CREDIT CHINA FINTECH HOLDINGS LIMITED
中國信貸科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8207)

DISCLOSEABLE TRANSACTION
PURCHASE OF SHARES IN LEYU LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that on 31 October 2016, the Company and the Buyer (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Sellers, pursuant to which the Buyer conditionally agreed to acquire and the Sellers conditionally agreed to sell the Leyu Shares, which represents 48% of the entire issued share capital of Leyu. The Buyer will purchase the Leyu Shares (including 48% equity interests in each of the OPCOs to be acquired by Beijing Wanghui, an affiliate of the Company) for a total consideration of RMB800 million, of which, 40% will be settled by cash and the remaining 60% will be satisfied by issuance of the Consideration Shares by the Company. The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue. The Consideration Shares will be issued in two tranches, (i) 80% to be issued on the Closing Date and (ii) 20% to be issued upon confirmation that all requisite registrations have been made as required by the relevant government authorities in relation to the change of shareholders of the OPCOs and/or that the Equity Pledge Agreements have been submitted to the relevant regulatory authority.

Upon completion of the Share Purchase, Leyu, the Buyer, Mr. Zhang and Prajna, among others, will enter into the Leyu Shareholders' Agreement, under which the shareholders of Leyu (other than the Buyer) will have the option (the "**Put Option**") to jointly require the Buyer to purchase all of their shares in Leyu. The Put Option will be exercisable within three months of the issuance of the audited accounts of Leyu for the 2017 or 2018 financial year if the after-tax net profits of Leyu for the 2017 or 2018 financial year (as the case may be) as stated in the audited accounts are not less than RMB120 million. The parties to the Leyu Shareholders' Agreement agree that the execution of any terms, rights or obligations thereunder (including but not limited to the Put Option) shall not render the execution of the Share Purchase Agreement and the Leyu Shareholders' Agreement to constitute a "major transaction" of the Company as defined in Chapter 19 of the Listing Rules or any larger transaction. The Company will fulfill its obligations under the Share Purchase Agreement and the Leyu Shareholders' Agreement in accordance with the requirements in the Listing Rules.

The WFOE will enter into certain Structured Contracts with the OPCOs and/or the OPCO Shareholders to replace the previous contractual arrangements on or before the Closing Date. Pursuant to the Structured Contracts, the WFOE is able to gain control over the financing and business operations of the OPCOs. Details of the Structured Contracts are set out in the section headed "Information on the Structured Contracts – Structured Contracts" in this announcement.

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules in respect of the transactions contemplated in the Share Purchase Agreement (including but not limited to the Put Option contemplated in the Leyu Shareholders' Agreement) exceed 5%, and all the applicable percentage ratios are less than 25%, the entering into of the Share Purchase Agreement and the Leyu Shareholders' Agreement constitutes a discloseable transaction of the Company.

Application for listing of the Consideration Shares will be made to the Stock Exchange.

THE SHARE PURCHASE AGREEMENT

On 31 October 2016, the Company and the Buyer entered into the Share Purchase Agreement with the Sellers, pursuant to which the Buyer conditionally agreed to acquire and the Sellers conditionally agreed to sell the Leyu Shares, which represents 48% of the entire issued share capital of Leyu (including the 48% equity interests in each of the OPCOs to be acquired by Beijing Wanghui, an affiliate of the Company from the affiliates of the Sellers) for a total consideration of RMB800 million.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Leyu, the Sellers and their ultimate beneficial owners are Independent Third Parties.

For further details of the capital structure of Leyu Group, please refer to the section headed “Information on Leyu Group” below.

THE CONSIDERATION

The Consideration was determined after arm’s length negotiations between the Company, the Buyer and the Sellers with reference to the historical performance and current financial position of Leyu Group, the valuation of comparable companies in the industry, the business model and the future prospects of Leyu and the reasons for and benefits of the transactions contemplated under the Share Purchase Agreement.

The Consideration shall be settled in the following manner:

(a) RMB320 million, being 40% of the Consideration, to be paid in cash on the Closing Date; and

(b) RMB480 million, being 60% of the Consideration, to be paid by issuing a total of 714,147,470 Shares, being the Consideration Shares.

The Consideration Shares will be issued in two tranches, (i) 80% of the Consideration Shares will be issued on the Closing Date and (ii) 20% of the Consideration Shares will be issued within five business days upon confirmation that all requisite registrations have been made as required by the relevant government authorities in relation to the change of shareholders of the OPCOs and/or that Equity Pledge Agreements have been submitted to the relevant regulatory authority.

The total number of Consideration Shares shall be calculated in accordance with the following formula: (the Hong Kong dollar equivalent of RMB480 million converted by using the central parity rate of the Renminbi to Hong Kong dollars as published by the People’s Bank of China published on the business day prior to the date of the Share Purchase Agreement)/(the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Share Purchase Agreement, or (ii) the average closing price in the five trading days immediately prior to the date of the Share Purchase Agreement) x 80.01%.

The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue. The Consideration Shares will be subject to a lock-up period of six months from the Closing Date.

By an ordinary resolution of the Company's shareholders passed at the annual general meeting of the Company held on 9 May 2016, the General Mandate was granted 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 4,133,778,335 Shares (i.e. 826,755,667 shares in the Company before the share subdivision which took effect on 19 September 2016). As of the date of this announcement, other than the 646,144,990 Shares (i.e. 129,228,998 shares in the Company before the aforesaid share subdivision) which may be issued under the General Mandate pursuant to the full exercise of the convertible bonds issued by the Company as announced on 30 June 2016, the General Mandate has not been utilised.

Pursuant to the terms of the Share Purchase Agreement, the price of each Consideration Share shall be HK$0.7681, which represents:

(a) a discount of approximately 18.29% to the closing price of HK$0.94 per Share as quoted on the Stock Exchange on 31 October 2016 (being the date of the Share Purchase Agreement); and

(b) a discount of approximately 19.99% to the average closing price of approximately HK$0.96 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Share Purchase Agreement.

CONDITIONS PRECEDENT

Completion of the Share Purchase Agreement is subject to the fulfillment and/or waiver of certain conditions precedent, including, among other things:

(1) each of the relevant representations and warranties of the Sellers and the Buyer being true, accurate and complete in all material respects as from the date of the Share Purchase Agreement to the Closing Date, with the same force and effect as if they had been made on and as of such date, with the exception of changes contemplated in the Share Purchase Agreement;

(2) Leyu Group, the Sellers and the Buyer respectively having performed and complied in all material respects with all agreements, obligations and conditions contained in the Share Purchase Agreement on or before the Closing Date;

(3) the requisite changes having been made to the respective articles of association of each of Leyu and the OPCOs through board meetings and Shareholder's meetings as necessary;

(4) each of the Sellers and each of the members of Leyu Group having obtained the requisite confirmations or waivers for the transactions contemplated in the Share Purchase Agreement, and having completed any relevant auditing, filing and registration processes required by government authorities;

(5) each of the Sellers and each of the members of Leyu Group not involving in or not reasonably expecting to be involved in litigations, arbitrations, legal disputes, claims, administrative investigations or similar events which may affect the completion of the transactions contemplated in the Share Purchase Agreement;

(6) there having been no event or transaction which may have a material adverse effect on the business and operation of any member of Leyu Group prior to the Closing Date;

(7) the Share Purchase Agreement, the Leyu Shareholders' Agreement and the Structured Contracts having been duly executed and delivered by the relevant parties prior to the Closing Date;

(8) the application for all registrations as required by the relevant government authorities in relation to the change of shareholders of the OPCOs having been made;

(9) all completion documents and actions specified in the Share Purchase Agreement having been prepared and completed;

(10) all requisite internal approval for each member of Leyu Group for the transactions specified in the Share Purchase Agreement having been obtained;

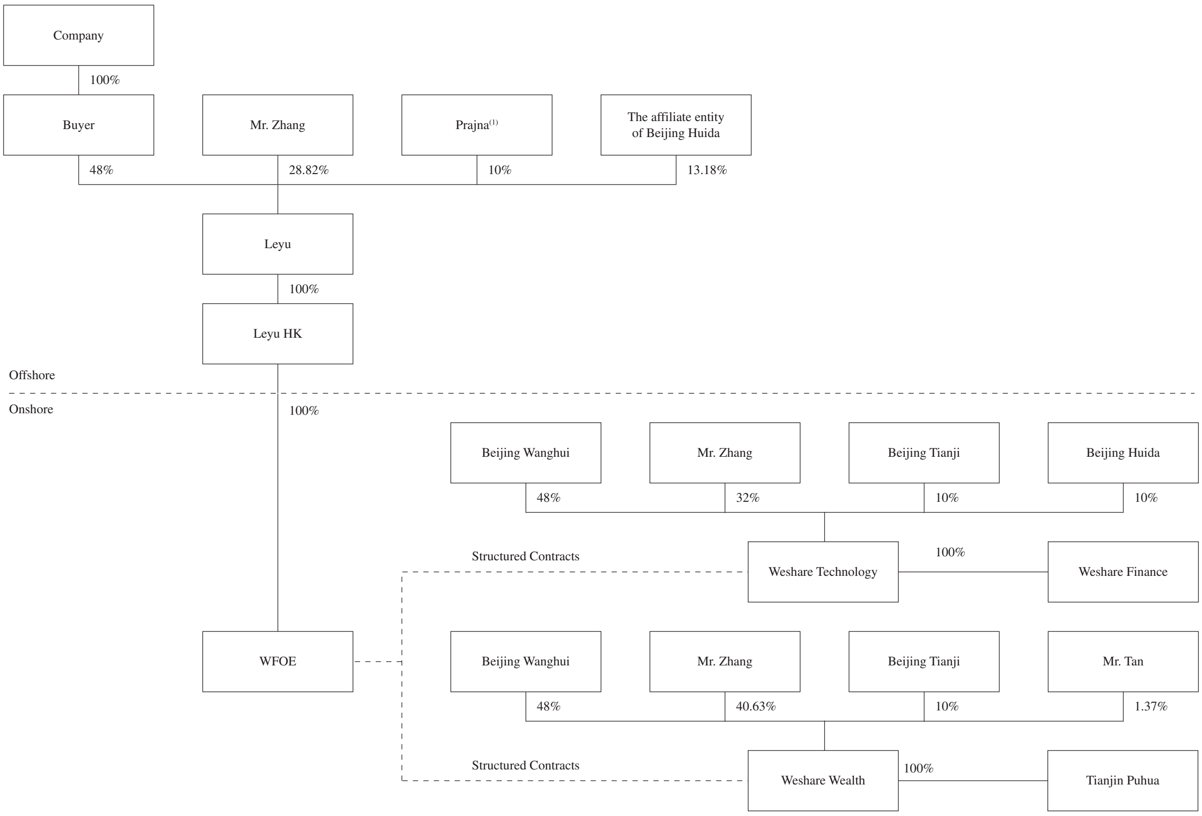
(11) the composition of the board of directors of Leyu and the OPCOs having been reformed, with three directors being appointed by the Company, one director being Mr. Zhang, and one director being appointed by Prajna, taking effect as of the Closing Date; and

(12) the Buyer having prepared the Consideration which are payable and the Company having obtained all necessary authorisations, consents or approvals for the listing of the Consideration Shares (i.e., including the listing approval for the Consideration Shares).

COMPLETION

Completion of the Share Purchase Agreement shall take place on the Closing Date, which shall be within five business days of the fulfillment and/or waiver of any and all conditions precedent in the Share Purchase Agreement. Alternatively, the Closing Date may be agreed upon in writing by all parties to the Share Purchase Agreement, provided that the Closing Date shall take place on or before the Long-Stop Date.

The diagram below illustrates the Company's interests in Leyu Group after the completion of the Share Purchase Agreement:



Notes

(1) *The 10% shareholding in Leyu held by Prajna comprises ordinary shares and series A-1 preferred shares which constitute 5.68% and 4.32% of the total issued share capital of Leyu (on a fully converted and diluted basis), respectively. Prajna is the only holder of preferred shares of Leyu. Under the Shareholders' Agreement, preferred shares may be converted into ordinary shares on a one-to-one basis. The shareholding percentages at the level of Leyu are calculated on a fully converted and diluted basis. Please see "Principal Terms of the Leyu Shareholders' Agreement – Preferred Shares" below for further details of rights attached to preferred shares of Leyu.*

PERFORMANCE TARGET

According to the Share Purchase Agreement, Mr. Zhang undertakes that the net profit before tax of Leyu for the 2016 financial year shall be a minimum of RMB70 million, calculated in accordance with HKFRS (the "**Performance Target**"). Leyu shall provide to the Sellers and the Buyer audited reports for the 2016 financial year prepared by one of the "Big Four" accounting firms in accordance with HKFRS (or an accounting firm mutually agreed upon between Mr. Zhang and the Buyer) no later than 31 March 2017 (the "**Audited Reports**").

In the event that the Audited Reports record net profits before tax (excluding the impact of non-recurring gains and losses) of Leyu in the 2016 financial year of less than RMB63 million (the "**Actual Profits**"), Mr. Zhang shall provide compensation in cash in RMB or US$ (the "**Performance Compensation**") to a bank account designated by the Buyer within 30 days of receipt of the Audited Reports. The amount to be paid by Mr. Zhang shall be the difference between Performance Target and the Actual Profit.

In the event that the Audited Reports record the Actual Profits of not less than RMB63 million, the Buyer shall waive Mr. Zhang's obligation to pay the Performance Compensation.

Notwithstanding the above, the Buyer has the absolute discretion to waive any and all obligations of Mr. Zhang to pay the Performance Compensation.

PRINCIPAL SHAREHOLDERS' RIGHTS OF THE LEYU SHAREHOLDERS' AGREEMENT

According to the Leyu Shareholders' Agreement, the shareholders of Leyu after the Share Purchase is completed shall be entitled to the rights set out below.

Right to information

Holders of ordinary shares that represent 5% or more of the total issued share capital (on a fully converted and diluted basis) of Leyu will be provided with financial reports and profit forecasts, as well as any notices issued to other shareholders. Any further reasonable requests for information will be met.

Right to inspection

Holders of ordinary shares that represent 5% or more of the total issued share capital (on a fully converted and diluted basis) of Leyu will have (i) the right to by giving reasonable notice to any members of Leyu Group inspect its records and financial accounts, provided that such inspection does not affect the normal business operation of the relevant entity, and (ii) the right to discuss the operation and financial status of Leyu Group with the directors, senior management, accountants and/or legal advisers of Leyu.

Right to appoint directors

The board of directors of Leyu shall comprise five directors. The Buyer shall have the right to nominate three directors. Each of Mr. Zhang and Prajna shall have the right to nominate one director.

Pre-emptive rights

Any proposed issue of any new securities by Leyu (including any ordinary or other shares with voting rights, or any right to subscribe for such shares) or any part of such securities (the "**Proposed Issue**") is subject to pre-emptive rights of the Buyer, Mr. Zhang and Prajna (each a "**Major Shareholder**") to participate in the subscription for the Proposed Issue. A Major Shareholder's pro-rata share of the Proposed Issue is calculated in accordance with the following formula: the number of ordinary shares in Leyu held by the relevant shareholder/the total number of ordinary shares in Leyu in issue on the day prior to the Proposed Issue, on a fully converted and diluted basis.

Where there is any Proposed Issue, Leyu will issue a written notice to the Major Shareholders at least 30 days prior to the Proposed Issue (the "**Issuance Notice**"), detailing the amount, nature and price of the new securities, and the proposed terms on which they are to be issued. The Major Shareholders have the right to issue a written notice to the Buyer agreeing to purchase the securities on the terms detailed in the Issuance Notice within 20 days of receipt of the Issuance Notice (the "**Issuance Offer Period**").

In the event that any Major Shareholder does not exercise its pre-emptive rights by the expiry of the Issuance Offer Period (the "**Expiry Date**"), Leyu will within 120 days of the expiry date sell those securities not purchased by the Major Shareholders to third parties, at the same or higher price as stated in the Issuance Notice and under terms no more favorable to the purchaser of the new securities. In the event that these securities are not sold to third parties within 120 days of the Expiry Date, Leyu will not issue and sell these securities, unless another Issuance Notice is issued to the Major Shareholders of Leyu.

Put Option

Within three months of the issuance of the audited accounts of Leyu for the 2017 or 2018 financial year (the "**Option Period**"), each shareholder of Leyu (other than the Buyer) (the "**Option Holders**") will have the option to jointly require the Buyer to purchase all of their shares in Leyu (the "**Put Interests**") at the Put Price (as defined below) if the after-tax net profits of Leyu for the 2017 or 2018 financial year (as the case may be) as stated in the audited accounts prepared in accordance with HKFRS are not less than RMB120 million. The Option Holders shall exercise the Put Option by notifying the Buyer in writing (the "**Put Notice**").

The Put Price is calculated in accordance with the following formula: the after-tax profit of Leyu for the preceding year as stated in its audited accounts converted by using the central parity rate of the Renminbi to Hong Kong dollars as published by the People's Bank of China on the date of the Put Notice, or if such day is not a business day, the subsequent business day x 15/the total number of ordinary shares in issue (on a fully converted and diluted basis).

In the event that the Put Option is exercised, the Buyer shall settle the payment of the Put Price by new shares to be issued by the Company (the "**Put Price Shares**"), the number of which is to be calculated in accordance with the following formula: Put Price x Put Interests/average closing price of the shares of the Company as quoted on the Stock Exchange in the five trading days immediately prior to the date of the Put Notice.

The Put Option will be terminated in the event that:

(1) Leyu or its new holding company undertakes an initial public offering; or

(2) Leyu Group is unable to continue operation of its principal businesses due to (i) any revocation of licenses, permits or approvals, (ii) any change in laws, regulations or rules, (iii) any reason attributable to the management of Leyu or (iv) any other reason not attributable to the Buyer.

Subject to compliance with the Listing Rules, the Company will issue the Put Price Shares within 50 business days upon receipt of the Put Notice. The Put Price Shares will be subject to a lock-up period of six months from the date of issue.

Under the Leyu Shareholders' Agreement, the parties agree that the execution of any terms, rights or obligations with respect to the Buyer (including but not limited to the Put Option) shall not render the execution of the Share Purchase Agreement and the Leyu Shareholders' Agreement to constitute a "major transaction" of the Company as defined in Chapter 19 of the Listing Rules or any larger transaction. If the transactions relating to the Share Purchase Agreement and the Leyu Shareholders' Agreement constitute a "major transaction" of the Company, the parties to the Share Purchase Agreement and the Leyu Shareholders' Agreement agree to adjust the scale of the Put Option downward by the minimum extent necessary so that the transactions under the Share Purchase Agreement and Leyu Shareholders' Agreement would not in aggregate be considered a "major transaction" of the Company.

Preferred Shares

In addition to the rights of holders of ordinary shares set out above, the holders of preferred shares of Leyu shall be entitled to, among other things, anti-dilution rights, the right to have shares registered in the United States or in other jurisdictions in accordance with the applicable laws and regulations for public offerings and co-sale rights. Preferred shares of Leyu may, at the option of their holders, be converted into ordinary shares on a one-to-one basis.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of traditional financial services and related financing consultancy services including entrusted loan services, real estate-backed loan services, pawn loan services, other loan services and microfinance services and internet financing services.

INFORMATION ON LEYU GROUP

Leyu was incorporated in the British Virgin Islands on 9 March 2010. Leyu Group is principally an online consumer finance marketplace, connecting investors and individual borrowers from a variety of channels to facilitate loans through mobile applications. Its business strategy is to provide consumers from third and fourth tier cities in China with easy access to affordable credit. Their platform provides an effective solution to achieve superior user experience and efficient application handling. Revenue is primarily generated from fees charged for the services in matching investors with borrowers and for other services provided over the life of a loan. It charges borrowers transaction fees for services provided through the platform in facilitating loan transactions. As advised by the management of Leyu, Leyu's consumer finance marketplace covered more than 300 cities and over 2000 counties as at 31 October 2016. The accumulated registered users of Shandian Jiekuan（閃電借款）exceeded 6.5 million, with the accumulated total lending transaction volume in excess of RMB7.5 billion and the number of transitions over 4 million. The lending transaction volume in October 2016 surpassed RMB900 million; representing 3.4 times as compared to the corresponding period in the previous year.

The revenue, net profit (before and after taxation) and net loss (before and after taxation) of Leyu Group for the years ended 31 December 2014 and 2015, and for the nine months ended 30 September 2016, are summarised in the table below:

	For the year ended 31 December		**For the nine months ended 30 September**
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	6,069	57,967	272,283
Net profit before tax	(1,206)	(76,658)	51,530
Net profit after tax	(1,206)	(76,690)	49,230

The total assets and net assets of Leyu Group as at 30 September 2016 were approximately RMB84.2 million and RMB39.9 million, respectively. The financial information of Leyu Group was provided by Leyu Group and was prepared in accordance with PRC GAAP.

INFORMATION ON THE STRUCTURED CONTRACTS

The WFOE will enter into certain Structured Contracts with the OPCOs and/or the OPCO Shareholders to replace the previous contractual arrangements on or before the Closing Date. Pursuant to the Structured Contracts, the WFOE is able to gain control over the financing and business operations of the OPCOs. Details of the Structured Contracts are set out in the paragraph headed "– Structured Contracts" below.

Background

Weshare Technology and its subsidiary Weshare Finance are companies established in the PRC and are in the business of operating an online consumer finance marketplace and facilitating online micro-loan origination through two mobile applications: Shandian Jiekuan for cash consumer loan and Shandian Fenqi (閃電分期) for installment consumer loans. The business strategy is to provide consumers from third and fourth tier cities in the PRC, who are largely underserved by traditional financial institutions, with easy access to affordable credit through its online marketplace. The business carried out or to be carried out by Weshare Technology and Weshare Finance requires an internet content provider licence ("**ICP License**"). Weshare Technology currently holds the requisite ICP License. As the business operated by Weshare Technology and Weshare Finance are subject to foreign investment restrictions, to comply with the relevant PRC laws, WFOE will control and derive economic benefits from Weshare Technology and Weshare Finance through the Structured Contracts.

Weshare Wealth is operating online P2P loan platform services to connect investors with individual borrowers from Shandian Jiekuan and Shandian Fenqi through the mobile application Shandian Licai (閃電理財), which is subject to foreign investment restrictions. As advised by the management of Leyu, Weshare Wealth is in the process of applying for an ICP License so as to operate its business without the need to rely on platforms operated by third parties. To comply with the relevant PRC laws and regulations, WFOE will control and derive economic benefits from Weshare Wealth and Tianjin Puhua through the Structured Contracts.

Laws and regulations relating to telecommunications business in the PRC

As advised by the PRC legal advisers of Leyu Group, there are laws and regulations that govern the operation of telecommunications services in the PRC. A summary of these laws and regulations is set out below.

The PRC State Council issued the Administrative Measures on Internet Information Services (the "**Measures**") to regulate the provision of internet information services. Under the Measures, commercial internal information service providers must obtain the requisite ICP Licence from the relevant authorities before engaging in the provision of commercial internet information services in the PRC.

The business that Leyu Group is engaged in falls under the category of "value-added telecommunications services" in the PRC and is regarded as a "restricted" business according to the Foreign Investment Industries Guidance of the PRC (Amended in 2015), promulgated by the Ministry of Commerce and the National Development and Reform Commission of the PRC.

According to the Regulations on the Administration of Foreign-invested Telecommunication Enterprises（外商投資電信企業管理規定）(the "**FITE Regulations**"), which were promulgated by the PRC State Council on 11 December 2001 and amended on 10 September 2008, (i) the ratio of investment by a foreign investor in a company providing value-added telecommunications services shall not exceed 50% and (ii) a foreign investor who invests in a value-added telecommunications services company shall have a good track record and experience in providing value-added telecommunications business (the "**Qualification Requirement**") in the PRC. Currently, no clear guidance as to the interpretation of the Qualification Requirement has been issued.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (the "**Circular**") issued by the PRC Ministry of Information Industry on 13 July 2006 reiterates the regulations on foreign investment in telecommunications business. Under the Circular, a foreign investor who wishes to conduct any value-added telecommunications business in the PRC must first set up a foreign-invested enterprise and obtain an ICP License. The Circular further provides that a domestic company holding an ICP License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and providing any assistance to foreign investors for illegal operation of telecommunications business in the PRC.

Reasons for and use of the Structured Contracts

In light of the above legal restrictions, the Group cannot hold any direct interest in the CAEs, which hold or will hold licenses and permits required for their business operations. In order to comply with PRC laws and regulations while allowing the Group to operate the businesses of the CAEs, WFOE will enter into certain Structured Contracts whereby WFOE will acquire effective control over the financial and operational policies of the CAEs and will become entitled to all economic benefits derived from their operations.

The PRC legal advisers of Leyu Group have confirmed that (i) the use of the Structured Contracts does not violate PRC laws and regulations, and (ii) the Structured Contracts are enforceable under the laws of the PRC.

The Directors are of the view that the Structured Contracts are narrowly tailored as they are used to enable the Group to invest in businesses that operate in industries that are subject to foreign investment restrictions in the PRC. The Company agrees that it would unwind the Structured Contracts as soon as the relevant laws and regulations allow the value-added telecommunications business in the PRC to be operated by foreign investors without adopting the contractual arrangement structure. It is uncertain when the relevant laws and regulations would permit the value-added telecommunications business in the PRC to be operated by foreign investors.

Structured Contracts

The details of the Structured Contracts are summarised as follows:

(i) Exclusive Business Cooperation Agreements（獨家業務合作協議）

Parties:	(i) WFOE
	(ii) OPCOs
Subject matter:	WFOE shall provide the OPCOs with exclusive technical services, business advisory, including, among others, computer software technology development, technical consulting and business management consulting.
	WFOE shall issue bills on a quarterly basis to the OPCOs in accordance with an agreed price, adjusted depending on the workload and commercial value of its services provided to the OPCOs. The OPCOs shall pay the consulting service fees to WFOE accordingly.

(ii) Exclusive Option Agreements（獨家購買權合同）

Parties:	(i) WFOE
	(ii) OPCO Shareholders
	(iii) OPCOs

Subject matter:	OPCO Shareholders irrevocably and unconditionally grant exclusive share options to WFOE that entitles WFOE to require each of the OPCO Shareholders to transfer, to the extent permitted by PRC laws, all or part of OPCO Shareholders' equity interest in the OPCOs to WFOE or any person(s) designated by WFOE at the minimum consideration permitted by PRC laws.
	Pursuant to the Exclusive Option Agreements, OPCO Shareholders shall not, among other things, (i) transfer any of their equity interests in the OPCOs nor create any pledge or any other security unless in the ordinary and usual course of business and with prior written consent from WFOE, or (ii) alter the registered capital of the OPCOs or approve the distribution of dividends to the shareholders of the OPCOs without prior written consent from WFOE.

(iii) Equity Pledge Agreements（股權質押合同）

Parties:	(i) WFOE
	(ii) OPCO Shareholders
	(iii) OPCOs
Subject matter:	OPCO Shareholders agree to pledge all of their equity interests in the OPCOs, equivalent to the entirety of the equity interests in the OPCOs, to WFOE to secure the performance of all the contractual obligations and the payment of guaranteed debts of OPCO Shareholders and the OPCOs under the Structured Contracts.
	Pursuant to the Equity Pledge Agreements, absent prior written consent from WFOE, OPCO Shareholders shall not, among other things, (i) transfer any of their equity interests in the OPCOs nor create any new pledge or any other security thereon, or (ii) transfer any of their rights or obligations under the Exclusive Business Cooperation Agreements and the Equity Pledge Agreements to any third parties.

(iv) Powers of Attorney（授權委託協議）

Each OPCO Shareholder irrevocably authorises WFOE, or any person(s) designated by WFOE, to exercise on its or his behalf all of its or his rights and powers as shareholder of the OPCOs, including, among other things, (i) acting as the agent of the OPCO Shareholder to attend the shareholders' meetings of the OPCOs, (ii) representing the OPCO Shareholder and exercising the voting rights on matters requiring discussion and approval at shareholders' meetings of the OPCOs, or (iii) proposing to appoint or remove directors and other members of senior management.

(v) Spousal Consent Letter（配偶同意函）

The spouse of Mr. Zhang unconditionally and irrevocably, among other things, (i) acknowledges that all the equity interests in the OPCOs registered under the name of the OPCO Shareholder (as applicable) do not form part of their matrimonial property, (ii) undertakes that she will not claim any remedy in respect of the equity interests in the OPCOs obtained under the Structured Contracts, and (iii) undertakes that she will not participate in the operation and management of the OPCOs.

Information on shareholders

Pursuant to the Share Purchase Agreement, Beijing Wanghui and each of the Sellers and/or their respective affiliates who are the existing OPCO Shareholders will enter into an equity transfer agreement in order to transfer 48% of the equity interests in each of the OPCOs held by the existing OPCO Shareholders to Beijing Wanghui.

Appropriate arrangements have been made to protect WFOE's interests in any circumstance that affects OPCOs Shareholders' exercise of the rights relating to their equity interests in the OPCOs. The Structured Contracts contain provisions stipulating that the agreements shall be legally binding on the legal assignees or successors of the parties thereto.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the existing shareholders of the OPCOs and Beijing Huida and their respective ultimate beneficial owners are Independent Third Parties.

The bases why the Directors believe that each of the Structured Contracts conferring significant control and economic benefits from the OPCOs to the Company is enforceable under the relevant laws and regulations

The Structured Contracts confer upon the Group the right to enjoy all the economic benefit of the OPCOs by operation of the Structured Contracts under which each of the OPCOs will pay WFOE a service fee equivalent to 100% of the net income of the OPCOs. The Company has taken all reasonable steps (including seeking input and advice from the PRC legal advisers of Leyu Group) in ensuring the Structured Contracts comply with the applicable PRC laws and regulations. The PRC legal advisers of Leyu Group advised that to the best of their knowledge (i) there are no PRC laws and regulations which expressly indicate that the Structured Contracts would be deemed as "concealing illegal intentions with a lawful form" under Section 52 of the PRC Contract Law; and (ii) there are no PRC laws and regulations prohibiting the entering into of the Structured Contracts. The Structured Contracts are valid and enforceable against the parties to the Structured Contracts.

Arrangements when potential conflicts of interest arise

If any conflict of interest which may negatively affect the interests of the OPCOs ever arises, the Company will seek to procure the OPCO Shareholders to take remedial actions as permitted by WFOE to eliminate such conflict as soon as possible. WFOE will also seek to enforce its rights under the Structured Contracts to the extent possible should the OPCO Shareholders refuse or fail to take any such remedial actions.

RISKS AND LIMITATIONS RELATING TO THE STRUCTURED CONTRACTS

Economic risks and loss sharing

None of the agreements constituting the Structured Contracts provide that the Company or WFOE is obligated to share the losses of the CAEs or provide financial support to the CAEs. Under PRC laws and regulations, the Company or WFOE, as the primary beneficiary of the OPCOs, is not required to share the losses of the OPCOs or provide financial support to the same. Moreover, as limited liability companies, the OPCOs are solely liable for their own debts and losses.

Despite the foregoing, given that the Group will conduct business in the PRC through the OPCOs and their financial condition and results of operations will be consolidated into the Company's combined financial statements and results of operations under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if the CAEs suffer losses. Therefore, the provisions in the Structured Contracts are tailored so as to limit, to the greatest extent possible, the potential adverse effect on WFOE and the Company resulting from any loss suffered by the CAEs.

For instance, as provided in the Structured Contracts, none of the assets of the CAEs are to be sold, transferred or otherwise disposed of without the written consent of WFOE. In addition, under the Structured Contracts, none of the OPCO Shareholders may transfer or permit the encumbrance of or allow any guarantee or security to be created on any of his or her equity interests in the OPCOs without the Company's prior written consent.

In addition, under the Structured Contracts, without the prior written consent of WFOE, the CAEs shall not change or remove the members of the boards of directors who are appointed by WFOE in accordance with the memorandum and articles of association of each of the CAEs. WFOE also has the right to appoint the financial controllers and other senior managers of the CAEs. WFOE has absolute control over the distribution of dividends or any other amounts to the shareholders of the CAEs as the CAEs and their shareholders have undertaken not to make any distribution without the prior written consent of WFOE. WFOE also has the right to periodically receive or inspect the accounts of CAEs and the financial results of the CAEs can be consolidated into the Group's financial information as if they were the Group's subsidiaries.

Limitations in exercising the option to acquire ownership in the OPCOs

As foreign direct investment in value added telecommunications services is governed by the FITE Regulations, the Group will take steps to gradually build up its overseas business record and experience, for example by cooperating with other pioneering and innovative internet finance companies in overseas market and introducing them to China. Nonetheless, given the lack of guidelines in this unclear area of the law, there is no guarantee that the steps to be taken will be sufficient to enable to Company to ultimately acquire direct beneficial ownerships in the OPCOs.

The exercise of the option to acquire the ownership of the OPCOs may be subject to substantial costs. Under the Exclusive Option Agreements (being part of the Structured Contracts), WFOE has the sole discretion to require the OPCO Shareholders to transfer their equity interests in the OPCOs to WFOE at the lower of (i) the amount of the registered capital contributed by the shareholders in accordance with their respective percentage of equity interest in the OPCOs and (ii) the lowest price permitted under the PRC laws. The relevant PRC authorities may require WFOE to pay a substantial amount of enterprise income tax for the income from the ownership transfer if the purchase price is set below the market value.

The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations

The PRC government may determine that the Structured Contracts do not comply with the applicable laws and regulations of the PRC. Although the PRC legal advisers of Leyu Group are of the view that the Structured Contracts are not in violation of the relevant PRC laws and regulations, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations especially in the area of value-added telecommunications business. For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in that area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the Structured Contracts as the PRC legal advisers in the future.

WFOE relies on the Structured Contracts to control and obtain the economic benefits from the OPCOs, which may not be as effective in providing operational control as direct ownership

The Structured Contracts may not provide control as effective as direct ownership. Under the Structured Contracts, the Group will operate its value added telecommunication services business through the CAEs. The Company will have to rely on WFOE's rights under the Structured Contracts to effect changes in the management of the OPCOs and make an impact on its business decision making, as opposed to exercising its rights directly as a shareholder. If the OPCOs or their shareholders refuse to cooperate, the Company will face difficulties in effecting control over the OPCOs' operation of business through the Structured Contracts, which may adversely affect the Company's business efficiency.

The OPCO Shareholders may potentially have a conflict of interests with the Group

The OPCO Shareholders may have potential conflicts of interest with the Company. Although there are provisions under the Exclusive Option Agreements to prevent those situations, conflicts of interest may still arise when the interest of the OPCO Shareholders does not align with that of the Company, and the OPCO Shareholders may breach or cause the OPCOs to breach the Structured Contracts. If the Company fails to resolve this internally, it may have to resort to dispute resolution. If ultimately the shareholder(s) has/have to be removed, it will be difficult for the Company to maintain investors' confidence in the Structured Contracts.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Structured Contracts may be subject to scrutiny by the tax authorities and additional tax may be imposed. Under the Structured Contracts, each of the OPCOs are required to pay WFOE a service fee for the services rendered by WFOE. Such service fee payments between related parties may be subject to scrutiny or challenge by the PRC tax authorities within ten years after the taxable year when such transactions are conducted.

The Company does not have any insurance which covers the risks relating to the Structured Contracts and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the Structured Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Structured Contracts in the future, such as those affecting the enforceability of the Structured Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of the OPCOs, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

Confirmation of no interference

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Leyu Group has not encountered any interference or encumbrance from any governing bodies in operating its business through the OPCOs under the Structured Contracts.

The financial results of Leyu Group will be consolidated in the accounts of the Group after the completion of the Share Purchase.

REASONS FOR AND BENEFITS OF THE SHARE PURCHASE

The Board is of the view that the Share Purchase will benefit the Group's business by diversifying its existing business portfolio and expanding its revenue sources through acquiring a robust consumer financing business with significant growth potential. Leyu Group will complement the Group's business strategy of serving financial needs of the underfinanced individual consumers in China through an internet lending platform, and through leveraging the automated online data analysis and risk management capabilities of Leyu Group, the Group's business efficiency and service to the demand of its existing customers will be improved.

After careful consideration of the factors listed above, the Board considers that the Share Purchase Agreement has been entered into on normal commercial terms and that the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules in respect of the transactions contemplated in the Share Purchase Agreement (including but not limited to the Put Option contemplated in the Leyu Shareholders' Agreement) exceed 5%, and all the applicable percentage ratios are less than 25%, the entering into of the Share Purchase Agreement and the Leyu Shareholders' Agreement constitutes a discloseable transaction of the Company.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

"Beijing Huida"	北京惠達金通資訊服務中心(有限合夥)(Beijing Huida Jintong Xinxi Fuwu Zhongxin LLP*), a company incorporated in the PRC with limited liability and an Independent Third Party
"Beijing Tianji"	北京天機移聯科技有限公司 (Beijing Tianji Yilian Technology Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
"Beijing Wanghui"	北京網惠金服科技有限公司 (Beijing Wanghui Jinfu Technology Limited), a company incorporated in the PRC and an affiliate of the Company
"Board"	the board of Directors
"Buyer"	Marvel Paradise Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"CAEs"	the consolidated affiliated entities in Leyu Group, namely, Weshare Technology and Weshare Wealth and their respective subsidiaries

"Closing Date"	a date within five business days of the fulfillment and/or waiver of any and all conditions precedent in the Share Purchase Agreement, or any other date as agreed upon by the parties to the Share Purchase Agreement
"Company"	Credit China FinTech Holdings Limited中國信貸科技控股有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
"Consideration"	an aggregate sum of RMB800 million (approximately HK$914.24 million) payable by the Company for the Share Purchase
"Consideration Shares"	the shares to be issued by the Company to the Sellers being 60% of the Consideration
"Directors"	the directors of the Company
"Equity Pledge Agreements"	the equity pledge agreements to be entered into between WFOE and OPCO Shareholders, details of which are set out in the section headed "Information on the Structured Contracts – Structured Contracts"
"Exclusive Business Cooperation Agreements"	the exclusive business cooperation agreements entered into amongst WFOE and the OPCOs, details of which are set out in the section headed "Information on the Structured Contracts – Structured Contracts"
"Exclusive Option Agreements"	the exclusive option agreements to be entered into by and amongst WFOE and OPCO Shareholders, details of which are set out in the section headed "Information on the Structured Contracts – Structured Contracts"
"General Mandate"	the general mandate for the Directors to allot and issue Shares as authorised by the Shareholders at the annual general meeting of the Company held on 9 May 2016
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards

"Independent Third Party"	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of the Company and its connected persons
"Leyu"	Leyu Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
"Leyu Group"	Leyu and its subsidiaries and consolidated affiliated entities
"Leyu HK"	LEYU8 LIMITED 樂魚八有限公司, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Leyu
"Leyu Shareholders' Agreement"	the shareholders' agreement to be entered into by the Buyer, Leyu, Mr. Zhang, OPCOs, Prajna and the affiliate entity of Beijing Huida on the Closing Date
"Leyu Shares"	166,465,644 ordinary shares in Leyu, being the shares to be acquired by the Buyer pursuant to the Share Purchase Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"Long-Stop Date"	29 January 2017
"Mr. Cheng"	Mr. Cheng Congwu (成從武), a resident of the PRC and an Independent Third Party
"Mr. Tan"	Mr. Tan Chun (譚春), a resident of the PRC and an Independent Third Party
"Mr. Wang"	Mr. Wang Lisong (王力松), a resident of the PRC and an Independent Third Party
"Mr. Zhang"	Mr. Zhang Jinghua (張敬華), a resident of the PRC, a founder and the Chief Executive Officer of Leyu and an Independent Third Party
"Ms. Li"	Ms. Li Jielan (李傑蘭), a resident of the PRC and an Independent Third Party

"OPCOs"	Weshare Technology and Weshare Wealth
"OPCO Shareholders"	Mr. Zhang, Beijing Tianji, Mr. Tan, Beijing Wanghui and Beijing Huida, all of which will be shareholders of the OPCOs after completion of the Share Purchase
"Powers of Attorney"	the powers of attorney to be issued by each OPCO Shareholder, details of which are set out in the section headed "Information on the Structured Contracts – Structured Contracts"
"Prajna"	Prajna Technology Limited, a company incorporated in the British Virgin Islands with limited liability
"PRC"	the People's Republic of China
"PRC GAAP"	generally accepted accounting principles of the PRC in effect as modified from time to time
"RMB"	Renminbi, the lawful currency of the PRC
"Sanbao Star"	Sanbao Star Limited, a company incorporated in the British Virgin Islands with limited liability
"Sellers"	Starshine, Sanbao Star, Mr. Zhang, Prajna and Mr. Wang, all of which are the existing shareholders of Leyu and Independent Third Parties
"Share(s)"	shares of the Company
"Share Purchase"	the acquisition of the Leyu Shares by the Buyer and the acquisition of 48.00% equity interests in each of the OPCOs by Beijing Wanghui as contemplated in the Share Purchase Agreement
"Share Purchase Agreement"	the Share Purchase Agreement dated 31 October 2016 and entered into between the Company and the Sellers
"Spousal Consent Letter"	the consent letter to be issued by the spouse of Mr. Zhang, details of which are set out in the section headed "Information on the Structured Contracts – Structured Contracts"

"Starshine"	Starshine Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Exclusive Business Cooperation Agreements, Exclusive Option Agreements, Equity Pledge Agreements and Powers of Attorney and, ancillary to the foregoing, the Spousal Consent Letter, all of which have been entered into or are to be entered into on or before the Closing Date and pursuant to which, WFOE will have direct and complete control over the financing and business operations of, and be entitled to the economic interest and benefits in, the OPCOs
"Tianjin Puhua"	天津普華恒昌科技有限公司 (Tianjin Puhua Hengchang Technology Co., Ltd.*), a limited liability company incorporated in the PRC and direct a wholly-owned subsidiary of Weshare Wealth
"US$"	United States dollars, the lawful currency of the United States
"Weshare Finance"	北京掌眾金融信息服務有限公司 (Beijing Weshare Financial Message Service Limited*), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Weshare Technology
"Weshare Technology"	北京掌眾科技有限公司(Beijing Weshare Technology Limited*), a limited liability company incorporated in the PRC
"Weshare Wealth"	北京掌眾財富資產管理有限公司 (Beijing Weshare Wealth Management Limited*), a limited liability company incorporated in the PRC
"WFOE"	北京掌眾軟件技術有限責任公司 (Beijing Weshare Software Technology Limited*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Leyu

"%"	per cent

* *For identification purposes only*

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

Hong Kong, 31 October 2016

As at the date of this announcement, the Executive Directors are Mr. Phang Yew Kiat (Vice-Chairman and Chief Executive Officer), Mr. Chng Swee Ho and Mr. Sheng Jia; the Non-executive Directors are Mr. Li Mingshan (Chairman), Mr. Li Gang, Mr. Wong Sai Hung, Mr. Zhang Zhenxin and Ms. Zhou Youmeng; and the Independent Non-executive Directors are Mr. Ge Ming, Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli.

For illustration purposes and unless the context requires otherwise the translation of amounts denominated in RMB in this announcement into HK$ is calculated based on an exchange rate of RMB1.00 to HK$1.1428. Such translations should not be construed as a representation that the relevant amounts have been, could have been or could be, converted at any particular rate at all.

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" 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).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.