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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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 35% EQUITY INTEREST IN THE TARGET COMPANY BY ISSUING CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 15 August 2021, the Company, the Vendors and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Interest, representing 35% of the total equity interest in the Target Company at the Consideration of RMB150,500,000 (equivalent to approximately HK\$180,796,000), which shall be satisfied by way of allotment and issue of the Consideration Shares at the Issue Price to the Vendors (or their respective nominee(s)) under the Specific Mandate credited as fully paid. Upon Completion, the Company will hold 35% of the total equity interest in the Target Company.

The aggregate Consideration of RMB150,500,000 (equivalent to approximately HK\$180,796,000) shall be satisfied entirely by the allotment and issue of a total of 903,979,914 Consideration Shares at the Issue Price in four tranches as below:

- (i) 193,709,982 and 258,279,975 Consideration Shares shall be allotted and issued to the Vendors (or their respective nominee(s)), respectively, within one month upon Completion; and

- (ii) 64,569,994 and 86,093,325 Consideration Shares shall be allotted and issued to the Vendors (or their respective nominee(s)), respectively, in each of the three tranches within one month upon the issue of the audited consolidated financial statements of the Target Company for each of the Profit Guaranteed Period and shall be subject to the adjustment mechanism set out in the section headed “THE SALE AND PURCHASE AGREEMENT — Profit Guarantee” of this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 25% but all applicable percentage ratios are less than 100% under the GEM Listing Rules, the Acquisition constitutes a major transaction of the Company and is therefore subject to reporting, announcement and shareholder’s approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder and the Specific Mandate for the allotment and issue of Consideration Shares. To the best of the Directors’ knowledge, information and belief, as at the date of this announcement, no Shareholder has a material interest in the Sale and Purchase Agreement, the transactions contemplated thereunder and the Specific Mandate, thus no Shareholder will be required to abstain from voting on the relevant resolutions at the EGM.

A circular containing, among others, further details of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate; (iii) the financial information and other information of the Target Company; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 3 September 2021 in accordance with the GEM Listing Rules.

Completion is subject to the fulfillment (or waiver) of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 16 July 2021 in relation to the entering into a memorandum of understanding on the possible acquisition of certain equity interests in the Target Company by the Company.

The Board is pleased to announce that on 15 August 2021, the Company, the Vendors and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Interest, representing 35% of the total equity interest in the Target Company at the Consideration of RMB150,500,000 (equivalent to approximately HK\$180,796,000), which shall be satisfied by way of allotment and issue of the Consideration Shares at the Issue Price to the Vendors (or their respective nominee(s)) under the Specific Mandate credited as fully paid.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date: 15 August 2021

Parties: (i) the Company (as purchaser);
(ii) Mr. Lu Linming (as the First Vendor);
(iii) Xi'an Jurui Real Estate Co., Ltd.* (西安聚瑞置業有限公司)(as the Second Vendor);
and
(iv) Mr. Chen Xi (as Guarantor to the Second Vendor).

As at the date of this announcement, the Guarantor is the sole and ultimate beneficial owner of the Second Vendor.

Subject matters of the Acquisition

The Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Interest, representing 35% of the total equity interest in the Target Company, where the First Vendor and the Second Vendor has conditionally agreed to sell 15% and 20% of the total equity interest in the Target Company, respectively.

Consideration

The aggregate Consideration of RMB150,500,000 (equivalent to approximately HK\$180,796,000) shall be satisfied entirely by the allotment and issue of a total of 903,979,914 Consideration Shares at the Issue Price in four tranches as below:

(i) 193,709,982 and 258,279,975 Consideration Shares shall be allotted and issued to the First Vendor and the Second Vendor (or their respective nominee(s)), respectively, within one month upon Completion; and

- (ii) 64,569,994 and 86,093,325 Consideration Shares shall be allotted and issued to the First Vendor and the Second Vendor (or their respective nominee(s)), respectively, in each of the three tranches within one month upon the issue of the audited consolidated financial statements of the Target Company for each of the Profit Guaranteed Period and shall be subject to the adjustment mechanism set out in the sub-section headed “Profit Guarantee” below.

Basis for determination of the consideration

The Consideration was determined based on arm’s length negotiations between the Company and the Vendors, with reference to, the market value of 35% equity interest of the Target Group of approximately RMB212 million (equivalent to approximately HK\$255 million) based on a valuation carried out by an independent firm of professional valuer as at 30 June 2021, the unaudited consolidated net profits after tax of the Target Company of approximately RMB40,336,000 (equivalent to approximately HK\$48,456,000) for the financial year ended 31 December 2020 and the price to earnings ratio of the comparable companies which engaged in similar business as the Target Company. The Board has also taken into consideration of various factors which include, among others, the business development and future prospects of the Target Company and the reasons for and benefits of the Acquisition as stated under the section headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” below.

Based on the above, the Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Consideration Shares

The 903,979,914 Consideration Shares represent approximately (i) 38.18% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 27.63% of the total issued share capital of the Company as enlarged by the allotment and issue of all of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to the completion of the issue of the last tranche of Consideration Shares and that there is no downward adjustment in the number of Consideration Shares to be allotted and issued).

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued, will rank pari passu in all respects with the existing Shares in issue.

Issue Price

The Issue Price of HK\$0.2 per Consideration Share represents:

- (i) a premium of approximately 8.11% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange as at the last trading day for the Shares on the Stock Exchange prior to the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 7.87% to the average closing price of approximately HK\$0.1854 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 7.01% to the average closing price of approximately HK\$0.1869 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined after arm's length negotiation between the Company and the Vendors with reference to, among others, the prevailing market prices of the Shares immediately prior to the date of entering into the Sale and Purchase Agreement, the recent trading volume of the Shares and the business prospects of the Group. The Directors consider that the Issue Price is fair and reasonable.

Profit Guarantee

The Vendors guarantee to the Company that the audited consolidated net profits after tax of the Target Company for each of the Profit Guaranteed Period (the “**Actual Profit**”) shall be not less than RMB30,000,000 (the “**Guaranteed Profit**”).

In the event that the Actual Profit for any of the Profit Guaranteed Period is less than the Guaranteed Profit (the “**Underperformed Period**”), the number of Consideration Shares to be allotted and issued to the Vendors (or their respective nominee(s)) for the Underperformed Period shall be adjusted downward in accordance with the following formula:

$$D = \frac{(\text{Guaranteed Profit} - \text{Actual Profit}) \times 14.3 \times \text{the Sale Interest}}{\text{Issue Price}}$$

whereas D = The number of Consideration Shares to be deducted from the agreed number of Consideration Shares to be allotted and issued (the “**Deducted Consideration Shares**”)

PROVIDED THAT:

- (i) subject to the provision in (ii) below, if D equals to or exceeds the agreed number of Consideration Shares to be allotted and issued for that Underperformed Period or if the Target Company is loss-making for that Underperformed Period, the Company shall not allot and issue any Consideration Shares for that period; and
- (ii) however, in the event that the Actual Profit for any of the Profit Guaranteed Period is less than the Guaranteed Profit, yet the aggregate Actual Profit for the entire Profit Guaranteed Period is not less than RMB90,000,000, the Company shall allot and issue the Deducted Consideration Shares to the Vendors (or their respective nominee(s)) within one month upon the issue of the audited consolidated financial statements of the Target Company for the last Profit Guaranteed Period.

Notwithstanding the above, the aggregate Consideration Shares to be allotted and issued to the Vendors (or their respective nominee(s)) under the Sale and Purchase Agreement shall not exceed 903,979,914 or the total number of Shares to be held by the Vendors (or their respective nominee(s)) and their respective associates (as defined in the GEM Listing Rules) immediately after the issue of the relevant tranche of the Consideration Shares shall not exceed 30% of the enlarged share capital of the Company immediately after the issue of the relevant tranche of the Consideration Shares (whichever is lower).

In the event that the total number of Shares to be held by the Vendors (or their respective nominee(s)) and their respective associates (as defined in the GEM Listing Rules) will exceed 30% of the enlarged share capital of the Company immediately after the issue of the relevant tranche of the Consideration Shares, the issue of such Consideration Shares will be withheld and the Consideration will be settled in cash.

In the event that the public float will be lower than 25% of the issued share capital of the Company immediately upon completion of the issue of any Consideration Shares, the issue of such Consideration Shares will be withheld and adjourned until the issuance of such Consideration Shares would not render the public float of the Company to fall below 25%.

Conditions precedent

Completion is conditional upon:

- (A) the Shareholders passing the resolutions at the EGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the issue of Consideration Shares under the Specific Mandate as Consideration;
- (B) the directors and shareholders of the Second Vendor passing the resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder;

- (C) the shareholders of the Target Company (other than the Vendors) passing the resolutions and/or issuing a confirmation for waiving their respective pre-emptive rights;
- (D) the Company and the Vendors having obtained all other necessary authorisations, approvals and consents from other third parties for or in connection with the Acquisition contemplated under the Sale and Purchase Agreement;
- (E) the Listing Committee of the Stock Exchange granting the Company the listing of, and permission to deal in, the Consideration Shares and the Stock Exchange granting the waiver or no objection in relation to the transactions contemplated under the Sale and Purchase Agreement;
- (F) the Vendors having completed the approval or filing procedures in relation to the Acquisition contemplated under the Sale and Purchase Agreement with the government departments responsible for approving/filing of overseas investments in PRC, including but not limited to the necessary approval or filing procedures of overseas investments, foreign exchange registration and other government procedures in relation to the Company's issuing of Consideration Shares to the Vendors as required under the applicable PRC laws (if applicable);
- (G) the shareholders of the Target Company issuing an undertaking to undertake that they will enter into a new shareholders' agreement upon Completion, which shall replace all the previous shareholders' agreement(s) entered into prior to Completion;
- (H) the equity interest of the Target Company held by the Vendors having been true and complete, and there having been no holding of equity interest on trust or any lien or other encumbrances attached to the Sale Interest, and there having been no dispute in any form concerning the ownership of the Sale Interest;
- (I) the Company being satisfied with the results of the due diligence review of the Target Group in relation to its business, trade, legal, financial, taxation, asset and other conditions deemed necessary and appropriate by the Company's agent or professional party appointed by the Company (regardless of legal, accounting, financial, operational, property or other aspects that the Company may consider necessary);
- (J) there having been no material adverse change concerning the assets, business or prospects of the Target Group throughout the period from 30 June 2021 to the Completion Date (including the Completion Date), and the warranties given by the Vendors under the Sale and Purchase Agreement remaining true, accurate and correct in all respects and not misleading in any respects as at the date of the Sale and Purchase Agreement and the Completion Date;
- (K) there having been no change to the registered capital of the Target Company throughout the period from 30 June 2021 to the Completion Date (including the Completion Date);

- (L) none of the Vendors nor the Guarantor having any dispute or agreement with any party which may prevent the completion of the transactions contemplated under the Sale and Purchase Agreement;
- (M) no governmental authority having promulgated, issued, implemented or enforced any validly subsisting laws, regulations, rules, administrative orders, decrees, judgments, interlocutory or permanent injunctions or other orders, that may prohibit or otherwise prevent the completion of the transactions contemplated under the Sale and Purchase Agreement; and
- (N) there having been no breach by any party to the Sale and Purchase Agreement.

All parties shall fulfil or procure to fulfil the conditions precedent, and upon knowing any circumstances which may prevent the fulfilment of any of the conditions precedent, notify the other parties of such circumstances in writing.

Any party may notify in writing the other party its waiver of any of the conditions precedent to be fulfilled by that other party (except conditions (A) to (F) set out above).

If any of the above conditions precedent is not satisfied or otherwise waived on or before the Long Stop Date, the innocent party may:—

- (A) terminate the Sale and Purchase Agreement and all contents therein;
- (B) agree in writing with the other parties to postpone the Long Stop Date to another date.

Guarantee

The Guarantor, in consideration of the Company entering into the Sale and Purchase Agreement, unconditionally and irrevocably guarantees the full performance of all responsibilities, obligations, representations and warranties of the Second Vendor under the Sale and Purchase Agreement. The Company has the right to oblige the Guarantor to fulfil his obligations as guarantor without initiating any legal action against the Second Vendor. In any event that the Second Vendor fails to fulfill any of its obligations under the Sale and Purchase Agreement by whatsoever reason, the Company has the right to oblige the Guarantor to fulfill his obligation as guarantor.

Completion

Subject to the fulfilment (or waiver as the case maybe) of all the conditions precedent mentioned above, Completion shall take place on the Completion Date.

INFORMATION OF THE GROUP

The Group is principally engaged in offering a wide range of value-added and internet payment services to its customers and controls one of the only six payment service licences for nationwide prepaid cards and internet payment services in the PRC.

INFORMATION OF THE VENDORS AND THE GUARANTOR

The First Vendor is a director of the Target Company.

The Second Vendor is a company established in the PRC with limited liability and is principally engaged in property development, sales and management. The Second Vendor is ultimately wholly owned by the Guarantor.

The Guarantor is a director of the Target Company and the sole director of the Second Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors, the Guarantor and their respective ultimate beneficial owners (as applicable) are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and, together with its subsidiaries, is principally engaged in the provision of health and medical services related information technology solutions and smart terminal devices, utilising digitalisation and artificial intelligence technology. Its customers and business partners include but not limited to hospitals, medical institutions, healthcare institutions, universities, medical colleges and financial institutions.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the key financial data of the Target Company, extracted from its unaudited consolidated financial statements for the three financial years ended 31 December 2020:

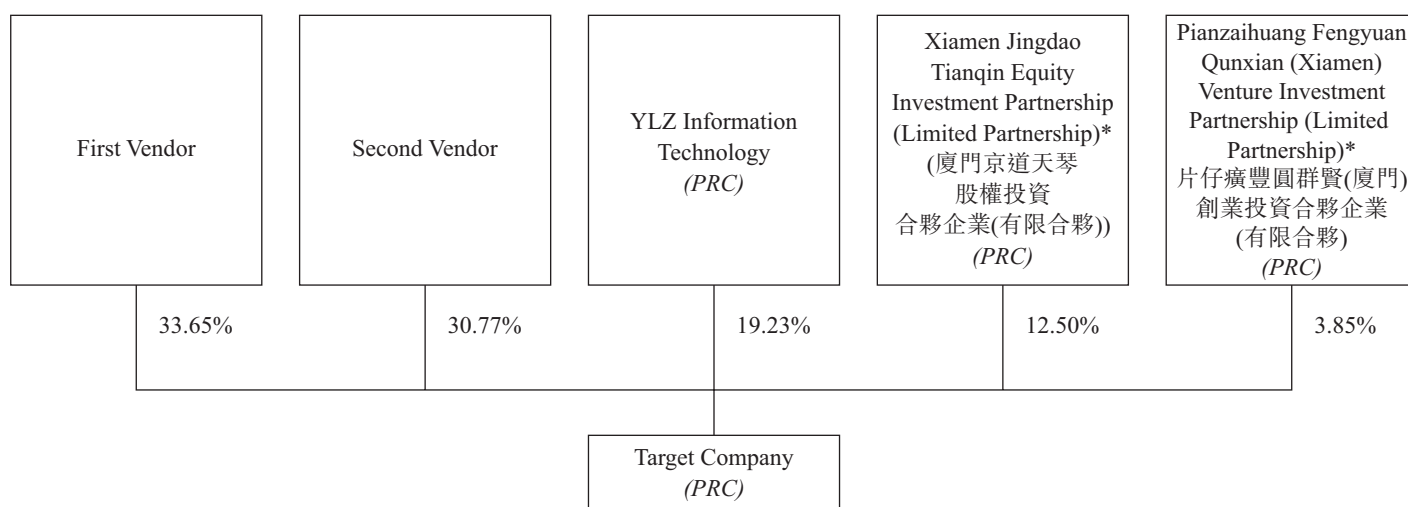
	For the financial years ended 31 December		
	2018	2019	2020
	<i>RMB</i> (unaudited)	<i>RMB</i> (unaudited)	<i>RMB</i> (unaudited)
Revenue	116,597,721	148,723,582	140,712,295
Net profit before tax	24,795,255	45,774,993	44,095,835
Net profit after tax	26,442,229	41,359,972	40,336,245

Upon Completion, the Company will hold 35% of the total issued share capital of the Target Company and the Target Company will be treated as an associate of the Company. Given the Target Company will not be a subsidiary of the Company, its financial results will not be consolidated into the consolidated financial results of the Group.

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

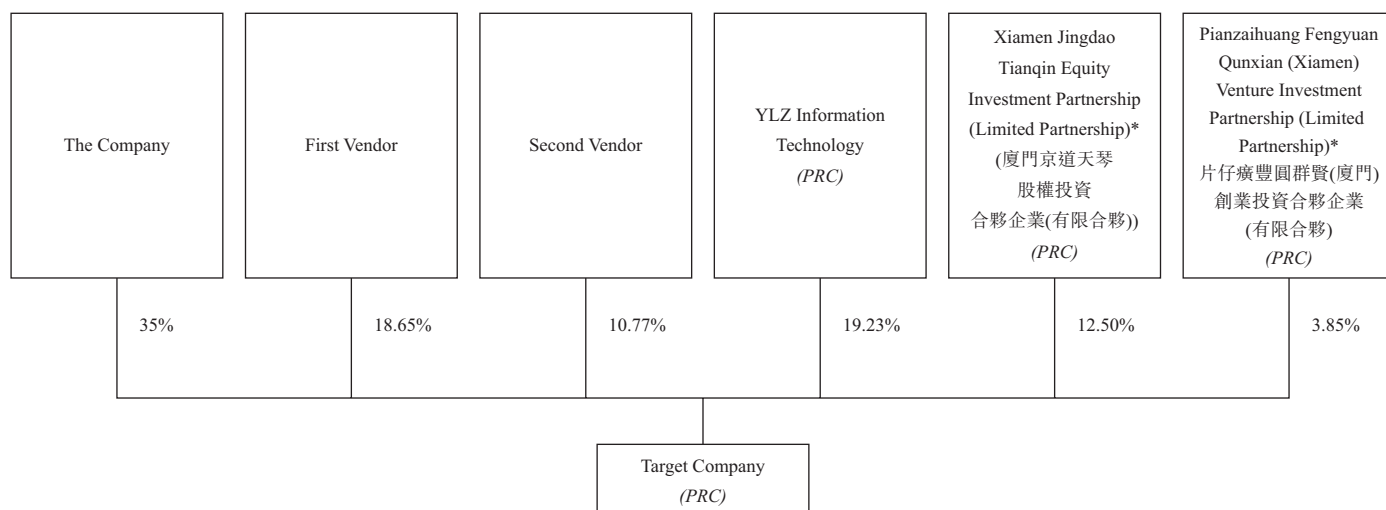
The following charts show the shareholding structure of the Target Group as at the date of this announcement and immediately upon Completion:

Shareholding structure of the Target Company as at the date of this announcement



To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save that Mr. Zhang Xi, an executive Director and the chairman of the Board, who is interested in approximately 16.21% of the equity interest in YLZ Information Technology, each of the shareholders of the Target Company (other than the Vendors) and their respective ultimate beneficial owners (as applicable) are Independent Third Parties.

Shareholding structure of the Target Company immediately upon Completion



REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been exploring new opportunities to diversify its business as well as to broaden its revenue source. The Directors are of the view that the application of information technology solutions and smart terminal devices in the health and medical fields have strong growth and development potential. Having considered the financial performance of the Target Company for the three financial years ended 31 December 2020, the development potential of the Target Company, together with the Profit Guarantee, the Directors believe that the Acquisition will enable the Group to expand its business scope, increase its profitability and bring more considerable returns to its Shareholders.

The Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after allotment and issue of all of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to the completion of the issue of the last tranche of Consideration Shares and that there is no downward adjustment of the number of Consideration Shares to be allotted and issued):

	As at the date of this announcement		Immediately after allotment and issue of all of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>
Sino Starlet Limited (Note 2)	170,000,000	7.18	170,000,000	5.20
Mr. Zhang Chang	93,090,000	3.93	93,090,000	2.85
Mr. Lin Xiaofeng (Note 3)	11,000,000	0.46	11,000,000	0.34
First Vendor (or his nominee(s))	—	—	387,419,963	11.84
Second Vendor (or its nominee(s))	—	—	516,559,951	15.79
Other Shareholders	2,093,528,693	88.42	2,093,528,693	63.99
Total	2,367,618,693	100.00	3,271,598,607	100.00

Notes:

- 1. Due to rounding off of numbers, the shareholding percentage for each of the member of the shareholders in the above table may not add up to the aggregate shareholding percentage of the Company.*
- 2. Sino Starlet Limited is wholly-owned by Mr. Zhang Chang.*
- 3. Mr. Lin Xiaofeng is an executive Director.*

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 25% but all applicable percentage ratios are less than 100% under the GEM Listing Rules, the Acquisition constitutes a major transaction of the Company and is therefore subject to reporting, announcement and shareholder's approval requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, and the Specific Mandate for the allotment and issue of Consideration Shares. To the best of the Directors' knowledge, information and belief, as at the date of this announcement, no Shareholder has a material interest in the Sale and Purchase Agreement, the transactions contemplated thereunder and the Specific Mandate, thus no Shareholder will be required to abstain from voting on the relevant resolutions at the EGM.

GENERAL

A circular containing, among others, further details of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate; (iii) the financial information and other information of the Target Company; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 3 September 2021 in accordance with the GEM Listing Rules.

Completion is subject to the fulfillment (or waiver) of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Interest in the equity interest of the Target Company by the Company pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	China Smartpay Group Holdings Limited (中國支付通集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8325)
“Completion”	completion of the Acquisition in accordance with the terms and conditions under the Sale and Purchase Agreement
“Completion Date”	the fifth Business Day after the date of fulfillment (or waiver) of all conditions precedent under the Sale and Purchase Agreement (or such other date as the parties to the Sale and Purchase Agreement may agree in writing), on which day Completion shall take place
“Consideration”	the consideration for the Acquisition, being RMB150,500,000 (equivalent to approximately HK\$180,796,000)
“Consideration Share(s)”	new Share(s) to be issued by the Company to settle the Consideration
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares
“First Vendor”	Mr. Lu Linmin (盧林銘), a director of the Target Company and holds approximately 33.65% equity interest of the Target Company as at the date of this announcement

“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Guarantor”	Mr. Chen Xi (陳曦), the sole and ultimate beneficial owner of the Second Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	individual(s) or company(ies) who or which to the best of the Directors’ knowledge information and belief having made all reasonable enquires is/are not a connected person of the Company
“Issue Price”	HK\$0.2, being the issue price per Consideration Share
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Long Stop Date”	30 November 2021 (or such other date as the parties to the Sale and Purchase Agreement may agree in writing)
“Profit Guaranteed Period”	the financial years ending 31 December 2021, 31 December 2022 and 31 December 2023
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15 August 2021 entered into between the Company, the Vendors and the Guarantor in relation to the Acquisition
“Sale Interest”	the 35% equity interest in the Target Company to be acquired by the Company pursuant to the Sale and Purchase Agreement

“Second Vendor”	Xi'an Jurui Real Estate Co., Ltd.* (西安聚瑞置業有限公司), a company incorporated in the PRC with limited liability, which holds approximately 30.77% equity interest of the Target Company as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be obtained by the Board at the EGM for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fujian Medical Union Health Care Information Technology Co., Ltd.* (福建醫聯康護信息技術有限公司), a company incorporated in PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendors”	comprises of the First Vendor and the Second Vendor
“YLZ Information Technology”	YLZ Information Technology Co. Ltd.* (易聯眾信息技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300096), which owns as to approximately 19.23% of equity interests in the Target Company as at the date of this announcement
“%”	per cent

* *For identification purpose only*

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

Hong Kong, 15 August 2021

As at the date of this announcement, the Board comprises (i) four executive Directors, namely, Mr. Zhang Xi, Mr. Wu Hao, Mr. Lin Xiaofeng and Mr. Song Xiangping; and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.

For the purposes of this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1 to HK\$1.2013 for the purpose of illustration only.

This announcement, for which all 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 Listed Company Information” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting. The announcement will also be published on the Company’s website at <http://www.chinasmartpay.com>.