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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)

- (1) RESUMPTION GUIDANCE;**
- (2) QUARTERLY UPDATE ON RESUMPTION PROGRESS;**
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ANNUAL RESULTS AND DESPATCH OF 2023 ANNUAL REPORT;**
- (4) FURTHER DELAY IN PUBLICATION OF 2023 FIRST QUARTERLY
RESULTS AND DESPATCH OF
2023 FIRST QUARTERLY REPORT;**
- AND**
- (5) CONTINUED SUSPENSION OF TRADING**

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 (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcement (the “**Rule 17.21 Announcement**”) of the Company dated 9 May 2023 in relation to the disclosure under Rule 17.21 of the GEM Listing Rules; and (ii) the announcements (collectively, the “**Announcements**”) of the Company respectively dated 30 June 2023, 7 August 2023, 14 August 2023 and 31 August 2023 in relation to, among others, delay in publication and/or despatch of its annual results and annual report for the year ended 31 March 2023 as well as its first quarterly results and first quarterly report for the three months ended 30 June 2023, as the case may be. Unless otherwise stated, capitalised terms used herein shall have the same meaning as ascribed to them in the Rule 17.21 Announcement and the Announcements.

RESUMPTION GUIDANCE

On 27 September 2023, the Company received a letter from the Stock Exchange setting out the following guidance for the resumption of trading in the Company's shares (the "**Resumption Guidance**"):

- (a) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- (b) demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules; and
- (c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the GEM Listing Rules to the satisfaction of the Stock Exchange before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance if the Company's situation changes.

Further guidance

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 2 July 2024. If the Company fails to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 2 July 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 9.01 and 9.15 of the GEM Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company must also comply with the GEM Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

While trading is suspended, the Company is also reminded of its obligations under the GEM Listing Rules including, but not limited to, the following:

- (a) keep the duration of any trading suspension to the shortest possible period as required under Rule 9.09 of the GEM Listing Rules;

- (b) comply with its continuing obligations under the GEM Listing Rules at all times, for example, those applying to notifiable and/or connected transactions under Chapters 19 and 20 of the GEM Listing Rules and publication of periodic financial results and reports and, if they are not available, management accounts under Chapter 18 of the GEM Listing Rules;
- (c) announce inside information required to be disclosed under Part XIVA of the SFO; and
- (d) announce quarterly updates on its developments under Rule 17.26A of the GEM Listing Rules including, among other relevant matters:
 - its business operations;
 - its resumption plan with details of actions that it has taken and intends to take to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the GEM Listing Rules and resume trading. The resumption plan should be accompanied with a clear timeframe in respect of each stage of work under the plan with a view that the Resumption Guidance can be fulfilled and trading can resume as soon as practicable and, in any event before the 12-month period expires;
 - the progress of implementing its resumption plan; and
 - details of any material change to the resumption plan and, in the case of delay, the reasons and impact of such delay.

The Company shall announce quarterly update(s) every 3 months from 2 October 2023 until resumption or cancellation of listing (whichever is earlier).

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules to update its shareholders and potential investors on the progress in complying with the Resumption Guidance.

QUARTERLY UPDATE ON RESUMPTION PROGRESS

A. Business operations of the Group

As at the date of this announcement, the Group is principally engaged in operating prepaid cards and internet payment business in the People's Republic of China (the "PRC").

With respect to the Group's prepaid card business, during the year ended 31 March 2023 (the **"Relevant Period"**), the Group continued to focus on its self-issued and co-branded card business by, among others, issuing co-branded cards in partnership with corporate clients in need, such as pension real estate developers, commercial properties developers and internet sales platforms in the PRC, which enables the Group to enhance its B2C service experience by promoting B2B cooperation and empowerment. As of March 2023, the Group's prepaid card business has expanded to 13 provinces, collaborated with over 1,600 merchants, and accumulated more than 10 million customers with around 10 million cards issued. The Group's prepaid card business has also reached cooperation with 9 commercial real estate developers, pension real estate developers and internet e-commerce service platforms. During the Relevant Period, 537 new merchants were contracted for the Group's prepaid card business, resulting in more than 300,000 new customers and 520,000 new cards issued. As one of the few nationwide prepaid card enterprises in the PRC, the Company will (i) utilise the resources of its local branches to expand its prepaid card business across the country; (ii) issue its own branded multi-purpose prepaid cards; and (iii) continue to strengthen its presence in industry cooperation by leveraging its own advantages.

With respect to the Group's internet payment business, during the Relevant Period, the Group continued to provide safe and convenient internet payment services for various online merchants and bulk commodity trading platforms. As a result, as of March 2023, more than 500 new merchants were contracted for the internet payment business, bringing more than 3,000 contracted merchants in aggregate. While focusing on the development of third-party payment, the Group has also strived to promote the expansion of cross-border Renminbi (**"RMB"**) business by providing cross-border RMB payment services for cross-border e-commerce companies, trade in goods and service trade companies during the Relevant Period.

Given that, during the Relevant Period, the Group's prestige benefits business, which focused on credit card benefits and other membership benefits, had not recovered as initially expected as it hinged much on social leisure activities, and was hard hit by the implementation of anti-COVID-19 control and social distancing measures in the PRC, such business eventually ceased operation in the second half of the financial year ended 31 March 2023.

Save as disclosed above, since the suspension of trading in the securities of the Company and up to the date of this announcement, the Group is carrying on its business operations as usual in all material respects and will continue to closely monitor its financial position and business operations.

B. Updates on audit progress for the 2023 Annual Results

The Board would like to provide updates on the audit progress for the 2023 Annual Results as at the date of this announcement:

- (a) Neither has any settlement or repayment plan for the Bonds been reached among the Company and the Bondholders nor have any concrete fund raising opportunities been arisen and concluded. Nevertheless, based on the present situation, the Company has prepared and is finalising the Group's cashflow forecast for its going concern and will present the same to the Auditors for their review.
- (b) Roma and the Company are finalising the valuation and the impairment assessment conducted on the Group's interest in CULC, and will present the same to the Auditors for their review.
- (c) Certain confirmations for loan receivables and bonds payable from the relevant counterparties remain outstanding and the Auditors are yet to complete the relevant audit procedures.

C. Resumption plan and progress

The Company is currently taking necessary steps to resolve the issues causing the suspension in trading in its shares and to comply with the GEM Listing Rules to the satisfaction of the Stock Exchange, and will seek to resume trading in its shares as soon as possible.

Further announcement(s) in relation to its business operations and the status of resumption will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

FURTHER DELAY IN PUBLICATION OF 2023 ANNUAL RESULTS AND DESPATCH OF 2023 ANNUAL REPORT

In view of the latest status of the Group's audit progress as mentioned in the paragraph headed "B. Updates on audit progress for the 2023 Annual Results" above, additional time is required for the Group to receive all such outstanding confirmations from the relevant counterparties, which are subject to review by the Auditors, and for the Auditors to review further information and/or documents to be provided by the Company and to complete the audit procedures and, hence, there will be a further delay in publication and/or despatch of the 2023 Annual Results and the 2023 Annual Report, as the case may be.

The Company will continue to use its best endeavours to assist and cooperate with the Auditors in completing the outstanding audit work and procedures for the 2023 Annual Results, so that the 2023 Annual Results and the 2023 Annual Report can be published and/or despatched to the Shareholders, as the case may be, as soon as practicable. Based on the present situation and recent discussions with the Auditors, it is expected that the 2023 Annual Results will be published by the Company on or before 31 December 2023.

FURTHER DELAY IN PUBLICATION OF 2023 FIRST QUARTERLY RESULTS AND DESPATCH OF 2023 FIRST QUARTERLY REPORT

In contemplating that the 2023 Annual Results will be published by the Company by the end of December 2023, after having recent discussions with the Auditors, there will be a further delay in publication and/or despatch of the 2023 First Quarterly Results and the 2023 First Quarterly Report correspondingly, as the case may be, which are expected to be published by the Company on or before 31 December 2023.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on Monday, 3 July 2023, pending the publication and/or despatch of the 2023 Annual Results, the 2023 Annual Report, the 2023 First Quarterly Results and/or the 2023 First Quarterly Report, as the case may be. As a result, trading in the shares of the Company on the Stock Exchange will continue to be suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 29 September 2023

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 Stock Exchange website at www.hkexnews.hk 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>.