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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO OF THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT IN RELATION TO COOPERATION WITH THE SHANGHAI BRANCH OF BANK OF COMMUNICATIONS CO., LTD.

This announcement is made by China Smartpay Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The board (the “**Board**”) of directors (“**Director(s)**”) of the Company hereby announces that on 30 August 2021, Open Union Payment Services Limited* (開聯通支付服務有限公司) (“**Open Union**”), an indirect wholly-owned subsidiary of the Company, entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) with the Shanghai Branch (“**BoCoM Shanghai**”) of Bank of Communications Co., Ltd. (“**BoCoM**”) (a joint stock company incorporated in the People’s Republic of China (“**PRC**”) with limited liability, whose H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with stock code: 3328), pursuant to which the parties have agreed to establish a long term strategic cooperation relationship for developing all-around financial business cooperation as permitted by the national policies as well as laws, rules and regulations.

It is also agreed that the scope of the foregoing cooperation includes Open Union’s opening of Payment Institute Account (PIA) with BoCoM Shanghai for providing trade finance services (including cross-border Renminbi settlement services) in relation to cross-border trades, financial technology services in relation to digital currency and healthcare-related payment, inclusive finance services as well as fund clearance services in relation to debit card and credit card internet payment, etc.

It is further agreed that Open Union and BoCoM Shanghai would separately enter into business agreement(s) or contract(s) specifying the details of cooperation based on the Strategic Cooperation Framework Agreement, which will in any event be carried out in compliance with the national laws, rules and regulations as well as subject to the required approval conditions and formalities.

The Strategic Cooperation Framework Agreement shall take effect upon the date of its signing and shall remain valid for a period of three years. Any business agreement(s) or contract(s) entered into during such validity period will not be affected notwithstanding termination of the Strategic Cooperation Framework Agreement. In this relation, after the Strategic Cooperation Framework Agreement having become effective, the Strategic Cooperation Framework Agreement shall not be unilaterally terminated by any party. Any party to the Strategic Cooperation Framework Agreement, who intends to vary or terminate the Strategic Cooperation Framework Agreement, shall serve a prior 30-day written notice to another party and the Strategic Cooperation Framework Agreement shall only be varied or terminated after mutual agreement by both the parties.

REASONS FOR THE ENTERING INTO OF THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group is principally engaged in operating prepaid cards and internet payment business, prestige benefits services in the PRC and merchant acquiring business in Thailand and controls one of the only six payment service licences for nationwide prepaid cards and internet payment services in the PRC.

BoCoM (including BoCoM Shanghai) is principally engaged in banking and related financial services.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of BoCoM Shanghai and BoCoM is a third party independent of and not connected with the Company and/or its connected person(s) (as defined in the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of the Stock Exchange).

As disclosed in the annual report of the Company for the year ended 31 March 2021, for the Group’s internet payment business, it focuses on areas with rapid growth potentials and strives to establish partnerships with various parties to provide secure and convenient internet payment services for different financial institutions and bulk commodity trading platforms on one hand, and provide cross-border payment and custom clearance services for cross-border e-commerce enterprises on the other hand. Being one of the limited national prepaid card enterprises, the Group will utilise the resources of its branches to vigorously develop prepaid cards business across the nation in the future and intensively strengthen its presence in the areas of industry cooperation by leveraging its own advantages. As disclosed in the first quarterly report of the Company for the three months ended 30 June 2021, the Group will keep proactive to seek business opportunities that will contribute and sustain the Group’s future development in generating better return to the shareholders of the Company.

By entering into of the Strategic Cooperation Framework Agreement with BoCoM Shanghai, the Group can leverage its experience, expertise and competitive strength in internet payment and third party payment to cooperate with BoCoM Shanghai (such as providing relevant payment services to its clients) and to bring synergy to the business operations between the Group and BoCoM Shanghai, while the resources, network and clientele of BoCoM Shanghai will help the Group expand and strengthen its market size, revenue base and growth potential as well as diversify its businesses in areas such as cross-border e-commerce payment and settlement, healthcare-related payment and financial technology, which may overall bring better return to its shareholders.

In view of the foregoing, the Board considers that the entering into of the Strategic Cooperation Framework Agreement is in the interest of the Company and its shareholders as a whole.

GENERAL

The Board wishes to emphasise that the Strategic Cooperation Framework Agreement merely provides a framework for the cooperation between the Group and BoCoM Shanghai. The terms of cooperation contemplated under the Strategic Cooperation Framework Agreement are subject to the terms of the separate business agreement(s) or contract(s) to be subsequently entered into between the Group and BoCoM Shanghai from time to time. As at the date of this announcement, the Group and BoCoM Shanghai have not entered into any legally binding business agreement(s) or contract(s) in relation to any specific cooperation matters as contemplated under the Strategic Cooperation Framework Agreement. If any business agreement(s) or contract(s) to be entered into for such cooperation constitutes a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules, further announcement(s) will be made by the Company as and when appropriate.

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

Hong Kong, 6 September 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.

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>.

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