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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)

CLARIFICATION ANNOUNCEMENT
AND
RESUMPTION OF TRADING

This announcement is made concerning certain allegations made in the AA Report.

The AA Report makes allegations which are groundless and contains various misrepresentations, malicious speculations, false allegations and obvious factual errors in respect of matters concerning the Group.

The Company strongly refutes the allegations in the AA Report. This announcement is made to address and clarify the allegations or comments concerning the Group made in the AA Report.

The Company has successfully executed its growth strategies under challenging environment as demonstrated by our remarkable results, validating the sustainable growth strategies of the Company in the FinTech sector and our efficient capabilities in integrating acquired businesses. At the same time, with its experienced and internationalized management team and strong corporate governance, the Company has successfully transformed itself into an integrated FinTech service provider with over 21 million users in its ecosystem. The Company's vision is to become a multinational FinTech enterprise with 100 million of users.

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

Trading in the Shares on the Stock Exchange had been halted with effect from 11:47 a.m. on 13 December 2016 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 December 2016.

Reference is made to the report (the “**AA Report**”) released by Anonymous Analytics on 13 December 2016 concerning Credit China FinTech Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”).

The AA Report makes allegations which are groundless and contains various misrepresentations, malicious speculations, false allegations and obvious factual errors in respect of matters concerning the Group.

The Company strongly refutes the allegations in the AA Report. This announcement is made to address and clarify the allegations or comments concerning the Group made in the AA Report.

The Company has no information about the identity of Anonymous Analytics nor has any director of the Company (each a “**Director**”) or member of senior management of the Company been approached by Anonymous Analytics to address or clarify the allegations made in the AA Report prior to its issuance.

Shareholders of the Company (the “Shareholders”) and potential investors should exercise caution when reading the AA Report and should not deal in the shares of the Company (the “Shares”) in reliance on any unofficial published information relating to the Company (including the AA Report).

The Company is seeking advice from its legal advisers and reserves the right to take legal action against Anonymous Analytics in respect of the allegations set out in the AA Report.

The Board would like to emphasize that the Group’s consolidated annual financial statements have been audited by external independent auditors since the Company’s listing in November 2010 and such financial statements have never been qualified by the external independent auditors. For the financial years ended 31 December 2013, 2014 and 2015, the auditors of the Company stated that the audited consolidated financial statements gave a true and fair view of the affairs of the Group without any qualifications.

ALLEGATIONS OR COMMENTS CONCERNING THE GROUP IN THE AA REPORT

The AA Report makes the following allegations:

1. The Acquisition of Shanghai Jifu

Anonymous Analytics’ Allegation:

“We Anonymous Analytics have found clear evidence that the acquisition of Shanghai Jifu was in fact an undisclosed related-party transaction involving Credit China’s non-executive director, substantial shareholder, and key individual, Mr. Zhang Zhenxin”. The AA Report refers to the contents of an archived copy of Shanghai Jifu’s website dated 14 November 2015 and Shanghai Jifu’s Wechat account dated 31 October 2015. The AA Report also alleges that: “The screen grab was taken only a few days before Credit China announced its plan to acquire a stake in Shanghai Jifu from purportedly independent parties!”

The Company’s response

The allegation in the AA report is based on factually incorrect information, and the allegation that the acquisition is a connected transaction is groundless.

Based on information extracted from SAIC filings as of 30 October 2015, being the date on which the Group entered into the initial acquisition agreement with the vendors in relation to the acquisition of equity interests in Shanghai Jifu Xinxi Jishu Fuwu Co., Ltd. (上海即富信息技術服務有限公司) (“**Shanghai Jifu**”), the shareholding structure of Shanghai Jifu is as follows:

Shareholders	Registered Capital (RMB)	Shareholding (%)
Huang Xisheng (黃喜勝)	13,500,000	45%
Wang Yanming (王雁銘)	12,000,000	40%
Huzhou Tongsheng (湖州同勝)	4,500,000	15%
Total	<u>30,000,000</u>	<u>100%</u>

None of the abovementioned shareholders was a connected person or a related party to the Company on 30 October 2015.

Set out below is a summary of key events relating to the Group's acquisition of Genesis Business Holdings Limited (which has an interest in Shanghai Jifu through a variable interest entity (VIE) structure) (創峰控股有限公司 and the "Target"):

- a. 30 October 2015 (Friday) – a wholly owned subsidiary of the Company agreed to acquire a 10% equity interest in the Target for consideration of RMB160 million together with the right to acquire a further equity interest in the Target at the Group's election (the "Call Option" and the acquisition being the "Acquisition").
- b. 1 November 2015 (Sunday) – the Company made a voluntary announcement in respect of the above acquisition.
- c. 26 November 2015 (Thursday), after further detailed negotiations, the Company conditionally exercised the Call Option for an aggregate consideration of RMB400 million to acquire a further 25% equity interest in the Target, which when completed would result in the Group holding a 35% equity interest in the Target in aggregate.

The statements made on 14 August 2015, 31 October 2015 and 14 November 2015 by Shanghai Jifu on its website and Wechat account that China UCF Group Co., Ltd. (the "UCF Group") was, at the relevant time, one of its investors, and the use of UCF Pay's name in its group overview description, were factually incorrect. Such statements were made in Shanghai Jifu's marketing materials without consultation with the Company and were subsequently revised by Shanghai Jifu with apologies. The Company has received written confirmation from Shanghai Jifu that such statements were factually incorrect and were made without consultation with the Company and independent verification of the facts at the relevant time.

Prior to 30 October 2015, being the date of the initial agreement to acquire Shanghai Jifu, none of the Group, Mr. Zhang Zhenxin or the UCF Group held any shares in the Target, whether directly or indirectly.

Anonymous Analytics' Allegation:

"The circular relating to the Acquisition does not even contain a customary independent valuation report".

The Company's response

The Company has complied fully with the disclosure obligations set out in the GEM Listing Rules in relation to the Acquisition.

As disclosed in the announcements of the Company dated 1 November 2015, 26 November 2015 and 24 February 2016 relating to the Acquisition, the Acquisition constitutes a 'discloseable transaction' under Rule 19.36 of the GEM Listing Rules.

The GEM Listing Rules do not require an independent valuation report to be prepared and published in respect of transactions classified as 'discloseable transactions' under the GEM Listing Rules.

In connection with the Acquisition, the Company appointed a qualified independent valuer to conduct a business valuation of the Target and its subsidiaries. The valuation implied by the consideration paid by the Company for its equity stake in the Target was lower than the appraised valuation by the independent valuer.

Therefore, the missing of a customary independent valuation report as mentioned in the AA Report is an absurd conclusion as the writer of the AA Report does not understand the GEM Listing Rules.

Further Information on Shanghai Jifu

Shanghai Jifu is a company established in the PRC and principally engaged in the provision of bank card acceptance services (銀行卡收單服務) through a payment services license (支付業務許可証) granted by the People's Bank of China (the "PBOC") to its wholly owned subsidiary.

As of 1 December 2016, PBOC had in aggregate issued payment service licenses to 270 third party payment service providers, 62 of which obtained bank card acceptance licenses, including Shanghai Jifu.

The Acquisition has resulted in business synergies with the other businesses of the Group. The below table summarizes Shanghai Jifu’s key financials and operating numbers for the last seven quarters up to 30 September 2016:

	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016
Accumulative users	756,993	1,036,626	1,346,015	1,841,272	2,130,409	2,500,856	2,884,279
Monthly Active users	252,825	361,727	460,893	557,852	598,724	662,273	749,995
Transaction value*							
(RMB’000)	54,636,603	81,627,570	110,372,885	125,555,023	134,138,960	142,556,034	176,973,891
Total revenue*							
(RMB’000)	67,376	114,669	139,849	180,706	161,328	212,644	240,441

For the nine months ended 30 September 2016, Shanghai Jifu processed transactions of an aggregate value of approximately RMB453.7 billion* and had revenues of approximately RMB614 million* representing a year-on-year growth of 84.0% and 90.9% respectively.

* These are unaudited figures.

2. The Shanghai Property Purchase

Anonymous Analytics’ Allegation

“the Shanghai Property was acquired by Credit China under dubious circumstances and for substantially more than its fair market value” and “the Shanghai Property may have been beneficially owned by individuals connected to insiders of Credit China, and the property was purchased as a means of funnelling money out of the Company”.

The Company’s response

This allegation is absurd and is based on a completely subjective opinion. The Company refutes this allegation and makes the following statements in relation to the acquisition of a commercial property in Shanghai (the “**Shanghai Property**”) which was announced by the Company on 10 December 2013:

- a. The RMB396 million consideration for the acquisition of the Shanghai Property was arrived at after arm’s length negotiation between the parties after having taken into account the market prices of comparable properties of similar size, character and location.

- b. The acquisition of the Shanghai Property was an appropriate commercial decision made in December 2013 by the executive management team at the time. The terms of such acquisition were approved by the executive management team and the Company's board of directors (including the independent non-executive directors) at the time.
- c. The Company's directors considered that the acquisition of the Shanghai Property represented a good investment opportunity and believed that the Group would benefit from the anticipated appreciation in value of the Shanghai Property, in addition to recovering all of the outstanding loan principal, overdue interest payments and other fees owed by the relevant borrower to the Group.
- d. The Company's directors determined that the consideration arrived at for the acquisition of the Shanghai Property after arm's length negotiations was fair and reasonable, on normal commercial terms and believed to be in the best interests of the Company and the shareholders of the Company.

As stated in the Company's audited consolidated financial statements in 2013, the fair value of the Shanghai Property amounting to RMB513 million was arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer not connected to the Group. The Group has recorded a gain of RMB75.7 million resulting from the appreciation in the fair value of the Shanghai Property.

For the financial years ended 31 December 2013, 2014 and 2015, the auditors of the Company stated that the audited consolidated financial statements gave a true and fair view of the affairs of the Group without any qualifications.

From time to time, the Company considers strategic options in relation to the Shanghai Property and will make announcements relating thereto as and when appropriate.

3. Worthy Trade Acquisition

Anonymous Analytics' Allegation

"Shanghai Huali was a small subsidiary with only RMB16 million in assets, which hardly accounts for Worthy Trade's RMB405 million valuation as implied by the 20% acquisition".

The Company's response

The Company makes the following statements in relation to its acquisition of equity interests in Worthy Trade Limited (“**Worthy Trade**”):

- a. Worthy Trade Limited is a holding company of certain PRC subsidiaries, including Shanghai Huali (上海華勵), which are principally engaged in financial consultancy services.
- b. The terms of the acquisition comprised an appropriate commercial decision taken in 2013 by the executive management team. In determining the consideration for the acquisition, the Company had appointed a qualified independent valuer to conduct a business valuation of Worthy Trade and its subsidiaries.
- c. The terms of the acquisition were approved by the executive management team and the Company's board of directors (including the Company's independent non-executive directors) at the time.
- d. The Company's directors determined that the terms of the acquisition were fair and reasonable, on normal commercial terms and believed to be in the best interests of the Company and the shareholders of the Company.

The valuation paid by the Company for its equity stake in Worthy Trade was lower than the appraised valuation by the independent valuer.

4. Hefei Jianxin Acquisition

Anonymous Analytics' Allegation

“On November 2013 Credit China announced it had acquired 100% paid up capital of Hefei Jianxin for consideration of RMB48 million. However, SAIC records show that from June 2013 to May 2015, Hefei Jianxin was 100% owned by China Runking which was 60.3% owned by Credit China until its disposal in December 2014”.

The Company's response

The allegation in the AA Report is factually incorrect. The Company makes the following statements in relation to the allegation:

- a. China Runking Financing Group Holdings Limited (中國潤金小貸控股有限公司) and China Runking Financing Limited (中國潤金小貸有限公司) are two distinct entities.

- b. Prior to 31 October 2013, China Runking Financing Limited was a wholly owned subsidiary of China Runking Financing Group Holdings Limited which in turn was 60.3% indirectly held by the Company.
- c. On 31 October 2013, the Group underwent an internal reorganisation such that China Runking Financing Group Holdings Limited transferred the entire equity interest in China Runking Financing Limited to another wholly owned subsidiary of the Company.
- d. Prior to the SAIC's registration of China Runking Financing Limited as the shareholder of Hefei Jianxin (合肥市包河区建信小额贷款有限公司) ("**Hefei Jianxin**") as of June 2013, China Runking Financing Limited entered into an agreement for the acquisition of 100% interest in Hefei Jianxin with its then shareholders. Notwithstanding such SAIC's registration, the consideration of the acquisition had not been paid by the Group until November 2013. As a result, the acquisition was recorded in the book of the Group as Hefei Jianxin being acquired by the Group in November 2013 but not in June 2013. Therefore, the Company's 2013 annual report disclosed that on 13 November 2013, China Runking Financing Limited acquired 100% of the paid up capital of Hefei Jianxin for RMB48,409,000.
- e. On 18 December 2014, the Company disposed of its 60.3% interest in China Runking Financing Group Holdings Limited, but China Runking Financing Limited together with Hefei Jianxin remained as wholly-owned subsidiaries of the Group as at the date hereof.

The AA Report incorrectly stated that China Runking Financing Group Holdings Limited is the owner of Hefei Jianxin, which should actually be China Runking Financing Limited. The AA Report also incorrectly stated that the Group had already acquired Hefei Jianxin before its acquisition of Hefei Jianxin in November 2013.

In view of the above, the allegation in the AA Report is factually wrong and totally unfounded.

5. The 30-Minute Trade

Anonymous Analytics' Allegation

*The AA Report alleges that "based on our analysis, we think Credit China is just another company with a share price value dictated more by end-of-day trading manipulation than business fundamentals". The AA Report arrived at this conclusion based on its analysis of a strategy of buying the Company's shares each trading day at 3:30 p.m. and selling them at 4:00 p.m. on the same day for the period from 6 June 2016 to 7 December 2016 (the "**Relevant Period**").*

The Company's response

This allegation against the Company is a groundless accusation and attempts to mislead investors. Our fundamentals have always been good, and our business scale, income and profit all showed stable growth in recent years and achieved satisfactory results. We are one of the leading enterprises in the FinTech sector.

The Directors have confirmed that neither they nor any of their respective associates have: (i) dealt in Shares during the Relevant Period other than as publicly disclosed pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); or (ii) purchased and sold Shares (or any interest in them) on the same trading day during the Relevant Period.

The Directors have further confirmed that neither they nor any of their respective associates have dealt in Shares at any time other than as publicly disclosed pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) since their appointment as directors of the Company.

Further, having made all reasonable enquiries, the Company is not aware of any person having dealt in Shares in the Relevant Period in the manner described above as set out in the AA Report.

CONCLUSIONS

The Board confirms that it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO. This allegation is a malicious attack by the writer of the AA Report with no factual basis.

Shareholders and potential investors should exercise caution when reading the AA Report and should not deal in Shares in reliance of any unofficial published information relating to the Company (including the AA Report).

Further information on the Group

Over the past three years, the Company has successfully transformed itself from a traditional lender into an integrated FinTech service provider with a focus on providing 24x7 financial services to SMEs and individuals in China through internet and mobile internet. The suite of FinTech services offered by the Group includes online third party payment, technology-enabled lending, online financial products investment and supply chain finance services.

The Company has successfully executed its growth strategies under challenging environment as demonstrated by our remarkable results, validating the sustainable growth strategies of the Company in the FinTech sector and our efficient capabilities in integrating acquired businesses. At the same time, with its experienced and internationalized management team and strong corporate governance, the Company has successfully transformed itself into an integrated FinTech service provider with over 21 million users in its ecosystem. The Company's vision is to become a multinational FinTech enterprise with 100 million of users.

We set out below a summary of combined key operational data from our various platforms in the Group's FinTech ecosystem for the past eleven quarters and October 2016, which demonstrates the continued growth momentum of the Company:

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	Oct 16
Registered users ('000)	8	29	204	1,044	1,506	2,359	3,709	5,271	7,003	12,671	19,404	21,360
Active users ('000)	2	11	102	532	857	1,011	1,444	2,137	2,606	3,835	6,596	7,019
Number of transactions for online third party payment services	1.82 million				13.2 million				65.2 million			
Transaction value for online third party payment services (RMB)*	RMB18.2 billion				RMB102.5 billion				RMB518.1 billion			

Note: The above table includes the users, transaction volume and value figures from the Group's subsidiaries and a non-consolidated associate

* *These are unaudited figures.*

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange had been halted with effect from 11:47 a.m. on 13 December 2016 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 December 2016.

This announcement is made by order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

By order of the Board
Credit China FinTech Holdings Limited
Phang Yew Kiat
Chief Executive Officer

Hong Kong, 21 December 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” 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).

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