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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)

PROFIT WARNING

This announcement is made by China Smartpay Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the management accounts of the Group for the year ended 31 March 2017, without the recognition of fair value loss in relation to approximately 18.29% of the equity interests in Zhi Cheng Holdings Limited (stock code: 8130), the Group reported a loss of approximately HK\$104,140,000 for the year ended 31 March 2017 as compared with a loss of approximately HK\$69,269,000 for the year ended 31 March 2016.

Without the Zhi Cheng-related fair value loss, the Group reported a profit of approximately HK\$3,613,000 for the three months ended 31 March 2017 as compared with a loss of approximately HK\$54,702,000 in the three months ended 31 December 2016.

Overall, the Group is expected to record a significant increase in the net loss after tax to approximately HK\$172,720,000 for the year ended 31 March 2017 as compared with a net profit after tax of approximately HK\$70,431,000 recorded for the year ended 31 March 2016. The substantial loss for the year is mainly attributable to 1) the Zhi Cheng-related fair value loss approximately HK\$68,580,000 (2016: fair value gain approximately HK\$139,700,000), 2) operating loss of approximately HK\$15,049,000 in relation to the newly established Chongqing-based internet micro-credit company (2016:

nil) and 3) interest expense related to bonds and convertible bonds of approximately HK\$30,932,000 (2016: approximately HK\$5,315,000).

The Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2017. The information contained in this announcement is only based on the preliminary assessment by the management of the Company on the latest unaudited consolidated management accounts of the Group for the year ended 31 March 2017 and is not based on any figure or information which has been audited or reviewed by the Company's auditors. Finalised annual results of the Group for the year ended 31 March 2017 will be disclosed in the annual results announcement of the Group, which is expected to be released on or about 23 June 2017.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 June 2017

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

This announcement, for which the directors of the Company 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 in this announcement misleading.

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