中国信贷
CREDIT CHINA

CREDIT CHINA HOLDINGS LIMITED
中 國 信 貸 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8207)

COMPLETION OF THE ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that the forms and contents of the Structured Contracts have been finalized and were entered into on 21 April 2016 and the Completion took place on 21 April 2016. As a result of the Completion, the Target has become an indirect non-wholly owned subsidiary of the Company.

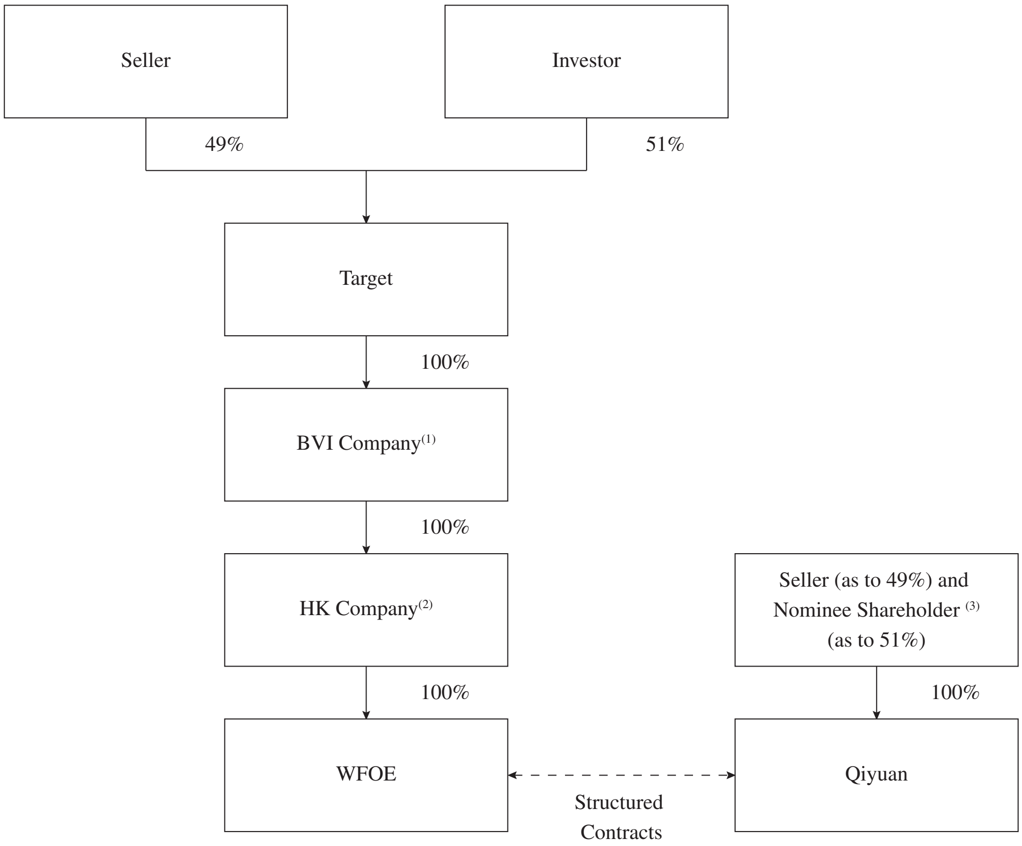
Reference is made to the announcement of Credit China Holdings Limited (the "**Company**") dated 1 February 2016 (the "**Announcement**") in relation to, among other matters, (i) the acquisition of 51% equity interest in Spring Reliance Limited (the "**Target**") by Amazing Express Development Limited (the "**Investor**") and (ii) the subscription of new shares in the Target by the Investor. Unless the context otherwise required, terms used in this announcement shall have the same meanings as those defined in the Announcement.

As mentioned under the paragraph headed "Completion" in the Announcement, the Company will publish an announcement disclosing further details regarding the Structured Contracts upon Completion.

COMPLETION OF THE ACQUISITION AND THE SUBSCRIPTION

The Board is pleased to announce that the forms and contents of the Structured Contracts have been finalized and were entered into on 21 April 2016 and the Completion took place on 21 April 2016. As a result of the Completion, the Target has become an indirect non-wholly owned subsidiary of the Company.

OVERVIEW OF THE TARGET GROUP IMMEDIATELY AFTER COMPLETION



Notes:

(1) Talent Seeker Limited ("**BVI Company**") is a company incorporated in the British Virgin Islands with limited liability on 19 January 2016 and a direct wholly-owned subsidiary of the Target.

(2) Full Union International Limited（富越國際有限公司）("**HK Company**") is a company incorporated in Hong Kong with limited liability on 11 January 2016 and a direct wholly-owned subsidiary of BVI Company and an indirect wholly-owned subsidiary of the Target.

(3) Ms. Xu Hong（徐泓女士）(the "**Nominee Shareholder**") is a shareholder of Qiyuan, who is nominated by the Investor. The Nominee Shareholder is a senior management of the Company. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for the aforesaid, the Nominee Shareholder is third party independent of the Company, the Investor and their respective connected persons.

INFORMATION ON THE STRUCTURED CONTRACTS

The Structured Contracts were executed on 21 April 2016, enabling the financial results, entire economic benefits and risks attributable to the interest in Qiyuan's business (through 深圳萬合眾一科技有限公司 (Shenzhen Wanhezhongyi Technology Company Limited*) ("**WFOE**"), a wholly foreign-owned subsidiary established in the PRC on 24 March 2016 by the Seller pursuant to the Target Group Reorganisation and an indirect wholly-owned subsidiary of the Target) to flow to the Target and for the Target to enjoy control over the equity interest in Qiyuan. The use of the Structured Contracts is due to applicable PRC law, which stipulates the business of research and development, operation, and distribution of computer and mobile games and production of media content of Qiyuan would require the internet publication licence（互聯網出版許可證）and online cultural business licence（網路文化經營許可證）, which are subject to restrictions on foreign investment, which will be difficult for the Company to comply with, as is more fully set out in the section headed "Risk Factors – There is no assurance that the Structured Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Structured Contracts do not comply with applicable regulations" in this announcement.

Qiyuan has undertaken that in the event it is permissible under the relevant PRC laws, rules and regulations for WFOE to engage in the restricted business in the future, WFOE shall be able to exercise the options under the Exclusive Option Agreement as soon as practicable and the relevant Structured Contracts shall be terminated.

THE STRUCTURED CONTRACTS

The Structured Contracts were entered into on 21 April 2016.

(1) Exclusive Option Agreement（獨家購買權協議）

Parties: (1) WFOE;

(2) the Seller;

(3) the Nominee Shareholder; and

(4) Qiyuan.

Subject: The Seller and the Nominee Shareholder irrevocably agree, to the extent permitted under the laws of the PRC, to transfer to the WFOE or any persons(s) designated by WFOE at any time all or part of their equity interests in Qiyuan.

WFOE may exercise its rights under the paragraph above at any time at its sole discretion as permitted under the laws of the PRC. The exercise price of each of the rights under the paragraph above shall be the nominal price, subject to other price requirements (if any) as may be imposed or required by relevant PRC government authorities or law, in any case being the lowest possible price permissible.

The Seller and the Nominee Shareholder undertake that, among other things, they will not (i) amend the articles of association of Qiyuan; (ii) increase or decrease the registered capital of Qiyuan; (iii) sell, transfer, mortgage, create any security interest or third party rights in their equity interests in Qiyuan; or (iv) approve any merger or acquisition activities of Qiyuan without prior written permission of WFOE.

According to the Exclusive Option Agreement, if the Seller and the Nominee Shareholder breach their undertakings, unless otherwise provided by the PRC laws, WFOE or any other aggrieved party is entitled to unilaterally terminate the agreement and require the Seller and the Nominee Shareholder to pay losses or damages, including but not limited to, property loss and revenue deduction, debt burden, taxation. The amount of compensation will be determined according to the specific default circumstances.

Term: 10 years commencing from the effective date of the Exclusive Option Agreement. WFOE has the option to extend the term; the term shall be automatically extended until WFOE gives written confirmation regarding the extended term's limit or until all equity interests held by the Seller in Qiyuan are transferred to WFOE or its designated person or it is otherwise terminated in accordance with its terms. Notwithstanding the foregoing, WFOE has the right to terminate the Exclusive Option Agreement at its own discretion.

The term of validity is not necessarily fixed to be 10 years, and the term shall be flexible. To guarantee the stability of the agreement and sustainable operation of the business for Qiyuan, we adopt a relatively long period of validity of 10 years.

(2) Exclusive Business Cooperation Agreement (獨家業務合作協議)

Parties: (1) WFOE; and

(2) Qiyuan

Subject: Qiyuan agreed to engage WFOE on an exclusive basis to provide services in connection with the business of Qiyuan, such as business assistance, technical services, consulting services etc.. Qiyuan further agrees to not, and to procure that its subsidiaries will not, without WFOE's prior written consent, participate, be interested, engage, acquire or hold any business which competes directly or indirectly with WFOE in the PRC.

In exchange, Qiyuan will pay WFOE service fee, on a yearly basis, equivalent to all of its income and economic interests following deduction of any necessary costs, expenses, taxation and mandatory social insurance and housing funds etc., which are determined by WFOE. The amount of service fees shall be determined by WFOE in accordance with the following factors:

i. the difficulty and complexity of service provided by WFOE;

ii. the time required for the technical personnel of WFOE for the provision of technical services;

iii. the actual services provided and the commercial values of the services provided by WFOE; and

iv. prevailing market price of the provision of same types of services;

WFOE shall have the right to adjust, without the consent of Qiyuan, the service fees, at its sole discretion.

Term: 10 years commencing from the date of the Exclusive Business Cooperation Agreement. WFOE has the option to extend the term; the term shall be automatically extended until WFOE gives written confirmation regarding the extended term's limit or the Exclusive Business Cooperation Agreement is otherwise terminated in accordance with its terms.

The term of validity is not necessarily fixed to be 10 years, and the term shall be flexible. To guarantee the stability of the agreement and sustainable operation of the business for domestic companies, we adopt a relatively long period of validity of 10 years.

(3) Equity Pledge Agreements（股權質押協議）

(I) The Seller's Equity Pledge Agreement

Parties: (1) WFOE;

(2) the Seller; and

(3) Qiyuan.

Subject: The Seller agreed to pledge all equity interests in Qiyuan held by him, being 49% of the entire equity interests in Qiyuan, (including all present and future rights and benefits derived from such equity interests and any additional interests in Qiyuan acquired by him subsequent to the date of the Seller's Equity Pledge Agreement) to WFOE, as continuing first priority collateral security for the performance of all payment obligations of Qiyuan (including but not limited to those under the Exclusive Business Cooperation Agreement and relevant interests, costs and expenses).

Term: Effective from the registration of the pledged equity interests under the Seller's Equity Pledge Agreement at the relevant bureau of the Administration for Industry and Commerce in the PRC until all payment obligations of Qiyuan are satisfied and discharged in full (including but not limited to those under the Exclusive Business Cooperation Agreement and relevant interests, costs and expenses) and WFOE has exercised its option under the Exclusive Option Agreement to acquire all the equity interests in Qiyuan or it is otherwise terminated in accordance with its terms.

(II) The Nominee Shareholder's Equity Pledge Agreement

The Nominee Shareholder, as another registered shareholder of Qiyuan holding 51% of the entire equity interests in Qiyuan, together with WFOE and Qiyuan, entered into the Nominee Shareholder's Equity Pledge Agreement, the terms of which are substantially the same as those set out in the Seller's Equity Pledge Agreement.

(4) Entrustment Agreement for Shareholders’ Voting Rights

Parties: (1) WFOE;

(2) the Seller;

(3) Nominee Shareholder; and

(4) Qiyuan

Subject: The Seller and the Nominee Shareholder, among other things, irrevocably and unconditionally undertake to authorise any person designated by WFOE (including but not limited to the members of the board of directors of WFOE and their respective successors or liquidators) to exercise on their behalf all shareholders’ rights under the articles of association of Qiyuan and applicable PRC laws and regulations, including but not limited to (i) propose, call together, attend, be counted for quorum and vote at shareholders meetings, (ii) act as, appoint and/or replace Qiyuan’s legal representative, chairman, executive directors, supervisors, managing director and/or other senior management of Qiyuan, (iii) sign minutes of shareholders meetings and resolutions and other documents to be filed with relevant companies registrars, (iv) represent, and exercise any voting powers and receive any distributions on their behalf in the event of Qiyuan’s insolvency or winding up or similar events, and (v) file documents with the relevant companies registrar.

Term: Indefinitely, until otherwise notified by WFOE in writing or it is otherwise terminated in accordance with its terms or WFOE, as permitted under the laws of the PRC to hold the equity interests of Qiyuan directly, has registered as the sole shareholder of Qiyuan.

Compliance with PRC law, rules and regulations

As advised by the Company’s PRC Legal Adviser, the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, and do not, individually or collectively, constitute a breach of any PRC laws and regulations and will not be deemed invalid or ineffective or void under those laws and regulations. In particular, the Structured Contracts do not violate the provisions of the PRC Contract Law including “concealing illegal intentions with a lawful form” the General Principles of the PRC Civil Law and other applicable PRC laws and regulations.

As advised by the Company's PRC Legal Adviser, WFOE has taken all reasonable actions or steps (including interviews with the competent PRC regulatory authorities) to confirm that the Structured Contracts comply with PRC laws, rules and regulations applicable to the business of WFOE and Qiyuan, and do not contravene the articles of either company. Further, in the view of the Company's PRC Legal Adviser, under the draft Foreign Investment Law published by the PRC Ministry of Commerce, currently it is likely that the Structured Contracts are expected to be recognized under the Draft Foreign Investment Law. The Company understands from the management of Qiyuan that, up to the date of this announcement, Qiyuan has not encountered any material interference or encumbrance from any governing bodies in operating its business through Qiyuan under the Structured Contracts. As a result, the Directors believe that the Structured Contracts shall be enforceable under applicable PRC law and regulations.

ARRANGEMENTS IN THE EVENT OF LIQUIDATION OF QIYUAN

As advised by the Company's PRC Legal Adviser, appropriate arrangements have been made to protect the interests of WFOE in the event of any circumstance that affects the exercising rights of WFOE relating to the equity interests in Qiyuan. Each of the Structured Contracts contain a provision which sets out that the respective agreement shall be legally binding on the legal assignees or successors of the parties thereto. The Structured Contracts also encompass dealing with Qiyuan's assets in a winding up situation and not only the right to manage its business and the right to revenue.

SETTLEMENT OF POTENTIAL DISPUTE ARISING FROM THE STRUCTURED CONTRACTS

The Structured Contracts are governed by PRC law. When a dispute arises under any of the Structured Contracts, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the Structured Contracts provide that dispute to be submitted to the Shenzhen Arbitration Commission for arbitration. The decision of such arbitration is final and binding on the parties concerned.

The Structured Contracts contain dispute resolution clauses that (i) provide for arbitration and that arbitrators may award remedies over the equity interests or assets of Qiyuan, injunctive relief (for example, for the conduct of business or to compel the transfer of assets) or order the winding up of Qiyuan, and (ii) provide the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitration panel. The courts of the PRC, the Cayman Islands and Hong Kong are specified as having jurisdiction for this purpose.

MEASURES TO MITIGATE POTENTIAL CONFLICT OF INTERESTS BETWEEN WFOE AND QIYUAN

The Seller has undertaken in the Structured Contracts that he would give up any benefits or dividend from Qiyuan and pay such benefits or dividends to WFOE as service fees, and he will perform all of his obligations in full compliance with the Structured Contracts and he would not affect the validity or enforceability of the Structured Contracts by any act or omission. Further, as elaborated under the Exclusive Business Cooperation Agreement above, Qiyuan has given non-compete undertakings in favour of WFOE.

According to the Structured Contracts, if the Seller breaches his undertakings, unless otherwise provided by the PRC laws, the Structured Contracts can be terminated at the discretion of WFOE or any other aggrieved party and the Seller shall compensate all the losses or damages. Moreover, WFOE may exercise the equity purchase right at a nominal price under the Exclusive Option Agreement, or hold directly 100% of equity in Qiyuan by exercising the equity pledge right under the Equity Pledge Agreements by itself or the party designated by it when the PRC laws and regulations allow.

INTERNAL CONTROL MEASURES

In order to have effective control over and to safeguard the assets of Qiyuan, the Structured Contracts provide that, without the prior written consent of WFOE, the Seller shall not at any time sell, transfer, mortgage or dispose of in any manner any assets, legitimate interests in the business or revenue of Qiyuan, or allow any encumbrance thereon.

The Seller shall always operate all of the businesses of Qiyuan in the ordinary and usual course of business and shall maintain the asset value of Qiyuan and refrain from any action/omission that may adversely affect operating status and asset value of Qiyuan.

UNWINDING THE STRUCTURED CONTRACTS

The Seller and Qiyuan agreed that they will unwind the Structured Contracts as soon as the law allows the business of Qiyuan in the PRC to be operated by WFOE without the Structured Contracts. Pursuant to the Exclusive Option Agreement, the Seller and the Nominee Shareholder have undertaken that, during the course of unwinding the Structured Contracts, any consideration paid to them by WFOE or its designated person in respect of the acquisition of the equity interests in Qiyuan will be returned to WFOE or its designated person in compliance with the PRC law.

INSURANCE TO COVER THE RISKS RELATING TO THE STRUCTURED CONTRACTS

WFOE has not purchased any insurance to cover the risks relating to the enforcement of the Structured Contracts due to the unavailability of such insurance product in the market at the moment.

POTENTIAL EXPOSURE OF THE COMPANY TO LOSSES

To ensure that the cash flow requirements of the ordinary operations of Qiyuan are met and/or to set off any loss accrued during such operations, WFOE may, at its own discretion and only to the extent permissible under PRC law, provide financial support to Qiyuan, whether or not Qiyuan actually incurs an operational loss. WFOE's financial support to Qiyuan may take the form of bank entrusted loans.

All intellectual property, designs, trade secrets or know-how developed, acquired or owned in the course of Qiyuan and/or its subsidiaries' ordinary course of business shall belong to WFOE. Qiyuan shall take such steps as are necessary in order to secure WFOE's ownership of the same.

RISK FACTORS

WFOE does not have any direct equity ownership in Qiyuan and has relied on the Structured Contracts to control, operate, and be entitled to the economic benefits and risks arising from Qiyuan and thereby an indirect 51% interest in Qiyuan's business in the PRC. However, there are risks involved with the use of the Structured Contracts to enjoy the economic benefits flowing from Qiyuan.

There is no assurance that the Structured Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Structured Contracts do not comply with applicable regulations

According to the Company's PRC Legal Advisers, current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in the business of Qiyuan. Specifically, foreign ownership of value-added telecommunications services providers, including Internet content providers, may not exceed 50%. The business of Qiyuan is regarded as value-added telecommunication services and internet culture services (including the issuance of online game virtual currency). The Circular regarding Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business issued by the PRC Ministry of Information Industry (the "**MIIT**") on 13 July 2006 (the "**MIIT Circular**") provides that a domestic company that holds an Internet Content Provider ("**ICP**") licence is prohibited from leasing, transferring or selling the licence to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to illegally operate telecommunications business in the PRC. The Company is a Cayman Islands incorporated company and its indirect non-wholly owned subsidiary, WFOE, may not itself operate such business under current PRC law.

Further, if a foreign-owned enterprise like the Company applies for an ICP licence, as compared to domestic enterprises in the PRC, it will be subject to more stringent requirements or additional requirements imposed by the MITT or its local counterparts, such as prior experience in operating value-added telecommunications businesses, a proven track record of providing value-added telecommunication services in the PRC, the identity of the ultimate individual shareholders. And there is no clear guidance or interpretation on the assessment criteria for the prior experience and track record by the MITT or its local counterparts. Lacking such quantitative and qualitative guidance or interpretation in terms of how those requirements can be satisfied, applicants like the Company are therefore unable to follow such requirements when applying for an ICP licence to the MITT or its local counterparts, and hence there would be a prolonged process of application with unknown results if it were to take a direct equity interest in Qiyuan. Hence, there exists great difficulty and uncertainty for the foreign-owned enterprise to conduct the business of Qiyuan in the PRC. Due to the lack of clarity on how the above requirements can be satisfied, an applicant like the Company will be unable to follow such requirements when applying for an ICP licence to the relevant PRC governmental authorities, and hence there will be a prolonged process of application with unknown results. Hence, there exists great difficulty and uncertainty for the foreign-owned enterprises to apply for an ICP licence from the relevant PRC governmental authorities.

In addition, according to the Several Opinions on Canvassing Foreign Investment into the Cultural Sector, which were promulgated by the Ministry of Culture, State Administration of Radio, Film and Television, General Administration of Press and Publication (the existing State Administration of Press, Publication, Radio, Film and Television of the PRC), National Development and Reform Commission and the Ministry of Commerce on 6 July 2005, a foreign investor is prohibited from investing in internet culture business, except that a service provider from Hong Kong or Macau is allowed to establish a PRC-controlling network culture entity or business place where the internet access service is provided. The Company is a Cayman Islands incorporated company and its indirect non-wholly owned subsidiary, WFOE, may not itself operate such business under current PRC law.

On September 28, 2009, the General Administration of Press and Publication ("**GAPP**"), the existing State Administration of Press, Publication, Radio, Film and Television of the PRC), the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications, jointly issued the Notice Regarding the Consistent Implementation of the "Regulation on Three Provisions" of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games, or the GAPP Notice. Article 4 of the GAPP Notice prohibits foreign investors from investing or engaging in online game operations in the PRC through wholly-owned subsidiaries, equity joint ventures or cooperative joint ventures, and from gaining control over or participating in such business indirectly through other forms of joint venture companies, contractual or technical support arrangements. As no detailed interpretation of the GAAP Notice has been issued to date, it is not clear how the GAAP Notice will be implemented. Furthermore, as some other primary governmental regulators, such as the Ministry of Commerce (the "**MOFCOM**"), the Ministry of Culture (the "**MOC**") and the MIIT, did not join the GAAP in issuing the GAAP Notice, the scope of the implementation and enforcement of the GAAP Notice remains uncertain.

It is expected that the "grandfathering" of the existing Structured Contracts will be possible in circumstances in which Chinese investors have historically controlled the existing Structured Contracts but have lost controlling status because of a public listing or offshore financing. As the Seller is Chinese national and the Target has been held as to 49% by the Seller upon Completion, the Structured Contracts are expected to be recognized under the draft Foreign Investment Law. However, there remain significant questions and uncertainties. The draft Foreign Investment Law will undergo revisions and further legislative procedures before being issued as law. While it remains possible that the final version of the law will be very different from the draft, the trend toward regulating the structured contracts will likely continue.

Although to the Company's knowledge there is no indication that the Structured Contracts will be interfered or objected by any PRC regulatory authorities, the Company's PRC Legal Advisers have advised there is a possibility that the MOFCOM and/or other competent authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Structured Contracts comply with current PRC law, regulations or rules or those that may be adopted in the future, and such authorities may deny the validity, effectiveness and enforceability of the Structured Contracts. In addition, due to a lack of interpretative materials from the authorities, the Company cannot be assured that the MIIT will not consider the contractual arrangements upon Completion as a kind of foreign investment in telecommunication services. In such case Qiyuan may be found in violation of the MIIT Circular and as a result may be subject to various penalties, including fines and the discontinuation of or restrictions on Qiyuan's operations.

If the authorities deny the validity, effectiveness and enforceability of the Structured Contracts, it could have a material adverse impact on WFOE's business, financial condition and results of operations.

The Structured Contracts may not be as effective in providing control over and entitlement to the 100% economic interest in Qiyuan as direct ownership

The Structured Contracts may not be as effective in providing WFOE with control over and entitlement to the economic interests in Qiyuan as direct ownership of a 100% interest in it. If WFOE had direct ownership of Qiyuan, WFOE would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of Qiyuan. However, under the Structured Contracts, WFOE can only look to and rely on Qiyuan to perform their contractual obligations under the Structured Contracts in order for WFOE to effectively exercise its indirect 100% interest in Qiyuan. Qiyuan and its shareholders may not act in the best interests of WFOE and may not perform its/their obligations under the Structured Contracts. WFOE may replace Qiyuan's directors by its other nominees pursuant to the Structured Contracts. However, if any dispute relating to the Structured Contracts remains unresolved, WFOE will have to enforce its rights under the Structured Contracts and seek to interpret the terms of the Structured Contracts in accordance with PRC law and will be subject to uncertainties in the PRC legal system.

The Structured Contracts are governed by PRC law. When a dispute arises under any of the Structured Contracts, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under PRC law. The Structured Contracts provide that dispute will be submitted to the Shenzhen Arbitration Commission for arbitration. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, uncertainties in the PRC legal system could limit the ability of WFOE to enforce the Structured Contracts. There is no assurance that such arbitration awards will be in favour of WFOE and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by WFOE. As WFOE may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over its indirect 100% interest in Qiyuan and the conduct of its business could be materially and adversely affected, and may disrupt the business of WFOE and have a material adverse impact on WFOE's business, prospects and results of operation.

Potential conflicts of interest among WFOE and the shareholders of Qiyuan may exist

WFOE will rely on the Structured Contracts to exercise control over and to draw economic benefits from an indirect 100% interest in Qiyuan. WFOE may not be able to provide sufficient incentives to the shareholders of Qiyuan in order to encourage it to act in the best interests of WFOE, other than stipulating the relevant obligations in the Structured Contracts. the shareholders of Qiyuan may breach the Structured Contracts in the event of conflicts of interest or deterioration of its relationship with WFOE, the results of which may have a material adverse impact on WFOE's business, prospects and results of operation.

There can be no guarantee that if conflicts arise, the shareholders of Qiyuan will act in the best interests of WFOE or that the conflicts will be resolved in favour of WFOE. If the shareholders of Qiyuan fail to perform its respective obligations under the Structured Contracts, WFOE may have to pursue legal proceedings in reliance on legal remedies under PRC law, which may be expensive, time-consuming and disruptive to WFOE's operations and will be subject to uncertainties, as discussed above.

The Structured Contracts may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on WFOE. WFOE may face adverse tax consequences if the PRC tax authorities determine that the Structured Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Structured Contracts were not entered into on an arm's length basis, they might adjust the income and expenses of WFOE for PRC tax purposes, which could result in higher tax liabilities for WFOE.

The operation results of WFOE may be materially and adversely affected if the tax liabilities of Qiyuan or its shareholders or those of WFOE increase significantly or if they are required to pay interest on late payments.

WFOE's ability to acquire the entire equity interests in Qiyuan may be subject to various limitations and substantial costs

In case WFOE exercises its option to acquire all or part of the equity interests of Qiyuan under the Exclusive Option Agreement, the acquisition of the entire equity interests in Qiyuan may only be conducted to the extent permitted by and subject to necessary approvals and relevant procedures under applicable PRC law. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interests in Qiyuan) or other limitations as imposed by applicable PRC law. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of Qiyuan, which may have a material adverse impact on WFOE's businesses, prospects and results of operation.

FINANCIAL INFORMATION OF THE TARGET GROUP

Pursuant to the Structured Contracts, WFOE is able to control the finance and operation of Qiyuan so as to obtain the economic interest and benefits from its business activities despite the lack of registered equity ownership. Therefore, the Directors have discussed with the auditors of the Company and are of the view that the financial results and conditions of Qiyuan are capable of being consolidated into the financial statements of the Target.

Immediately after Completion, the Target became an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Company under the prevailing accounting principles.

* *For identification purpose only*

By order of the Board
Credit China Holdings Limited
Phang Yew Kiat
Vice-Chairman, Executive Director and Chief Executive Officer

Hong Kong, 21 April 2016

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

Non-executive Directors:
Mr. Li Mingshan *(Chairman)*
Mr. Li Gang
Mr. Wong Sai Hung
Mr. Zhang Zhenxin
Ms. Zhou Youmeng

Independent Non-executive Directors:
Mr. Ge Ming
Dr. Ou Minggang
Mr. Wang Wei
Dr. Yin Zhongli

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).