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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

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

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

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

Reference is made to the report (the “**AA Report**”) released by Anonymous Analytics on 10 May 2017 concerning Credit China FinTech Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”).

The Company strongly refutes all material 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 is of the view that all material allegations made by the AA Report are groundless and contain various misrepresentations and malicious speculations.

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.

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.

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:

“in April 2016, when Credit China acquired a 35% stake in a company called Shanghai Jifu for RMB560 million in cash and shares..... However, based on Anonymous Analytics's research, including a review of SAIC filings, Anonymous Analytics believe a Credit China subsidiary was already a major shareholder of Shanghai Jifu as early as November 2015, well before the 30 April 2016 date the Company claims that it acquired the 35% stake..... The SAIC filings show that the documented transfer price for the 35% stake in Shanghai Jifu was only RMB2.95 million – not RMB560 million.”

The Company's response

Reference is made to the announcements of the Company dated 1 November 2015, 26 November 2015 and 24 February 2016 and the circular of the Company dated 7 April 2016 (the “**Circular**”). Unless stated otherwise, terms and expressions defined in the Circular shall have the same meanings when used herein.

As disclosed in the aforesaid announcements and circular, on 30 October 2015, a wholly-owned subsidiary of the Company (the “**Purchaser**”) agreed to acquire an indirect 10%-interest in OPCO (namely, Shanghai Jifu Information Technology Service Co., Ltd. “**Shanghai Jifu**”). On 26 November 2015, the Purchaser had agreed to purchase an aggregate indirect 35%-interest in OPCO. On 24 February 2016, the Purchaser agreed to amend the transaction structure for the said acquisition of an aggregate indirect 35%-interest in OPCO.

As mentioned in the announcements and the Circular, the said acquisition involved a variable interest entity structure (the “**VIE Structure**”) which requires a PRC nominee to hold the equity interest in the OPCO under the Structured Contracts for the benefit of foreign investors. As disclosed in the Circular, the use of the VIE Structure is due to applicable PRC law, which stipulates that value-added telecommunications services of the OPCO Group will be subject to certain restrictions on foreign ownership, as well as qualification requirements for foreign investors, which will be difficult for the Company to comply with.

The AA Report based its allegation on the ground that a wholly-owned subsidiary of the Company, namely UCF Pay Limited (“**UCF Pay**”), entered into agreements on 19 November 2015 for the transfer by the then shareholders of OPCO to UCF Pay of an aggregate 36.84%-interest in OPCO at a total consideration of RMB2.95 million (the “**PRC Transfer**”). As explained below, such allegation clearly shows that the AA Report aims to mislead the public on the Group’s investment in OPCO and was made without any proper due diligence or checking with the Company on the background of the PRC Transfer.

As mentioned above, the Group’s interest in OPCO was required to be held by way of the VIE Structure involving a PRC nominee to hold the equity interest in OPCO for the benefit of a foreign investor. As a result, the completion of said acquisition required the establishment of a VIE Structure. To facilitate the completion of the said acquisition, the parties entered into the said agreements on 19 November 2015 in order to have UCF Pay to act as the nominee for the VIE Structure in anticipation of the Group’s proposed acquisition of an aggregate indirect 35%-interest in OPCO and a potential investor in OPCO (the effect of which would dilute the said 36.84%-interest to be transferred under the PRC Transfer to 35%-interest). Prior to completion of the said acquisition of the indirect 35%-interest in OPCO, UCF Pay was a nominee of the then shareholders of OPCO.

The aggregate transfer price of approximately RMB2.95 million was mentioned in the said three agreements for the purposes of the registration of the PRC Transfer in view of the relevant requirements of competent governmental authority of the PRC required that the registration by it of transfer of equity interest had to be done at a consideration. The said RMB2.95 million was fixed solely for the purposes of the said registration and had no bearing on the amount of the Consideration agreed by the Purchaser and Vendors, and did not increase the amount of the Consideration paid by the Purchaser as mentioned in the Circular. On 19 February 2016, the VIE Structure was finalised, details of which are disclosed in the Circular.

2. Top customers of Shanghai Jifu

Anonymous Analytics' Allegation

“based on a review of relevant SAIC filings Anonymous Analytics believe that several of Shanghai Jifu’s top customers are entities with negligible business operations. Anonymous Analytics suspect the purported RMB150 million+ profit Shanghai Jifu generated in 2016 may have been materially fabricated. In one case, it appears a company claimed to be Shanghai Jifu’s largest customer in 2014 (the “Customer”) wasn’t even established until 2015”.

The Company’s response

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, providing 24x7 real-time transaction services to users and its operations are subjected to periodic audits by PBOC.

In addition, Shanghai Jifu and its subsidiaries have obtained various awards and certifications, including the Certificate of High-Tech Enterprise (高新技術企業證書) jointly issued by four Shanghai governmental authorities; Top 10 Excellent Enterprises of Chinese Internet Finance Industry (中國互聯網金融行業十大誠信企業) and Influence Brand in Chinese Electronic Commerce (中國電子商務行業影響力品牌) by China Influence Brand High End Summit Forum Commission (中國影響力品牌高峰論壇組委會).

The Company notes that the above allegations in the AA Report are based on SAIC filing and a transaction report which includes an auditor’s report prepared by Shinewing Certified Public Accountants Jinan Branch* (信永中和會計師事務所(特殊普通合夥)濟南分所) (“**Shinewing Jinan**”). The Company was not involved in the preparation of the said transaction report nor the said auditor’s report. After receiving the AA Report, the Company discussed with Shanghai Jifu and Shinewing Jinan on that. Shinewing Jinan issued a written confirmation to Shanghai Jifu and the Company, which mentions that:

- (i) the financial information of the top 5 customers of Shanghai Jifu during 2014, 2015 and the six months ended 30 June 2016 as audited by Shinewing is genuine and correct;

* English name is for identification only

- (ii) the financial information as required to be provided to and shown on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) of the PRC is not required to be audited by any third party auditors. Therefore, such financial information should not be used to check with the audited financial information of Shanghai Jifu; and
- (iii) in 2014, Shanghai Jifu had a dealership arrangement with a third party. After the Customer referred to the above allegation had been established in 2015, the Customer and the said third party agreed that the Customer would replace such third party in the dealership arrangement with Shanghai Jifu. Hence, the revenue from the Customer in 2014 as reported in the said auditor's report was in fact the revenue from such third party.

CONCLUSIONS

The Board confirms that it is not aware of any inside information which must be announced to avoid a false market in the Company's securities or which is required to be disclosed under the applicable laws, rules and regulations including Part XIVA of the SFO.

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).

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
Vice-Chairman and Chief Executive Officer

Hong Kong, 10 May 2017

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 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.