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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**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the information currently available to the Board and the preliminary review and assessment on the unaudited consolidated management accounts of the Group for the year ended 31 March 2020, the Group is expected to record an unaudited consolidated loss of approximately HK\$700 million for the year ended 31 March 2020 (“**FY2020**”) as compared with that of approximately HK\$308 million for the year ended 31 March 2019. To the best knowledge of the Directors, the significant increase in the unaudited consolidated loss for FY2020 was mainly attributable to the combined effect of (i) the impairment loss recognised on goodwill of approximately HK\$400 million and HK\$60 million associated with the Group’s prepaid card and internet payment cash-generating unit and its prestige benefits cash-generating unit, respectively; (ii) the loss allowance and write-off of trade, loan and other receivables in an aggregate amount of approximately HK\$60 million; (iii) the administrative penalty in an aggregate amount of approximately HK\$26 million imposed by the operation office of the People’s Bank of China (the “**PBOC**”) on 開聯通支付服務有限公司 (Open Union Payment Services Limited*) (“**Open Union**”), an indirect wholly-owned subsidiary of the Company, on 17 January 2020 for its non-compliance incidents (details of which are disclosed in the Company’s announcement dated 28 February 2020); (iv) the temporary suspension of access to new business by Open Union due to the investigation carried out by the operation office of the PBOC for the foregoing non-compliance incidents; and (v) the adverse impact on the Group’s overall business performance and financial results caused by the outbreak of the COVID-19 pandemic.

The Company is still in the process of finalising the annual results of the Group for FY2020. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group and the information currently available to the Board, which are yet to be audited by the Company's auditors, and are subject to finalisation and any further possible adjustments. Actual financial results of the Group may be different from the information as disclosed in this announcement. Shareholders of the Company and potential investors are advised to read carefully the results announcement of the Company for FY2020, which is expected to be released after the Board meeting to be held on 30 June 2020.

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
Song Qian
Chairlady

Hong Kong, 22 June 2020

As at the date of this announcement, the Board comprises (i) five executive Directors, namely, Mr. Yan Dinggui, Ms. Song Qian, Mr. Song Xiangping, Mr. Lin Xiaofeng and Mr. Liu Liang and (ii) three independent non-executive Directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng and Dr. Yuan Shumin.

This announcement, for which 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 and on the Company's website at <http://www.chinasmartpay.com>.

* *For identification purpose only*