)</u>
Income tax at applicable tax rate	17,401	(11,679)
Non-deductible expenses	26,687	18,149
Tax exempt revenue	(25,691)	(156)
Unrecognised tax losses	578	55
Utilisation of previously unrecognised tax losses	(2,732)	–
Withholding tax on dividends declared by a foreign subsidiary	741	1,188
Withholding tax on undistributed earnings of a foreign subsidiary	401	154
Others	<u>(1)</u>	<u>29</u>
Income tax expenses for the year	<u>17,384</u>	<u>7,740</u>

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries as well as new countries in which the Group operates.

## 8. EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share is calculated based on the consolidated profit for the year ended 31 March 2016 attributable to the equity holders of the Company of approximately HK\$63,820,000 (2015: loss of approximately HK\$78,232,000) and on the weighted average number of 1,260,177,157 ordinary shares (2015: 959,710,685 ordinary shares) in issue during the year ended 31 March 2016.

Diluted earnings per share is calculated based on the consolidated profit for the year ended 31 March 2016 attributable to the equity holders of the Company of approximately HK\$63,820,000 and on the weighted average number of ordinary shares adjusted as follows:

	2016 <i>no. of shares</i>
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	1,260,177,157
Effect of dilutive potential shares from share options	<u>68,752,668</u>
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share	<u>1,328,929,825</u>

Share options with anti-dilutive effect on earnings per share is excluded from above calculation of diluted earnings per share for year ended 31 March 2016.

Diluted losses per share is the same as basic losses per share during the year ended 31 March 2015 as all share options granted up to 31 March 2015 had an anti-dilutive effect.

## 9. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Trade receivables</b>	<i>(a)</i>	<b>57,044</b>	29,276
<b>Loan receivables</b>	<i>(b)</i>	<b>52,511</b>	–
<b>Other receivables</b>			
Deposits on investments		<b>18,041</b>	6,319
Deposits paid to merchants	<i>(c)</i>	<b>22,215</b>	27,418
Deposits, prepayments and other debtors	<i>(d)</i>	<b>133,351</b>	38,543
Due from an associate	<i>(e)</i>	<b>12,027</b>	–
		<b>185,634</b>	72,280
		<b>295,189</b>	101,556

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Group's entities:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Singapore Dollar ("SGD")	<b>1,742</b>	–
United States Dollar ("US\$")	<b>16,624</b>	18,244
	<b>18,366</b>	18,244

### 10(a) Trade receivables

The Group allows a credit period up to 90 days to its trade debtors. At the end of the reporting period, the ageing analysis of the trade receivables by invoice date is as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Less than 1 month	<b>39,592</b>	23,941
1 month to 3 months	<b>4,196</b>	3,784
Over 3 months	<b>13,256</b>	1,551
	<b>57,044</b>	29,276

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Current	<u><b>41,348</b></u>	<u>27,517</u>
Past due:		
Less than 1 month	<b>3,676</b>	495
1 month to 3 months	<b>4,270</b>	419
Over 3 months	<u><b>7,750</b></u>	<u>845</u>
	<u><b>15,696</b></u>	<u>1,759</u>
	<u><b>57,044</b></u>	<u>29,276</u>

The trade receivables (including past due receivables) are assessed not 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 Group does not hold any collateral over these balances.

#### **10(b) Loan receivables**

Loan receivables, which are denominated in Hong Kong Dollar ("HK\$"), are repayable according to the repayment schedules agreed.

At the end of the reporting period, loan receivables are unsecured, carry fixed interest rates at 8% per annum, and are repayable within one year. The loan receivables are not yet past due as at 31 March 2016. The loan receivables are not assessed to be impaired as there has not been a significant change in the debtor's credit quality and the Directors believe that the amounts are fully recoverable.

#### **10(c) Deposits paid to merchants**

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

**10(d) Deposits, prepayments and other debtors**

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Funds prepaid to merchants ( <i>Note</i> )	<b>6,742</b>	5,708
Other deposits, prepayments and other debtors	<b>41,852</b>	23,524
Trade deposits and prepayments	<b>84,757</b>	9,311
	<b>133,351</b>	38,543

*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 and internet payment accounts' holders. The prepaid amounts are based on the historical spending pattern and expected transaction value with individual merchants.

**10(e) Due from an associate**

The amount due is unsecured, interest-free and repayable on demand.

**11. TRADE AND OTHER PAYABLES**

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<i>Note</i>		
<b>Trade payables</b>	<b>47,938</b>	37,455
<b>Prestige benefits cards – provision of hotel expenses</b>	<b>9,659</b>	–
<b>Unutilised float funds</b>	<b>519,610</b>	748,959
	<b>577,207</b>	786,414
<b>Other payables</b>		
Accruals and other payables	<b>28,491</b>	14,317
Due to an associate	<b>42,096</b>	–
Due to a joint venture	<b>4,288</b>	3,584
Due to ex-shareholder of a subsidiary	<b>887</b>	–
	<b>75,762</b>	17,901
	<b>652,969</b>	804,315



**(a) Trade payables**

The credit periods of trade payables ranged from 30 to 60 days. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	<b>2016</b> <b>HK\$'000</b>	<b>2015</b> <b>HK\$'000</b>
Less than 1 month	<b>46,895</b>	37,455
1 month to 3 months	<b>864</b>	–
Over 3 months	<b>179</b>	–
	<b>47,938</b>	<b>37,455</b>

**(b) Prestige benefits cards – provision of hotel expenses**

	<b>2016</b> <b>HK\$'000</b>
At the beginning of the reporting period	–
Acquisition of subsidiaries	<b>3,739</b>
Additions	<b>9,659</b>
Utilised	<b>(3,739)</b>
<b>At the end of the reporting period</b>	<b>9,659</b>

**(c) Unutilised float funds**

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

**(d) Due to an associate/a joint venture/ex-shareholder of a subsidiary**

The amounts due are unsecured, interest-free and repayment on demand.

**12. OTHER LONG-TERM LIABILITIES**

Other long-term liabilities represent preference shares issued by OCG Thailand.

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of Thai Baht (“Baht”) 7,650,000 (equivalent to HK\$1,690,000) (2015: Baht 1,650,000 (equivalent to HK\$393,000)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum (2015: 9% per annum). In addition, the relevant dividend on the preference share capital of OCG Thailand was fully settled before the end of the reporting period.

### 13. SHARE CAPITAL

	2016		2015	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
<b>Authorised</b>	<b><u>2,000,000,000</u></b>	<b><u>20,000</u></b>	<b><u>2,000,000,000</u></b>	<b><u>20,000</u></b>
<b>Issued and fully paid</b>				
At beginning of the year	1,036,800,000	10,368	720,000,000	7,200
Shares issued upon placing in April 2014 ( <i>Note (a)</i> )	–	–	144,000,000	1,440
Shares issued upon placing in September 2014 ( <i>Note (b)</i> )	–	–	104,310,000	1,043
Shares issued upon subscription in October 2014 ( <i>Note (c)</i> )	–	–	68,490,000	685
Conversion of convertible bonds issued under the subscription agreements	83,837,836	838	–	–
Conversion of convertible bonds issued under the placing agreements	83,837,835	838	–	–
Consideration shares issued upon the subscription in July 2015	63,953,488	640	–	–
Shares issued upon the subscription in January 2016 ( <i>Note (d)</i> )	<u>184,210,000</u>	<u>1,842</u>	<u>–</u>	<u>–</u>
<b>At end of the reporting period</b>	<b><u>1,452,639,159</u></b>	<b><u>14,526</u></b>	<b><u>1,036,800,000</u></b>	<b><u>10,368</u></b>

*Note:*

- (a) In April 2014, a total number of 144,000,000 ordinary shares were issued via placing at a price of HK\$1.46 per share. The Company raised proceeds of approximately HK\$210,240,000 before expenses to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK\$5,533,000 arising from the placing were recognised in the share premium account of the Company.
- (b) In September 2014, a total number of 104,310,000 ordinary shares were issued via placing at a price of HK\$1.46 per share. The Company raised proceeds of approximately HK\$152,293,000 before expenses, to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK\$4,048,000 arising from the placing were recognised in the share premium account of the Company.
- (c) In October 2014, a total number of 68,490,000 ordinary shares were issued via subscription at a price of HK\$1.46 per share. The Company raised proceeds of approximately HK\$99,996,000 to finance the Group's future potential investments or otherwise as general working capital of the Group. No significant direct expense was incurred for the subscription.
- (d) On 20 October 2015, the Company, Shanghai Lujiazui Financial Development Limited ("LJF", English translation of 上海陸家嘴金融發展有限公司 for identification purpose only), Shanghai Lujiazui Equity Investment Fund (Limited Partnership) ("LJZ Fund", English translation of 上海陸

家嘴股權投資基金合夥企業(有限合夥) for identification purpose only) and Dr. Cao Guoqi entered into a subscription agreement, pursuant to which LJF and LJZ Fund have conditionally agreed to (or agreed to procure the designated subsidiary to) subscribe for, and the Company has conditionally agreed to allot and issue, a total number of 422,809,720 new ordinary shares (the “Subscription Shares”) at the subscription price of HK\$1.90 per the Subscription Share (the “LJF Subscription”).

On 8 January 2016, a total of 184,210,000 Subscription Shares were issued in accordance with the terms of the subscription agreement of LJF Subscription at a price of HK\$1.90 per share since all the conditions precedent to the Completion of the LJF Subscription have been fulfilled, and that with the first tranche of the payment for the LJF Subscription made by LJF to the Company (the “First Completion”). The Company raised net proceeds of approximately HK\$349,984,000 to finance the Group’s future potential investments or otherwise as general working capital of the Group.

All shares issued during the year rank pari passu with the existing shares in all respects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Company aims to offer a full suite of payment-focused e-commerce services to merchants and consumers, covering prepaid card payment, electronic payment, credit card acceptance, prestige benefit programs, e-commerce and trade financing. For the financial year ended 31 March 2016, the Company continues to develop and experience solid growth in all of its core strategic areas, namely 1) Prepaid cards and Internet Payment Services; 2) Prestige Benefits Program; 3) E-commerce and Trade Financing, 4) Card Acceptance in Thailand and 5) Investment.

#### *Prepaid cards and Internet Payment Services*

The Company controls one of only six payment service licences for nationwide prepaid cards and internet payment services. This strategic permit enables us to become one of the few companies that can manage and operate large-scale countrywide prepaid programs in the PRC.

In the financial year ended 31 March 2016, this segment has played a key role in our profit growth. Specifically, Open Union’s legacy prepaid gift-card business remains strong despite economic and political headwinds, while in the meantime we have commenced a number of meaningful initiatives which will transform our payment business into a complete internet-based ecosystem. Here are some notable cases:

- **Tourism:** Our smart tourism solutions in collaboration with Dalian Youwawa Business Service Limited (Dalian Youwawa, English translation of 游娃娃(大連)網絡科技有限公司 for identification purpose only) have been deployed in over 60 notable parks and scenic sites in the PRC. We have also entered into an exclusive strategic relationship with Chinese Association of National Parks and Scenic Sites, an industry association under the direct guidance of Ministry of Housing and Urban-Rural Development of the PRC, to co-develop smart tourism services across China.

- **Healthcare:** The MSYPAY project, which includes a prepaid card plus an online account system that allows patients to pay for hospital services and access personal medical data with convenience, is fully connected and operational at 10 hospitals at the date of this announcement.
- **E-commerce and Merchant O2O:** During the financial year ended 31 March 2016 we have also deployed over 4,000 smart POS terminals at 30 Wanda Plazas and connecting over 3,500 merchants as of 31 March 2016.

### ***Prestige Benefits***

In July 2015, the Company completed its acquisition of AE Investment Consulting Limited (the “Colourful Group”), a prestige benefits business, which designs, sells, and manages benefits packages to banks and card issuing organisations which will in turn offer the packages to their own premium members of cardholders. Colourful Group has since become one of the fastest growing businesses of the Company.

There is natural synergy between payment and benefits products businesses. Both payment and benefits products are essentially e-commerce services that help merchants to better market their goods and services, while at the same time help consumers to enjoy a more convenient and interactive consumption experience.

Since the acquisition, Colourful Group’s prestige benefits products have been steadily integrated with payment products of the Group. Our overseas payment programs in Singapore and South Korea have collaborated with Colourful Group, leveraging on Colourful Group’s major distribution channel, and have sold Singaporean and Korean “payment + benefit” products to banks and card issuing organizations in the PRC.

### ***E-commerce and Trade Financing***

While we have experienced solid top-line growth in this segment, in response to fierce competition and macro-economic downturn, the Company has focused more on the provision of supply chain financing for other e-commerce trading companies. Essentially, instead of trading the cross-border goods with our own platform, the Company is now offering lending services along the supply chain to facilitate the trading process, and help upstream suppliers receive payments more efficiently. Instead of profiting from the price difference of the traded goods, the Company now charges interest rates or service fees on the credit services provided to the entire supply chain.

This slight shift in focus is closely in line with the Group’s long-term strategy to become a comprehensive internet finance platform. The Company can offer micro-credit and lending services to not only trading companies, but also small businesses and individuals, while leveraging on the Company’s small-value, high-frequency payment businesses to provide data and statistics for credit analysis and risk management.

On 19 May 2016, the Company received an approval granted by Chongqing Liang Jiang new area modern services industry bureau, allowing us to co-invest in internet micro-credit business on a nation-wide basis in collaboration with Haitong International Securities Group Limited.

### ***Card Acceptance in Thailand***

For the Group's card acceptance business in Thailand, although Thai tourism was suffered for a few months resulting from the bombing in Bangkok which happened in August 2015, the business was rebounded in November 2015 and the total transaction volume handled by the Group in Thailand was increased from approximately Baht 27,475 million for the year end 31 March 2015 to approximately Baht 28,084 million for the year ended 31 March 2016. However, total revenue generated from the card acceptance business was decreased from approximately HK\$106 million for the year ended 31 March 2015 to approximately HK\$101 million for the year ended 31 March 2016. The slight decrease of revenue was mainly due to devaluation of Baht.

During the year ended 31 March 2016, the Group has entered several key merchant agreements with new well-known merchants such as Toyrus and International SOS based in Thailand. In addition, we have recruited new regional business managers for the market of Chiangmai and Phuket in January and February 2016 respectively. We are confident that the new appointments, will have a more focused and in-depth strategic development for our business in the developing tourist attractions for the areas outside of Bangkok and Pattaya.

Furthermore, the Group has been in progress of building up the indirect system host connection with UnionPay International for our UnionPay card acceptance business requested by UnionPay International based in Thailand. The indirect system connection is developed to enhance the existing direct system connection established earlier with UnionPay International. The migration from direct connection to indirect connection is expected to be completed in second half of 2016.

### ***Investment***

One important new development in the financial year ended 31 March 2016 is that we have made strategic investment into businesses in industries that are related to our core business, such as payment, technology, financing and internet finance. We expect such investments to not only reap monetary rewards, but also create synergy for the Group's wider business eco-system. For instance, in the financial year ended 31 March 2016, we have successfully invested into Zhi Cheng Holdings Limited to develop financial leasing and other comprehensive financing solutions, making momentous profit contribution to the Group. We have also acquired minority stakes in Dalian Youwawa, an important business partner in our tourism business.

### **Business Outlook**

For prepaid cards and internet payment business, we will continue to seek major near-term breakthroughs for our electronic payment in areas ranging from tourism, e-commerce, healthcare to public transportation. We are also evaluating several strategic options, such as investment and/or acquisitions that can rapidly realize our strategic goals.

For prestige benefits program, we will further integrate the Colourful Group into other business segments of the Company and further combine our prepaid and internet payment products, especially in tourist “payment + benefit” business in Singapore and South Korea. In the long term, we will introduce electronic benefits that can run smoothly on mobile platforms and integrate more seamlessly with electronic payment solutions.

For e-commerce and trade financing business, the Company will further develop the financing and lending side of the e-commerce business. By establishing online micro-credit business in Chongqing, we will further integrate e-commerce and trade financing business with the internet finance business. We expect various new projects and collaborations in the lending industry to further utilize its payments and e-commerce business and consolidate the Group’s position as an integrated payment service and internet finance service provider.

For card acceptance business in Thailand, we have been working with UnionPay International to launch UnionPay Quickpass/contactless payment services to both domestic and visiting UnionPay Cardholders as soon as practicable in 2016/2017, and will endeavour to further simplify the payment process for Chinese tourists with a more comprehensive payment approach. We are also studying the feasibility to implement the UnionPay online payment for Thai market, in order to further strengthen our local market leadership with diversified payment platforms by UnionPay.

For investment business, we will continue to search for financial investment opportunities in the Company’s related industries or markets in order to enhance capital returns and to facilitate future growth of our core business segments.

## **FINANCIAL REVIEW**

### **Revenue**

The e-commerce and trading financing services business, the card acceptance transaction fee income and the foreign exchange rate discount income from the card acceptance business in Thailand, the prepaid cards and internet payment business and the prestige benefits business which was carried out by a new subsidiary acquired by the Group in July 2015 all contributed to the total revenue of the Group for the year ended 31 March 2016. Total revenue of the Group for the year ended 31 March 2016 amounted to approximately HK\$598 million, of which approximately HK\$280 million was attributed from the e-commerce and trading financing services business, approximately HK\$140 million was attributed from the prepaid cards and internet payment business, approximately HK\$101 million was attributed from the card acceptance business in Thailand and approximately HK\$77 million was attributed from the prestige benefits business respectively.

The income generated from the prepaid cards and internet payment business and e-commerce and trading financing services business was driven by the increasing volume of prepaid cards and internet payment and cross-border e-commerce trading activities. The revenue of prepaid cards and internet payment business and e-commerce and trading financing services business for the year amounted to approximately HK\$420 million, representing 70% of total revenue of the Group.



For the card acceptance business, throughout the year, total transaction volume handled by the Group in Thailand amounted to approximately Baht 28,084 million with an increase of Baht 609 million as compared with the same recorded in last year. The slight decrease in revenue was mainly due to devaluation of Baht during the year.

### **Cost of Goods Sold/Cost of Services Rendered**

Total cost of goods sold and cost of services rendered amounted to approximately HK\$394 million, representing an increase of approximately 46% as compared with the same recorded in last year. Cost of goods sold for the e-commerce and trading financing services business represents the cost for goods traded. The cost of service rendered comprised the information network cost and the licence fee cost of the card acceptance business in Thailand. The increase in cost of goods sold and cost of services rendered was consistent with the increase in revenue generated from the e-commerce and trading financing business, the prepaid cards and internet payment business and the prestige benefits business during the financial year ended 31 March 2016.

### **General Administrative Expenses**

The general administrative expenses of the Group for the year ended 31 March 2016 were approximately HK\$177 million, representing an increase of approximately 55% from that of last year. The increase was primarily attributable to an increase in overall staff costs, including the recognition of share-based compensation costs of approximately HK\$66 million and directors' remuneration, and the legal and professional fees incurred for the investment acquisition projects of the Group during the year.

### **Selling and Distribution Costs**

The selling and distribution costs for the year ended 31 March 2016 amounted to approximately HK\$38 million, representing an increase of approximately 407% from last year. The increase was mainly arising from the newly acquired subsidiaries and the overseas travelling expenses of the Group.

### **Finance Costs**

The finance costs for the year ended 31 March 2016 amounted to approximately HK\$11 million, representing an increase of approximately 318% from last year. The increase was mainly arising from the increase effective interest expense on convertible bonds amounted to approximately HK\$5 million and the increase in interest expense amounted to approximately HK\$3 million from secured interest bearing borrowings.

### **Profit for the Year**

During the year ended 31 March 2016, the Group reported a net profit attributable to equity holders of the Company amounted to approximately HK\$64 million, representing an increase of approximately 2 times over the last year. Basic earnings per share was approximately 5.06 HK cents compared with basic losses per share of 8.15 HK cents recorded in last year.

## **Liquidity and Financial Resources**

The Group financed its operation through internally generated cash flows, public fund raising (as mentioned in “Fund Raising Activities and Use of Proceeds” section of this announcement) and other borrowings.

As at 31 March 2016, the interest-bearing borrowings, which are denominated in RMB and bear a floating interest rate at 120% of 1-year base lending rate published by the People’s Bank of China, were secured by the leasehold land and buildings of the Group with a carrying amount of approximately HK\$31,816,000. In October 2015, the Company had fully settled the interest-bearing borrowings as at 31 March 2015 of RMB70,000,000 (equivalent to approximately HK\$88,466,000) and its associated buyback obligation was discharged.

At 31 March 2015, the Group’s other long-term borrowings amounted to Baht 1,650,000 (equivalent to approximately HK\$393,000) due to a non-controlling shareholder, represented the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum and such dividend was recorded as finance costs. Upon completion of the capital restructuring, a new class of issued and paid up preference shares of Baht 7,650,000 (equivalent to approximately HK\$1,690,000), which carries cumulative dividend at 9.5% per annum was issued to the same non-controlling shareholder on 12 November 2015. Such dividend was also recorded as finance cost. The original issued and paid up preference share capital of Baht 1,650,000 was deleted with effect from 14 December 2015.

The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for the years ended 31 March 2016 and 31 March 2015 were approximately 1% and 6% respectively.

As at 31 March 2016, the Group had net current assets of approximately HK\$597.38 million (2015: HK\$28.18 million). Current ratio as at 31 March 2016 was 1.82 (2015: 1.03). The cash and cash equivalents of the Group included cash held by a security broker as at 31 March 2016 were approximately HK\$243.06 million (2015: approximately HK\$37.58 million).

## **Capital Structure**

Total equity attributable to equity holders of the Company amounted to approximately HK\$1,367.26 million as at 31 March 2016 (2015: approximately HK\$562.40 million).



## Significant Investments Held and Performance

As at 31 March 2016, the Group had investments in securities in Hong Kong with a market value of approximately HK\$208 million, representing a listed equity in Hong Kong. The Group recorded an unrealised fair value gain of approximately HK\$139.7 million in respect of investment in listed securities as at 31 March 2016. The details of the investments as at 31 March 2016 are as follows:

Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Realised on gain (loss) for the year <i>HK\$'000</i>	Unrealised gain on fair value change for the year <i>HK\$'000</i>	Cost of acquisition <i>HK\$'000</i>	Fair value as at 31 March 2016 <i>HK\$'000</i>	% of net assets	Principal activities
Zhi Cheng Holdings Limited	8130	508,000,000	19.68%	–	139,700	68,580	208,280	14.99%	Provision of financial leasing and other financing services, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations.

During the financial year ended 31 March 2016, there were no dividend received from the securities held.

Since the share price of the listed securities as set out above arose from HK\$0.135 at the date of subscription to HK\$0.41 as at 31 March 2016, the Group recorded an unrealised fair value gain of approximately HK\$139.70 million in respect of investment in listed securities as at 31 March 2016.

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board closely monitors the performance of its investment.

## Foreign Exchange Exposure

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in HK\$, Renminbi (“RMB”) and Baht, which are the functional currencies of the relevant subsidiaries. The Group’s trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in US\$. The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward

contracts should the needs arise. As at 31 March 2016, the Group has outstanding foreign currency forward contracts for the exchange of US\$ with Baht of US\$1,500,000 (equivalent to approximately HK\$11,631,000) (2015: Nil). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as 31 March 2016.

## **Results and Dividends**

For the year ended 31 March 2016 the Group recorded a revenue of approximately HK\$598.30 million (2015: approximately HK\$333.39 million) and a profit attributable to equity holders of the Company of approximately HK\$63.82 million as compared with loss attributable to equity holders of the Company of approximately HK\$78.23 million for the previous year. The basic earnings per share was 5.06 HK cents (2015: basic losses per share 8.15 HK cents).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

## **Employees and Remuneration Policy**

As at 31 March 2016, the Group had a total staff of 387 (2015: 183) of whom 32 (2015: 10) were based in Hong Kong, 330 (2015: 162) were based in the PRC, 13 (2015: 11) were based in Thailand and 12 (2015: Nil) were based in Singapore. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

## **Material Acquisitions, Disposals and Significant Investment**

Save as disclosed in this announcement, the Group has made no other material acquisitions, disposals or any significant investments during the year ended 31 March 2016.

## Fund Raising Activities and Use of Proceeds

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds	Actual use of proceeds
25 October 2015	Subscription of 422,809,720 new shares under specific mandate at the subscription price of HK\$1.90 per share	<p>(i) Approximately HK\$350 million;</p> <p>(ii) For the remaining of approximately HK\$453 million, please refer to the announcement dated 31 May 2016.</p>	<p>(i) pursue acquisition in the payment, internet finance and e-commerce industry in the PRC;</p> <p>(ii) as general capital of the Group.</p>	<p>(i) approximately HK\$69 million was used in the subscription of new shares issued by Zhi Cheng Holdings Limited (Stock code: 8130);</p> <p>(ii) approximately HK\$61 million was used to invest in internet micro credit business;</p> <p>(iii) approximately HK\$45 million was used to invest in payments and prestige benefits business;</p> <p>(iv) approximately HK\$90 million was used as general working capital of the Group;</p> <p>(v) the remaining will be utilised for the purpose of intended use of proceeds.</p>

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds	Actual use of proceeds
20 April 2015	Subscription of 63,953,488 new shares at a subscription price of HK\$2.15 per Share.	Approximately HK\$137.5 million	<p>(i) to develop the benefits card business of the Group as disclosed in the circular of the Group dated 12 June 2015;</p> <p>(ii) to pursue further acquisition and investment in the payment and internet finance industry in the PRC;</p> <p>(iii) to fund the co-brand payment card cooperation projects in the PRC as disclosed in the circular of the Group dated 5 February 2015;</p> <p>(iv) as general working capital of the Group.</p>	(i) approximately HK\$137.4 million was used in the acquisition of a high-end benefits cards business.

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds	Actual use of proceeds
12 April 2015	<p>(i) Subscription of the 6% convertible bonds of the Company in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million) due on 30 April 2018 convertible into a maximum of 41,918,918 Shares at the initial conversion price of HK\$1.85 per Share;</p> <p>(ii) Subscription of the 6% convertible bonds of the Company in the principal amount of US\$10 million (equivalent to approximately HK\$77.55 million) due on 30 April 2018 convertible into a maximum of 41,918,918 Shares at the initial conversion price of HK\$1.85 per Share;</p> <p>(iii) Placing of the 6% convertible bonds of the Company in the principal amount of US\$20 million (equivalent to approximately HK\$155.1 million) due on 30 April 2018 convertible into a maximum of 83,837,835 Shares at the initial conversion price of HK\$1.85 per Share.</p>	Approximately HK\$307 million	<p>(i) to pursue acquisition in the payment and internet finance industry in the PRC;</p> <p>(ii) to fund the co-brand payment card cooperation projects in the PRC as disclosed in the circular of the Company dated 5 February 2015;</p> <p>(iii) as general working capital of the Group.</p>	<p>(i) approximately HK\$90 million was used in the acquisition of a high-end benefit cards business and an internet payment business;</p> <p>(ii) approximately HK\$100 million was used to repay a bank loan;</p> <p>(iii) approximately HK\$117 million was used as general working capital of the Group.</p>

Save as disclosed above, the Company did not conduct any other fund raising activities during the year.

## Capital Commitments

As at 31 March 2016, the Group had commitments contracted for but not provided in the consolidated financial statements amounting to (i) HK\$0.52 million (2015: HK\$1.31 million) in respect of the purchase of softwares and licences; and (ii) not more than RMB13 million (equivalent to approximately HK\$15.9 million) in respect of the 10% equity interests in Zhongchao Hismart Information Technology (Beijing) Co. Ltd. (“Zhongchao Hismart”, English translation of 中鈔海思信息技術（北京）有限公司 for identification purpose only) together with the system development on customer consumption behavior analysis (2015: RMB13 million (equivalent to approximately HK\$16.7 million)).

## Charges on Assets

As at 31 March 2016, the Group’s leasehold land and buildings with HK\$31,816,000 was pledged to a financial institution in the PRC for securing a loan facility of RMB22,400,000 (equivalent to HK\$26,941,000) granted to Open Union.

## Contingent Liabilities

Save as disclosed in this report, the Group did not have any significant contingent liabilities.

## Events after the Reporting Period

Subsequent to 31 March 2016, the Group has the following subsequent events:

- (a) Pursuant to the subscription agreement of the LJF Subscription as set out in Note 13(d) to this announcement, the remaining balance of the LJF Subscription of HK\$453,339,468 will be payable by LJZ Fund to the Company (“Second Completion”) on the thirtieth business day after the date of the First Completion or such other date as the Company and the Subscribers may agree; and the Company will issue a total of 238,599,720 Subscription Shares to LJZ Fund (or the designated subsidiary). The Company and the Subscribers later agreed on 24 February 2016 and 29 April 2016 to extend the date of the Second Completion to 30 April 2016 and 31 May 2016, respectively.

On 18 May 2016, the Company, through its legal adviser, wrote to LJZ Fund to request for their performance of payment obligation under the subscription agreement on or before 31 May 2016. However, no payment of the remaining subscription shares has been made by LJZ Fund up to 31 May 2016. In addition, no further extension of the date of the Second Completion as agreed by the parties to the subscription agreement.

As LJZ Fund has failed to perform the payment obligation as agreed, the Company has sought for advice from its legal adviser regarding the possibility of pursuing any of its claims against LJZ Fund by commencing, jointly with LJF, appropriate legal action(s) in accordance with the terms of the subscription agreement. No update for the above-mentioned action noted up to the date of announcement.

- (b) On 7 June 2016, the Company cancelled a total of 16,590,000 shares of the Company which had been repurchased on the Stock Exchange during the year ended 31 March 2016. Upon the completion in cancellation of shares, the issued shares of the Company were decreased from 1,452,639,159 shares to 1,436,049,159 shares and the registered share capital of the Company would be decreased from approximately HK\$14,526,000 to approximately HK\$14,360,000.
- (c) On 7 June 2016, the Company entered into the a term sheet with Sunway Technologies Samoa Co. Ltd., a company registered in Samoa (“Sunway Technologies”) and an independent third party, 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 consideration of RMB20,000,000. Both parties agreed to use the proceeds to develop an Octopus-style small-value fast payment program in Beijing. Upon Completion, investment in Sunway Technologies will be accounted as an available-for-sale investment of the Group. The transaction is not yet completed at the date of this announcement.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, the Company, through a subsidiary, repurchased its own shares on the Stock Exchange but not yet cancelled as follows:

Month	Number of shares repurchased	Aggregate price paid <i>HK\$'000</i>	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>
February 2016	8,780,000	14,608	1.70	1.48
March 2016	<u>7,810,000</u>	<u>12,771</u>	1.68	1.61
	<u>16,590,000</u>	<u>27,379</u>		

The above repurchased shares had been repurchased by the Company but the share cancellation has not yet been completed as at 31 March 2016. As a result, the nominal value of these shares was not deducted from the issued share capital of the Company. The total consideration paid for these repurchased shares was included in “Capital Redemption Reserve”. On 7 June 2016, the above repurchased shares had cancelled.

Saved as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 March 2016.

## CORPORATE GOVERNANCE

Throughout the year ended 31 March 2016, the Company has complied with all the code provisions in Corporate Governance Code in Appendix 15 to the GEM Listing Rules.

## **CHAIRMAN AND CHIEF EXECUTIVE**

The code provision A.2.1 stipulates that the roles of the chairman of the Board (the “Chairman”) and the chief executive officer (the “CEO”) should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the CEO should be clearly stated.

The Company fully supports this division of responsibilities between the Chairman and CEO in order to ensure a balance of power and authority. The positions of the Chairman and the CEO are segregated and are held by Mr. Zhang Huaqiao, a non-executive Director who was redesignated to an executive Director on 13 May 2015, and Mr. Fung Weichang, an executive Director, respectively. These positions have clearly defined separate responsibilities.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors’ securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance with the required standard of dealings as set out in the adopted code of conduct regarding Directors’ securities transactions from 1 April 2015 to 31 March 2016.

## **AUDIT COMMITTEE**

The audit committee members of the Company comprise Dr. Yuan Shumin, Mr. Wang Yiming and Mr. Lu Dongcheng, all of whom are independent non-executive directors of the Company, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

## **REVIEW OF THE FINANCIAL INFORMATION**

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual announcement for the year ended 31 March 2016.



The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Company's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2016. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on this preliminary announcement.

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

Hong Kong, 24 June 2016

*As at the date of this announcement, the board of the Company comprises (i) five executive Directors, namely, Mr. Zhang Huaqiao, Dr. Cao Guoqi, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; and (ii) 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 Rule for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company's website at [www.chinasmartpay.com](http://www.chinasmartpay.com).*