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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)

ANNOUNCEMENT IN RELATION TO A SHARE TRANSACTION: AMENDED AND RESTATED AGREEMENT IN RELATION TO PURCHASE OF SERIES A PREFERRED SHARES IN BITFURY GROUP LIMITED AND THE ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcement of the Company dated 3 May 2016 in relation to the entering into of the Share Purchase Agreement to subscribe for 205,917 Series A Preferred Shares in BitFury Group.

The Board is pleased to announce that on 25 January 2017, the Company and BitFury Group agreed to revise certain terms of the Share Purchase Agreement after arms' length negotiations as detailed herein.

The major amendments to the Share Purchase Agreement are as follows:

- (a) the aggregate number of Series A Preferred Shares subscribed for by the Company has been reduced from 205,917 Series A Preferred Shares to 68,639 Series A Preferred Shares;
- (b) the aggregate purchase price has been reduced from US\$30,000,047.73, of which US\$10,000,015.91 was to be paid in cash and US\$20,000,031.82 in Consideration Shares, to US\$10,000,015.91, which shall be paid in Consideration Shares only; and

- (c) the Company and BitFury Group have each undertaken to, as soon as reasonably practicable after the Closing Date (in any event no later than thirty (30) days from the Closing Date), (i) negotiate and enter into the Joint Venture Agreement in accordance with the terms and conditions as set out in the Amended and Restated SPA; (ii) take all necessary and advisable actions to form the JV Company in a jurisdiction to be agreed between the Company and BitFury Group; and (iii) pay their respective share of the initial capital contribution in accordance with the terms and conditions of the Joint Venture Agreement.

All of the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules in respect of the transactions contemplated under the Amended and Restated SPA are less than 5% and part of the consideration will be satisfied by the Company allotting and issuing Consideration Shares under the General Mandate, the entering into of the Amended and Restated SPA constitutes a notifiable transaction of the Company. In addition, as the Amended and Restated SPA involves a material change to the terms of a transaction previously announced, together with an issue of Consideration Shares, we are required to make this announcement pursuant to Rules 19.34 and 19.36 of the Listing Rules.

Application for listing of the Consideration Shares was previously made to the Stock Exchange for the issue of the Consideration Shares upon entering into the Share Purchase Agreement, and such application has been approved by the Stock Exchange. The Consideration Shares are expected to be issued on the Closing Date.

Reference is made to the announcement of the Company dated 3 May 2016 in relation to the entering into of the Share Purchase Agreement to subscribe for 205,917 Series A Preferred Shares in BitFury Group. Unless otherwise defined in this announcement, capitalized terms used in this announcement shall have the same meanings as those defined in the announcement of the Company dated 3 May 2016.

Background

The Board is pleased to announce that on 25 January 2017, the Company and BitFury Group agreed to revise certain terms of the Share Purchase Agreement after arms' length negotiations as detailed herein.

Major amendments

The major amendments to the Share Purchase Agreement are as follows:

- (a) the aggregate number of Series A Preferred Shares subscribed for by the Company has been reduced from 205,917 Series A Preferred Shares to 68,639 Series A Preferred Shares;
- (b) the aggregate purchase price has been reduced from US\$30,000,047.73, of which US\$10,000,015.91 was to be paid in cash and US\$20,000,031.82 in Consideration Shares, to US\$10,000,015.91, which shall be paid in Consideration Shares only; and
- (c) the Company and BitFury Group have each undertaken to, as soon as reasonably practicable after the Closing Date (in any event no later than thirty (30) days from the Closing Date), (i) negotiate and enter into the Joint Venture Agreement in accordance with the terms and conditions as set out in the Amended and Restated SPA; (ii) take all necessary and advisable actions to form the JV Company in a jurisdiction to be agreed between the Company and BitFury Group; and (iii) pay their respective share of the initial capital contribution in accordance with the terms and conditions of the Joint Venture Agreement.

THE AMENDED AND RESTATED SPA

Set out below are the major terms and conditions of the Amended and Restated SPA.

Date: 25 January 2017

Parties: (1) the Company; and
(2) BitFury Group.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, BitFury Group and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Amended and Restated Agreement, the Company has conditionally agreed to acquire, and BitFury Group has conditionally agreed to issue, 68,639 Series A Preferred Shares in BitFury Group.

In connection with the Share Purchase, the Company will also enter into the Investors' Rights Agreement which further provides the Company with certain rights as a holder of the Series A Preferred Shares acquired.

The Consideration

The Consideration was determined after arm's length negotiations between the Company and BitFury Group with reference to the historical performance and current financial position of BitFury Group, the valuation of comparable companies in the industry, the business model and the future prospects of BitFury Group and the reasons for and benefits of the transactions as contemplated in the Amended and Restated SPA.

The Consideration comprises US\$10,000,015.91 (approximately HK\$77.60 million) to be paid by issuing a total of 124,397,247 Consideration Shares (calculated in accordance with the following formula determined at the time the Share Purchase Agreement was entered into: $US\$10,000,015.91 \times 7.7574/HK\0.6236 per Consideration Share, representing the average closing price of the Shares as quoted on the Stock Exchange in the five trading days immediately prior to the date of the Share Purchase Agreement) to BitFury Group's designated shareholders which to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, are third parties independent of the Company and its connected persons.

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.

Upon the Closing, the Series A Preferred Shares will represent approximately 2.18% of the entire share capital in BitFury Group and approximately 0.33% of the voting rights in a general meeting of BitFury Group (on a fully converted and diluted basis) and have the same voting rights as Class B ordinary shares of BitFury Group. For further details of the capital structure of BitFury Group, please refer to the section headed "Information of BitFury Group" below.

The Consideration shall be settled on the Closing Date, being 26 January 2017.

PRINCIPAL TERMS OF SERIES A PREFERRED SHARES

Please refer to the announcement of the Company dated 3 May 2016.

ESTABLISHMENT AND FORMATION OF JOINT VENTURE COMPANY

Pursuant to the Amended and Restated SPA, the Company and BitFury Group undertake to, as soon as reasonably practicable after the Closing Date (in any event no later than thirty (30) days from the Closing Date), (i) negotiate and enter into a joint venture agreement in accordance with the terms and conditions as set out in the Amended and Restated SPA; (ii) take all necessary and advisable actions to form the JV Company in a jurisdiction to be agreed between the Company and BitFury Group; and (iii) pay their respective share of the initial capital contribution in accordance with the terms and conditions of the Joint Venture Agreement.

The parties expect to invest a total of US\$20 million into the JV Company. The Company has agreed to contribute US\$16 million, being 80% of the share capital of the JV Company and BitFury has agreed to contribute US\$4 million, being 20% of the share capital of the JV Company. The JV Company is to be set up for the main purpose of making sales of BitFury Group's mining equipment in the PRC through itself or its subsidiaries.

As at the date of this announcement, the JV Company has not yet been established and thus has not commenced any business operations. As the Company will hold 80% equity interest in the JV Company, the JV Company will be accounted for as a subsidiary of the Company and hence, it will be included in the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE SHARE PURCHASE AND THE JOINT VENTURE

The Bitcoin Blockchain and private Blockchains have enormous potential for enabling platforms for the secure transfer of digital assets among consumers, businesses, banks and financial institutions. BitFury Group is the world's leading Bitcoin and private blockchain infrastructure provider and transaction processing company, which provides a full-service chain of hardware and software products. BitFury Group's management team and board of directors comprise industry veterans with extensive experience in hardware and software engineering, as well as in project management and capitalisation of businesses. The Board believes the investment and the potential joint venture in China is in line with the Group's FinTech strategy and will assist the Group in maximising the adoption of the Bitcoin Blockchain and private Blockchains into its various FinTech platforms.

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

LISTING RULES IMPLICATIONS

All of the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules in respect of the transactions contemplated under the Amended and Restated SPA are less than 5% and part of the consideration will be satisfied by the Company allotting and issuing Consideration Shares under the General Mandate, the entering into of the Amended and Restated SPA constitutes a notifiable transaction of the Company. In addition, as the Amended and Restated SPA involves a material change to the terms of a transaction previously announced, together with an issue of Consideration Shares, we are required to make this announcement pursuant to Rules 19.34 and 19.36 of the Listing Rules.

Application for listing of the Consideration Shares was previously made to the Stock Exchange for the issue of the Consideration Shares upon entering into the Share Purchase Agreement, and such application has been approved by the Stock Exchange. The Consideration Shares are expected to be issued on the Closing Date.

INFORMATION OF THE GROUP

The Group is a leading integrated FinTech service provider in China with a focus on providing 24 x 7 financial services to small-medium enterprises and consumers in the PRC through internet and mobile internet. The suite of FinTech services offered by the Group includes online third party payment, technology-enabled lending, online financial asset investment and supply chain financial services platforms.

INFORMATION OF BITFURY GROUP

Bitfury Group is the leading full-service Blockchain technology company and one of the largest private infrastructure providers in the Blockchain ecosystem. Bitfury Group develops and delivers both the software and the hardware solutions necessary for businesses, governments, organisations and individuals to securely move an asset across the Blockchain.

Capital structure of BitFury Group

The capital structure of BitFury Group is as follows:

Categories of issued shares	As of the date of the Amended and Restated SPA
Class A ordinary shares (with ten votes per share on a poll)	2,000,000
Class B ordinary shares (with one vote per share on a poll)	663,255
Other preferred shares (with one vote per share on a poll)	17,525
Series A Preferred Shares (with one vote per share on a poll)	0

Notes:

- (1) As of the date of this announcement, there are 465,265 issued and outstanding warrants, which represents approximately 14.79% of the entire share capital of BitFury Group on a fully converted and diluted basis.
- (2) For details of the voting rights of different categories of shares in BitFury Group, please refer to the section headed “Principal Terms of Series A Preferred Shares – Voting rights” of the announcement of the Company dated 3 May 2016.

Upon the Closing, the total issued shares in BitFury Group will remain unchanged. BitFury Group will repurchase such number of ordinary shares (from certain shareholders which to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, are independent of the Company and its connected persons) equal to the number of the Series A Preferred Shares to be issued to the Company pursuant to the Share Purchase. The allocation of Class A and Class B ordinary shares to be repurchased will be determined before the Closing.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires or is otherwise defined in the announcement of the Company dated 3 May 2016:

“Amended and Restated SPA”	the Share Purchase Agreement as amended and restated on 25 January 2017
“Closing”	the closing of the Share Purchase as contemplated in the Amended and Restated SPA
“Closing Date”	26 January 2017
“Joint Venture Agreement”	the joint venture agreement to be entered into between the Company and BitFury Group in respect of the formation of the JV Company
“JV Company”	a limited company to be incorporated under the laws of the jurisdiction to be agreed between the Company and BitFury Group pursuant to the Joint Venture Agreement

“PRC”	the People’s Republic of China
“Share Purchase”	the subscription of the Series A Preferred Shares by the Company as contemplated in the Amended and Restated SPA

In the case of inconsistency, the definitions in this announcement shall prevail over those contained in the announcement of the Company dated 3 May 2016.

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

Hong Kong, 26 January 2017

For illustration purposes and unless the context requires otherwise the translation of amounts denominated in US\$ in this announcement into HK\$ is calculated based on an exchange rate of US\$1.00 to HK\$7.7574. 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.

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.