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CREDIT CHINA HOLDINGS LIMITED

(中國信貨控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8207)

ISSUE OF HK\$300,000,000 6% UNSECURED CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board is pleased to announce that on 10 May 2015, the Subscriber (a direct wholly-owned subsidiary of Shenzhen Aisidi Co., Ltd.) has entered into the Subscription Agreement with the Company, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$300,000,000 at 100% of the principal amount of the Convertible Bonds.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$2.60, the Convertible Bonds will be convertible into 115,384,615 Conversion Shares (subject to adjustments as set out in the conditions for issue of the Convertible Bonds), representing approximately 3.57% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.44% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

The Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds. No listing application will be made for the Convertible Bonds on the Stock Exchange or any other stock exchange.

Completion of the Subscription Agreement is subject to fulfillment or waiver of the conditions precedent set out in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

ISSUE OF UNLISTED CONVERTIBLE BONDS

The Board is pleased to announce that on 10 May 2015, the Subscriber has entered into the Subscription Agreement with the Company, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$300,000,000 at 100% of the principal amount of the Convertible Bonds. Below is a summary of the terms and conditions of the Subscription Agreement and the Convertible Bonds:

SUBSCRIPTION AGREEMENT

Date: 10 May 2015

Parties: (1) the Company
(2) the Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and Shenzhen Aisidi Co., Ltd. and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Completion Conditions

Completion of the issuance by the Company of, and the subscription by the Subscriber for, the Convertible Bonds is conditional upon:

- (i) if applicable, the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares;
- (ii) if applicable, the relevant governmental authorities having granted approvals, clearances, consents, authorizations and (if applicable) waivers to the Company as may be required by the applicable laws of Hong Kong for the transactions contemplated under the Subscription Agreement, and in case if any such approvals, clearances, consents, authorizations are subject to any conditions, all such conditions shall have been fulfilled or waived;

- (iii) the representations and warranties by the Company under the Subscription Agreement being true and accurate in all material respects on the date of the Subscription Agreement and on the Completion Date; and
- (iv) the passing of shareholders' resolutions of the Subscriber's holding company to give effect approving the subscription of the Convertible Bonds by the Subscriber.

If the Completion Conditions have not been fulfilled or waived by 5:00 p.m. on the date that is one month following the date of the Subscription Agreement (or such later date as the Company and the Subscriber may agree in writing), then none of the Company and the Subscriber shall be bound to proceed with completion of the Subscription Agreement and the Subscription Agreement shall cease to be of any effect, save for any antecedent breaches of the Subscription Agreement.

Completion of the Subscription Agreement shall take place on the tenth Business Day after the fulfilment of the Completion Conditions or such other date as the Company and the Subscriber may agree in writing. At Completion, the Company shall issue the Convertible Bonds to the Subscriber and the Subscriber shall pay to the Company the principal amount of HK\$300,000,000 in cash.

Lock-up

The Company has agreed under the Subscription Agreement that neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Convertible Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Convertible Bonds, the Shares or securities of the same class as the Convertible Bonds, the Shares or other instruments representing interests in the Convertible Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Subscriber between the date of the Subscription Agreement and the date which is 90 days after the Completion Date (both dates inclusive) except for:

- (i) the issue of other bonds which does not result in any material adverse effect on the obligations of the Company;
- (ii) the Conversion Shares issued upon conversion of the Convertible Bonds;

- (iii) the issue of Shares or grant of option pursuant to a share option scheme adopted by the Company; and
- (iv) the issue of Shares for cash consideration or the issue of Shares, bonds or other securities to finance any acquisition by the Company or its Subsidiaries provided that no such issue shall be made before the Completion Date.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the Subscriber and are summarised as follows:

- Principal amount:** HK\$300,000,000
- Form and denomination:** The Convertible Bonds are issued in registered form in a single denomination of HK\$300,000,000.
- Interest:** Interest on the Convertible Bonds is payable in arrears at the rate of 6.0% per annum on 30 June and 31 December in each year.
- Maturity Date:** The third anniversary of the Issue Date.
- Conversion rights:** The Holder at any time after the fortieth day from the Issue Date and up to the tenth day prior to the Maturity Date shall have the right to convert in whole or in part, the outstanding principal amount of the Convertible Bonds into such number of fully paid Shares as determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.
- Conversion Price:** HK\$2.60 per Share, subject to adjustment for, among other things, capitalisation issue, sub-division, consolidation and reclassification of Shares, distributions, offers to holders of Shares, issue of convertible or exchangeable securities, issue of new shares in discount, consideration issues and other dilutive events.

In any circumstances where the Directors or the Holder consider that an adjustment to the Conversion Price provided for under the Convertible Bonds should or should not be made or should be calculated on a different basis or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions of the Convertible Bonds, the Company and/or the Holder may appoint independent financial advisors or auditors to consider whether any modified adjustment (or the absence of adjustment) should be made and implement it accordingly. The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued below their nominal amount.

Conversion Shares:

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price, the Convertible Bonds will be convertible into a maximum of 115,384,615 new Shares (representing approximately 3.57% of the entire issued share capital of the Company as at the date of this announcement and approximately 3.44% of the entire issued share capital as enlarged by the issue of the Conversion Shares, assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

**Redemption at option
of the Company:**

The Company shall have the right to:

- Clean-up Call: on giving notice to the Holder at any time prior to the Maturity Date, redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with accrued and unpaid interest and the Additional Amount to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled; and

- Tax reasons: on giving notice (a “**Tax Redemption Notice**”) to the Holder redeem in whole, but not in part, the Convertible Bonds at their outstanding principal amount together with accrued and unpaid interest and the Additional Amount to the tax redemption date if (A) the Issuer has or will become obliged to pay additional tax amounts as provided or referred to in the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of any relevant tax jurisdiction, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 30 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Convertible Bonds then due.

**Redemption at option
of the Holder:**

Following the Shares ceasing to be listed or admitted to trading on the Stock Exchange or when the largest Shareholder (including without limitation any interests as he/she/it may be deemed to have in Shares pursuant to Part XV of the SFO) of the Shares of the Company as at the Issue Date ceases to be the largest Shareholder as aforesaid, the Holder may, within 30 days of such cessation or notice of such cessation having been given to the Subscriber (whichever shall be the later), require the Company to redeem all of its Convertible Bonds at their principal amount together with accrued and unpaid interest and the Additional Amount to the date being for the redemption as set out in the Convertible Bonds.

Redemption at maturity:

Unless previously converted, or redeemed in accordance with the terms and conditions of the Convertible Bonds, the Company will redeem the Convertible Bonds on the Maturity Date by paying the Holder all outstanding principal amount and accrued interest and the Additional Amount.

Transferability: The Convertible Bonds may be assigned or transferred in whole (but not part only) to any third party which is not a connected person of the Company within the meaning of the Listing Rules (save where the Company has first given its written consent to a transfer to a connected person), subject to compliance with (i) terms and conditions of the Convertible Bonds; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations.

Listing: No application will be made for the listing of the Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.

Ranking of Conversion Shares: The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the day when the Conversion Shares are issued.

Events of Default: The Convertible Bonds will contain customary events of default provisions which provide that on the occurrence of certain specified events of default, the Holders may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued interest and the Additional Amount.

Status of the Convertible Bonds: The Convertible Bonds constitute the direct, unsubordinated, unconditional and unsecured general obligations of the Company and shall at all times rank pari passu and without any preference among themselves.

The Conversion Price

The initial Conversion Price is HK\$2.60. The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors consider that the terms of the Conversion Price are fair and reasonable based on current market conditions and in the interest of the Company and the Shareholders as a whole.

The initial Conversion Price as at the date of the Subscription Agreement represents:

- (1) a premium of approximately 30% to the closing price of HK\$2.00 per Share as quoted on the Stock Exchange on 8 May 2015, being the last trading day immediately preceding the date of the Subscription Agreement; and
- (2) a premium of approximately 33.74% to the average closing price as quoted on the Stock Exchange of approximately HK\$1.94 per Share for the last five trading days immediately prior to 8 May 2015, being the last trading day immediately preceding the date of the Subscription Agreement.

Guarantee

Mr. Zhang Zhenxin has agreed to guarantee the due performance by the Company of all its obligations under the Convertible Bonds. The granting of the guarantee in favour of the Subscriber constitutes financial assistance given by Mr. Zhang Zhenxin for the benefit of the Group under the GEM Listing Rules. Under the GEM Listing Rules, Mr. Zhang Zhenxin is a substantial shareholder of the Company and, thus, a connected person of the Company. Therefore the financial assistance constitutes a connected transaction for the Company under the GEM Listing Rules. The Company will pay no fee nor provide any security to Mr. Zhang Zhenxin for the aforesaid guarantee. Accordingly, the financial assistance is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules. The Company considers that the financial assistance to be provided by Mr. Zhang Zhenxin is on better than normal commercial terms.

Business Co-operation with Subscriber

The Group through a wholly-owned subsidiary has entered into a joint venture agreement with a wholly-owned subsidiary of the Subscriber for the formation of a joint venture company. The joint venture company will principally be engaged in the provision of supply-chain P2P financing consultancy services to the Subscriber's downstream distributors and retailers.

Each of the Group and the Subscriber's wholly-owned subsidiary will make capital contributions to the joint venture company of RMB4.9 million and RMB5.1 million respectively, being in total RMB10 million (approximately HK\$12.5 million). The joint venture company will therefore be owned as to 49% by the Group and as to 51% by the Subscriber. Each of the Group and the Subscriber's wholly-owned subsidiary will be entitled to nominate two and three candidates to serve as directors of the joint venture company respectively. As none of the percentage ratios calculated pursuant to the GEM Listing Rules in respect of the formation of the joint venture company and the transactions contemplated under it exceed 5%, the entry into the joint venture agreement does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS

The Board considers that the issue of the Convertible Bonds represents an opportunity to raise additional funds for the Company. The estimated net proceeds from the issue of the Convertible Bonds, after deduction of related expenses, are estimated to be approximately HK\$299,000,000. The net proceeds will be utilised by the Group as its general working capital and/or for the purpose of financing future acquisitions (if any).

The Directors consider that the terms of the Subscription Agreement and the Convertible Bonds are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group

The principal activities of the Group are the provision of traditional financing services and related financial consultancy services including pawn loan service, entrusted loan service, real estate-backed loan service, microfinance service, other loan service and internet financing services including peer-to-peer (P2P) loan services, online third party payment services and related activities on loan portfolio management.

The Subscriber

The Subscriber is a direct wholly-owned subsidiary of Shenzhen Aisidi Co., Ltd., listed on Shenzhen Stock Exchange (stock code: SZ: 002416), which is engaged in the distribution and retail of mobile phones and digital electronic products and provision of value-added distribution services and customer integrated services. In 2014, Shenzhen Aisidi Co., Ltd. recorded annual turnover of over RMB48 billion, and distributed a total of over 38 million units.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not completed any equity fund raising activities in the twelve-month period immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING OF THE COMPANY

For illustrative purpose, set out below are the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds nor any change in the shareholdings as described below):

Name of Shareholder	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds	
	No. of Shares held	Approx %	No. of Shares held	Approx %
Mr. Zhang Zhenxin ⁽¹⁾	717,536,000	22.18	717,536,000	21.41
Ms. So Naoko ⁽²⁾	211,790,000	6.55	211,790,000	6.32
Shanghai Xinhua Publishing Group Limited ⁽³⁾	336,222,400	10.39	336,222,400	10.03
Mr. Ting Pang Wan, Raymond ⁽⁴⁾	341,500,000	10.55	341,500,000	10.19
Mr. Yam Tak Cheung ⁽⁵⁾	223,825,600	6.92	223,825,600	6.68
Others:				
Subscriber	–	–	115,384,615	3.44
Public	1,404,772,000	43.41	1,404,772,000	41.92
Total	<u>3,235,646,000</u>	<u>100.0</u>	<u>3,351,030,615</u>	<u>100.0</u>

Notes:

- (1) These Shares were held by Mr. Zhang Zhenxin beneficially, by First Pay Limited (the entire issued share capital of which was owned by Mr. Zhang) and by Ms. Zhang Xiaomin, who is the wife of Mr. Zhang. Therefore, Mr. Zhang was deemed to be interested in these Shares under the SFO.
- (2) These Shares were held by Silver Paragon Limited, the entire issued share capital of which was owned by Ms. Naoko So. Therefore, Ms. So was deemed to be interested in these Shares under the SFO.
- (3) These Shares were held by Jiefang Media (UK) Co. Limited. Jiefang Media (UK) Co. Limited was wholly-owned by Shanghai Xinhua Publishing Group Limited which was in turn owned by Jiefang Daily Group and its associates as to approximately 50.8% and Shanghai Greenland Group Company Limited as to approximately 39%. Therefore, under the SFO, Shanghai Xinhua Publishing Group Limited was deemed to be interested in all the Shares held by Jiefang Media (UK) Co. Limited, and each of Jiefang Daily Group and Shanghai Greenland Group Company Limited were deemed to be interested in all the Shares which Shanghai Xinhua Publishing Group Limited was deemed to be interested in.

- (4) These Shares were held by Mr. Ting Pang Wan, Raymond beneficially and by Kaiser Capital Holdings Limited, the entire issued share capital of which was owned by Mr. Ting. Therefore, Mr. Ting was deemed to be interested in these Shares under the SFO.
- (5) These Shares were held by Integrated Asset Management (Asia) Limited, the entire issued share capital of which was owned by Mr. Yam Tak Cheung. Therefore, Mr. Yam was deemed to be interested in these Shares under the SFO.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting held on 5 May 2014, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company as at the date of passing such resolution, being 3,150,996,000 Shares. As at the date of this announcement, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 630,199,200 Shares pursuant to the General Mandate. The Conversion Shares will be issued under the General Mandate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following respective meanings:

“Additional Amount”	with respect to any outstanding Bonds as of any date of determination, the remainder of (a) a gross yield (for the avoidance of doubt, inclusive of all interest accrued on or prior to the date of determination) of 10% per annum, calculated on the outstanding principal amount thereof for the period from and including the Issue Date to but excluding such date of determination, on an annual compounding basis rounded (if necessary) to the nearest cent, with HK\$0.005 or more being rounded upwards and any other amount less than HK\$0.005 being rounded downwards minus (b) all interest paid thereon on or prior to such date of determination
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong

“Company”	Credit China Holdings Limited (中國信貸控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Growth Enterprise Market of the Stock Exchange
“Conversion Price”	the price at which Conversion Shares will be issued upon exercise of the conversion rights under the Convertible Bonds, which will initially be HK\$2.60 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
“Conversion Shares”	any Shares to be issued by the Company upon the Holder(s) exercising its/their conversion right(s) under and in accordance with the terms and conditions of the Convertible Bonds
“Convertible Bonds”	the 6% convertible bonds due 2018 in the aggregate principal amount of HK\$300,000,000 convertible into Shares
“Director(s)”	the director(s) of the Company
“Completion”	completion of the subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Completion Conditions”	conditions precedent for the Completion, as particularly described in the section headed “Completion Conditions”
“Completion Date”	the date on which the Closing shall take place, being the tenth Business Day of the fulfillment (or waiver) of all the Completion Conditions or such other date as the Company and the Subscriber may agree in writing

“General Mandate”	The general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 5 May 2014, pursuant to which a maximum of 630,199,200 Shares might fall to be allotted and issued
“Group”	the Company and its Subsidiaries
“Holder(s)”	holder(s) of the Convertible Bonds from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Date”	the day on which the Convertible Bonds are issued pursuant to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Maturity Date”	the third anniversary of the Issue Date
“PRC”	the People’s Republic of China but excluding, for the purposes of the Subscription Agreement, Hong Kong, Macau and Taiwan
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Aisidi (HK) Limited (愛施德(香港)有限公司), a company incorporated in Hong Kong

“Subscription Agreement”	the subscription agreement dated 10 May 2015 entered into between the Company and the Subscriber in relation to the subscription of the Convertible Bonds
“Subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent.

By order of the Board of Directors of
Credit China Holdings Limited
Li Mingshan
Chairman

Hong Kong, 11 May 2015

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Phang Yew Kiat (*Vice-Chairman and Chief Executive Officer*)

Mr. Chng Swee Ho

Mr. Sheng Jia

Ms. Shen Li

Non-executive Directors:

Mr. Li Mingshan (*Chairman*)

Mr. Li Gang

Mr. Wong Sai Hung

Independent Non-executive Directors:

Mr. Ge Ming

Mr. Peter Z Kuk

Mr. Wang Wei

Dr. Wong, Kennedy Ying Ho

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 Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (www.creditchina.hk).