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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)

SUPPLEMENTAL ANNOUNCEMENT
RELATING TO THE DISCLOSEABLE TRANSACTION IN RESPECT
OF THE PURCHASE OF SHARES IN LEYU LIMITED INVOLVING
ISSUE OF CONSIDERATION SHARES UNDER
THE GENERAL MANDATE

Reference is made to the announcement of the Company dated 31 October 2016 (the “**Announcement**”). Unless otherwise stated, terms used in this announcement have the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Company and the Buyer entered into the Share Purchase Agreement with the Sellers on 31 October 2016. In connection with the Share Purchase Agreement, 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.

A summary of the Structured Contracts is set out in the Announcement. The Stock Exchange has requested the Company to provide further disclosure of certain information in accordance with the guidance letter HKEX-GL77-14 (the “**Guidance Letter**”) issued by the Stock Exchange. The Structured Contracts will contain all the necessary provisions to ensure they are in compliance with the requirements under Guidance Letter.

Actions and steps taken by legal advisers

The Company has sought advice from both its own PRC legal advisers and the PRC legal advisers of Leyu Group in relation to the legality and enforceability of the Structured Contracts.

According to the FITE Regulations, foreign investors may not hold more than 50% of the equity interests in a company providing value-added telecommunications services, including services that require an ICP License. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must satisfy the Qualification Requirement. Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和資訊化部) issued a guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, the applicant's annual reports for the past three years, satisfactory proof of the Qualification Requirement and business development plan. The guidance memorandum does not provide any further guidance on the proof, record or document required to support the proof satisfying the Qualification Requirement. Further, this guidance memorandum does not purport to provide an exhaustive list on the application requirement. The Company's PRC legal advisers have advised the Company that (i) this guidance memorandum has no legal or regulatory effect under the PRC laws and (ii) no applicable PRC laws, regulations or rules have provided clear guidance or interpretation on the Qualification Requirement.

After: (i) reviewing the applicable laws and regulations; (ii) reviewing documents and factual statements provided by Leyu; and (iii) reviewing the articles of association of the OPCOs, WFOEs and their subsidiaries, the PRC legal advisers of Leyu Group concluded that the Structured Contracts are valid and enforceable and are not in violation of PRC laws and regulations.

Further, the Company's PRC legal advisers have reviewed the legal opinions provided by the PRC legal advisers of Leyu Group 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, and that the Structured Contracts are valid and enforceable against the parties to the Structured Contracts (the "**Extracted Opinions**"). Having reviewed and considered the relevant laws, regulations and guidance issued by the PRC government authorities and the information provided by the Company, the Company's PRC legal advisers agree with the Extracted Opinions. In relation to the operation of the dispute resolution clauses contained in the Structured Contracts, please refer to the section head "Dispute resolution" in this announcement.

Conflicts of interest

With respect to the Powers of Attorney, the Company will procure that the powers of attorney will be exercised in a manner that will avoid any conflict of interest where the OPCO Shareholders are officers or directors of the Company or any person who may give rise to conflicts of interest. Please also refer to the section headed “Arrangements when potential conflicts of interest arise” of the Announcement.

Further, as advised by the Company’s PRC legal advisers, the Company will procure that the Powers of Attorney will contain arrangements and undertakings needed to avoid any conflict of interest that may arise in relation to the Powers of Attorney. For instance each of the OPCO Shareholders has undertaken that during the period that the Structured Contracts remain effective: (i) no actual or potential conflict of interest will arise between the OPCO Shareholders and WFOE (and/or any person designated by WFOE) in the exercise of the Powers of Attorney; (ii) where there is a potential conflict of interest, the OPCO Shareholders will give preference to the interests of WFOE, its offshore parent company and subsidiaries and ensure the interests of WFOE, its offshore parent companies and subsidiaries are protected; (iii) the OPCO Shareholders will not execute any documents, provide any undertaking or enter into any binding obligation that may cause a conflict between them and WFOE (and/or any person designated by WFOE) or the OPCOs; and (iv) the OPCO Shareholders shall not cause any conflict between OPCOs and WFOE and its Shareholders by action or omission, without prior consent of WFOE (and/or person designated by WFOE), and where such a conflict does arise (WFOE has the right to make unilateral decision whether a conflict does arise), the OPCO Shareholders must take all possible steps to eliminate the conflict of interest, otherwise WFOE may exercise its right to purchase the equity interests held by the OPCO Shareholders pursuant to the Exclusive Option Agreements. The Company will also procure that each of the Powers of Attorney will contain a provision to the effect that they should not be seen as authorising any person related to the OPCO Shareholders or any person who may give rise to conflicts of interests.

Based on the above, the Directors are of the view that the measures the Group adopts are sufficient to mitigate the risks associated with the potential conflicts of interest between the Group and the OPCO Shareholders and that these measures are sufficient to protect the Group’s interest in the CAEs.

Dispute resolution

The Company will procure that each of the applicable Structured Contracts will contain dispute resolution clauses that: (i) requires parties to negotiate in good faith to resolve the dispute, failing which, the parties may submit the dispute to arbitration and that arbitrators may award remedies over the shares or assets of OPCO, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of OPCO; and (ii) further provides that the arbitral tribunals or courts of competent jurisdictions have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the Company’s place of incorporation (i.e. the Cayman Islands), OPCO’s place of incorporation, and competent jurisdiction(s) (i.e. the place where the Company or OPCO’s principal assets are located) will be specified as having jurisdiction for this purpose.

As advised by our PRC legal advisers, the Company will procure that the applicable Structured Contracts will allow the arbitral body to award remedies over the shares and/or assets of the OPCOs, injunctive relief and/or winding up of the OPCOs, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases. Our PRC legal advisers further advises that under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the OPCOs in case of disputes, and in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in China.

Dealing in OPCOs' assets

As advised by the Company's PRC legal advisers, the Company will procure that the Powers of Attorney will allow the liquidator appointed by the WFOE, or its directors, to seize OPCOs' assets in a winding up situation for the benefit of WFOE, its offshore shareholders, or creditors if permitted under the applicable PRC laws.

Consolidation of the financial results of OPCOs

The Company's reporting accountants, Shinewing (HK) CPA Limited, has reviewed the Structured Contracts to be entered into and is of the view that the Company has the right to account for and consolidate the financial results of the OPCOs as if it were a subsidiary of the Company.

Internal controls

The Company has and will implement effective internal control measures over the OPCOs to safeguard its assets held through the Structured Contracts. The Company will procure that under the Exclusive Business Cooperation Agreements: (i) the OPCOs shall not change or remove the members of the boards of directors who are appointed by WFOE in accordance with the PRC laws without the prior consent of WFOE; (ii) WFOE will have the right to participate in the appointment of the senior management of the OPCOs; (iii) WFOE also has the right to receive or inspect the accounts of the CAEs that it will review on a regular basis or at any time; and (iv) directors, legal representatives, general managers, financial controllers or other senior management of the OPCOs appointed by WFOE will have the possession of the constitutional items of OPCOs that are required for the day-to-day business operations of the OPCOs, including the company seal.

The Company will procure that under the Exclusive Option Agreements, the OPCOs shall not without the prior written consent of WFOE: (i) transfer or dispose of the assets or equity of the OPCOs; (ii) enter into any material contract; (iii) enter into any guarantee, loan or other legal obligation that may encumber the assets or equity of the OPCOs; and (iv) make any distributions.

The Company will further adopt internal policies to safeguard the above rights such as appointing a designated team to monitor the financial affairs and operations of the CAEs, liaise with the management of the CAEs on a regular basis and follow-up and report to the Company on any important issues.

In addition to the Structured Contracts, the Company enjoys certain rights under the SPA and Leyu Shareholders' Agreement such as: (i) the ability to appoint representatives on the board of directors of the OPCOs; and (ii) the right to information which allow the Company in safeguarding its assets under the CAEs. Please also refer to the section headed "Principal Shareholders' Rights of the Leyu Shareholders' Agreement" in the Announcement.

Undertaking in relation to consideration

The Company will unwind the Structured Contracts as soon as the law allows the business carried out by the CAEs to be operated without them. In the event that the parties unwind the Structured Contracts, WFOE can exercise the call options provided for under the Exclusive Options Agreements to acquire the equity interests in the OPCOs in exchange for the minimum consideration permitted by PRC laws.

As advised by its PRC legal advisers, the Company will procure that the Exclusive Options Agreements will specify that the OPCO Shareholders shall undertake to the Company to return to WFOE any consideration they receive in the event that the Company acquires the shares in the OPCOs when unwinding the Structured Contracts, in compliance with PRC laws and regulations.

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

Hong Kong, 16 November 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.

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.