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VCREDIT Holdings Limited
維信金科控股有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 2003)

US\$100 million 11.0% Senior Notes due 2021

(Stock Code: 5064)

- (1) SUBSCRIPTION AND ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE;**
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION;
AND
(5) RESUMPTION OF TRADING.

THE SUBSCRIPTION AND ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 26 March 2020 (before trading hours of the Stock Exchange), the Company, the Subscriber and Mr. Yuk entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 600,000,000 Subscription Shares at the Subscription Price of HK\$6.60 per Subscription Share for a total Subscription Amount of HK\$3.96 billion, and Mr. Yuk has agreed to guarantee the due performance by the Subscriber of its obligations under the Subscription Agreement.

The Subscription Shares represent approximately (i) 120.19% of the issued share capital of the Company as at the date of this announcement and (ii) 54.58% of the enlarged issued share capital of the Company following the allotment and issuance of all the Subscription Shares upon Closing and/or at the Subsequent Settlement Date (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The aggregate par value of the Subscription Shares amounts to HK\$60 million. The Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the EGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber and parties acting in concert with it did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities in the Company.

Through the allotment and issue of the Subscription Shares at Closing and the Subsequent Settlement Date (as applicable), the Subscriber will own 54.58% of the enlarged issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

Under Rule 26.1 of the Takeovers Code, the acquisition of 30% or more of the voting rights in the Company by the Subscriber and parties acting in concert with it would trigger an obligation on the Subscriber and parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that the Whitewash Waiver on one hand, and the Subscription and the grant of the Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the EGM by way of a poll. The Subscriber and parties acting in concert with it, and any other Shareholders who are involved in or interested in the Subscription, the Specific Mandate or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolutions approving the Subscription, the Specific Mandate and the Whitewash Waiver. Except for Mr. Liu Sai Wang Stephen, none of the other Directors who are Shareholders have been involved in, or have an interest in, the Subscription or the transactions contemplated by the Subscription Agreement.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others, be subject to the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription and the grant of the Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the EGM by way of a poll. Closing of the Subscription is conditional upon (unless waived in accordance with the provisions of the Subscription Agreement), among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders in relation to the Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the EGM. None of the members of the Independent Board Committee has any direct or indirect interest (other than as a Shareholder) in the Subscription, the Specific Mandate or the Whitewash Waiver.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee in relation to the Subscription, the Specific Mandate and the Whitewash Waiver. The Company will make another announcement upon the appointment of the Independent Financial Adviser.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

To accommodate the Subscription Shares, the Board proposes to increase the authorised share capital of the Company from HK\$85,000,000.00 divided into 850,000,000 Shares to HK\$170,000,000.00 divided into 1,700,000,000 Shares by the creation of an additional 850,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

Resolution(s) will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

As the existing authorised share capital of the Company is stated in the Memorandum and Articles of Association, the Board proposes to amend the Memorandum and Articles of Association to state the new authorised share capital pursuant to the Increase in Authorised Share Capital, in the event that it is approved.

Resolution(s) will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the proposed amendments to the Memorandum and Articles of Association.

PUBLIC FLOAT

In the event that, as a result of the Subscription, upon Closing or the Subsequent Settlement Date (as the case may be) the percentage of the total issued Shares held by the public falls below 25%, which is the minimum public float threshold required under Rule 8.08(1)(a) of the Listing Rules, the Subscriber and the Company have agreed that they shall engage in good faith discussions with a view to taking such actions as may be necessary to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules as soon as practicable. Such actions may include, without limitation, the Board to consider in good faith whether a further new issue of Shares is in the best interests of the Company and its Shareholders as a whole at the relevant time, failing which the Subscriber shall then use its best endeavours to dispose of or otherwise transfer sufficient Shares to Independent Third Parties to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules (provided that in no circumstances shall the Subscriber and its Permitted Transferees be required to hold less than 30% of the then issued share capital of the Company).

In any event, to ensure there is no public float issue upon Closing, prior to holding the EGM to approve the Subscription and with a view to giving Shareholders more information to vote relating to the Subscription, the parties will make available to Shareholders concrete arrangements to ensure a minimum 25% public float as required under Rule 8.08(1)(a) of the Listing Rules and the Subscription will be subject to these arrangements. The Company will ensure that it will satisfy the public float requirement upon Closing.

GENERAL

The EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (i) the Subscription, (ii) the granting of the Specific Mandate, (iii) the Whitewash Waiver, (iv) the Increase in Authorised Share Capital, and (v) the proposed amendments to the Memorandum and Articles of Association. The voting in relation to resolutions to be proposed at the EGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the proposed amendments to the Memorandum and Articles of Association, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription, the Specific Mandate and the Whitewash Waiver, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Subscription, the Specific Mandate and the Whitewash Waiver, and (iv) a notice of the EGM, to be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before 24 April 2020.

As at the date of this announcement, the Company does not believe that the Subscription will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Senior Notes (Stock Code: 5064) has been suspended with effect from 9:00 a.m. on 26 March 2020. An application has been made by the Company for the resumption of trading in the Shares and the Senior Notes (Stock Code: 5064) on the Stock Exchange with effect from 9:00 a.m. on 6 April 2020.

Warning: the Subscription is subject to certain conditions being fulfilled or waived and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 26 March 2020 (before trading hours of the Stock Exchange), the Company, the Subscriber and Mr. Yuk entered into the Subscription Agreement. A summary of the principal terms of the Subscription Agreement is set out below.

Date

26 March 2020

Parties

- (a) VCREDIT Holdings Limited, as the issuer;
- (b) Allied Concept Capital Limited, as the subscriber; and
- (c) Mr. Yuk Kwok Cheung, Charles, as guarantor of the obligations of the Subscriber

The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 600,000,000 Subscription Shares at the Subscription Price of HK\$6.60 per Subscription Share for a total Subscription Amount of HK\$3.96 billion.

The Subscription Shares represent approximately (i) 120.19% of the issued share capital of the Company as at the date of this announcement and (ii) 54.58% of the enlarged issued share capital of the Company following the allotment and issuance of all the Subscription Shares upon Closing and/or at the Subsequent Settlement Date (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The aggregate par value of the Subscription Shares amounts to HK\$60 million. The Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the EGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$6.60 per Subscription Share represents:

- (a) a premium of approximately 3.29% to the closing price of HK\$6.39 per Share as quoted on the Stock Exchange on 25 March 2020, being the Last Trading Day;
- (b) a premium of approximately 4.60% to the average closing price of approximately HK\$6.31 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 5.43% to the average closing price of approximately HK\$6.26 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

- (d) a discount of approximately 2.51% to the audited consolidated net asset value per Share of the Company of approximately RMB6.21 (equivalent to approximately HK\$6.77) as at 31 December 2019.

Payment of the Subscription Amount

The Subscription Amount shall be paid by the Subscriber by wire transfer of immediately available funds to the bank account designated by the Company in the following manner:

- (a) a deposit in the amount of RMB35 million (the “**Deposit**”), being approximately 1% of the Subscription Amount, shall be payable within three (3) Business Days after the date of the Subscription Agreement (or such later date as the Company and the Subscriber may agree in writing); and
- (b) the closing payment in the amount of HK\$3,960 million (or the foreign currency equivalent thereof as may be agreed by the Company) (the “**Closing Payment**”), being 100% of the Subscription Amount, shall be payable in two instalments:
- (i) an amount of not less than HK\$660 million, being approximately 16.67% of the Subscription Amount, shall be settled on the Closing Date (the “**First Instalment**”); and
- (ii) the remaining balance of the Closing Payment (the “**Second Instalment**”) shall be settled on or before the Subsequent Settlement Date, being a date no later than 30 September 2020 or such other date as the Company and the Subscriber may agree in writing.

Upon the Subscriber effecting payment of the First Instalment on the Closing Date, the Company will allot and issue such number of Subscription Shares to the Subscriber as calculated by dividing the amount of the First Instalment by the Subscription Price. Upon the Subscriber effecting payment of the Second Instalment on the Subsequent Settlement Date, the Company will allot and issue the remaining Subscription Shares to the Subscriber.

In the event that the entire Closing Payment is settled on the Closing Date, there will not be a Second Instalment or a Subsequent Settlement Date.

The payment arrangement described was the result of arm’s length negotiations between the Company and the Subscriber to provide some flexibility as to the settlement of the Closing Payment. The Company had cash and cash equivalents of RMB2.17 billion as at 31 December 2019 and is not in immediate need of funds for its current working capital requirements. Instead, the funds to be received pursuant to the Subscription will be applied for the reasons discussed in detail in the section headed “Reasons for the Subscription and Use of Proceeds” in this announcement to expand the Group’s business. The Company did not therefore have any objections to structuring the Closing Payment as two instalments. Further, it should be noted that the Closing Conditions are only applicable at the Closing Date, and after such date the payment of the Second Instalment is not subject to any conditions.

The Deposit

As at the date of this announcement, the Deposit has been paid in full by the Subscriber.

The Company shall return the Deposit to the Subscriber if the Closing takes place in accordance with the provisions of the Subscription Agreement.

The Company shall also return any Deposit received to the Subscriber if the Subscription Agreement is terminated before Closing as a result of: (i) certain Closing Conditions not having been satisfied or waived on or prior to the Longstop Date or the Extended Longstop Date, as the case may be; (ii) the Company committing any material breach or omission of any of its material obligations or undertakings under the Subscription Agreement and such breach not having been cured within certain time limits or in any event, before the Longstop Date or the Extended Longstop Date, as the case may be; (iii) any obligation or undertaking of the Company in relation to its covenants for the period between the signing of the Subscription Agreement and Closing is not duly and promptly fulfilled in all material aspects and it is not reasonable to expect that such obligation or undertaking will be fulfilled before the Closing Date; or (iv) any of the Company's representations and warranties given in the Subscription Agreement is or is rendered untrue or incorrect in any material respect at Closing.

Closing Conditions

The Closing is conditional upon the satisfaction (or waiver, in whole or in part, (i) by the Subscriber, in the case of conditions (f) and (g), or (ii) by the Company, in the case of condition (h); with the remainder of the Closing Conditions not capable of being waived by any party) of the following Closing Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained in an EGM in respect of the Subscription and the Specific Mandate;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained in an EGM in respect of the Whitewash Waiver;
- (c) the requisite majority of Shareholders approving the Increase in Authorised Share Capital;
- (d) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn;
- (e) the granting of the approval for the listing of, and permission to deal in, the Subscription Shares by the Stock Exchange;
- (f) since 1 January 2020, there having been (i) no adverse change to the business, assets, condition (financial or otherwise), result of operations, regulatory status, business and/or prospects of the Group taken as a whole which has had a material adverse effect on the foregoing aspects of the Group, and (ii) no change, or development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls which would likely to prejudice the Subscription;

- (g) the representations and warranties given by the Company in the Subscription Agreement continuing to be true, accurate and complete in all material respects as of the Closing Date; and
- (h) the representations and warranties given by the Subscriber in the Subscription Agreement continuing to be true, accurate and complete in all material respects as of the Closing Date.

As at the date of this announcement, none of the above conditions has been fulfilled or waived.

Each of the Company and the Subscriber shall use its reasonable endeavours to ensure the Closing Conditions are fulfilled (as applicable) as soon as reasonably practicable after the date of the Subscription Agreement and remain so up to or as of the Closing Date (as the case may be).

So long as the Closing Conditions have been satisfied or waived by the relevant party (as the case may be) on or before the Longstop Date, payment of the Closing Payment (including the Second Instalment, in the event that the entire Closing Payment is not made on the Closing Date) shall not be subject to any conditions.

If the Closing Conditions have not been satisfied or waived on or before 30 September 2020 (being the Longstop Date), the Company may, at its sole discretion within five (5) Business Days after the Longstop Date either (i) terminate the Subscription Agreement (other than certain provisions designated as surviving provisions) with immediate effect by written notice to the Subscriber, or (ii) with the agreement of the Subscriber, extend the Longstop Date to such later date as the parties may agree (such date being not more than ninety (90) days after the Longstop Date) (being the Extended Longstop Date). If the Closing Conditions have not been satisfied or waived by the Extended Longstop Date (if any), then the Subscription Agreement shall automatically terminate (other than the surviving provisions) with immediate effect. In the event of termination of the Subscription Agreement in the aforementioned circumstances, the parties shall be released and discharged from their respective obligations under the Subscription Agreement (without prejudice to the rights or obligations of any party in respect of any antecedent breach).

Closing

Closing will take place at 2:00 p.m. on the Closing Date (or at such other time as the Company and the Subscriber may agree in writing).

On the Closing Date, among other things, the Subscriber shall effect payment of the First Instalment and the Company shall simultaneously allot and issue such number of Subscription Shares to the Subscriber as calculated by dividing the amount of the First Instalment by the Subscription Price.

On the Subsequent Settlement Date, among other things, the Subscriber shall effect payment of the Second Instalment in full and the Company shall simultaneously allot and issue the remaining Subscription Shares to the Subscriber.

Lock-up Undertaking

The Subscriber undertakes to the Company that it will not (and where applicable, will procure that any Permitted Transferees will not), from the date of the Subscription Agreement to the expiration of twelve (12) months after the date of issue of all of the Subscription Shares (the “**Lock-up Period**”), dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Subscription Shares or any of the economic consequences of ownership of the Subscription Shares, except with the prior written consent of the Company (the “**Lock-up Undertaking**”).

The Lock-up Undertaking is subject to the following exceptions:

- (a) in the event that, as a result of the Subscription, upon Closing or the Subsequent Settlement Date (as the case may be) the percentage of the total issued Shares held by the public falls below 25%, which is the minimum public float threshold required under Rule 8.08(1)(a) of the Listing Rules, the Subscriber and the Company shall engage in good faith discussions with a view to taking such actions as may be necessary to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules as soon as practicable. Without limiting the generality of the foregoing, and subject to the due exercise of their fiduciary duties, the Board shall in good faith consider whether a further new issue of Shares is in the best interests of the Company and its Shareholders as a whole at the relevant time; failing which the Subscriber shall use its best endeavours to dispose of or otherwise transfer sufficient Subscription Shares to Independent Third Parties to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules, provided that in no circumstances shall the Subscriber and its Permitted Transferees be required to hold less than 30% of the then issued share capital of the Company;
- (b) the Subscriber shall be permitted to dispose of the Subscription Shares during the Lock-up Period to its Permitted Transferees, provided that each relevant Permitted Transferee enters into a lock-up undertaking in favour of the Company on terms substantively the same as the Lock-up Undertaking for the remainder of the Lock-up Period;
- (c) the Subscriber shall be permitted to dispose of the Subscription Shares during the Lock-up Period to other transferees, provided that the Subscriber (together with the Permitted Transferees) retains a beneficial ownership of no less than 30% of the total issued share capital of the Company from time to time and that any such transferee enters into a lock-up undertaking in favour of the Company on terms substantively the same as the Lock-up Undertaking for the remainder of the Lock-up Period; and
- (d) the Subscriber shall be permitted, during the Lock-up Period, to pledge, charge, mortgage or make similar arrangements in respect of any Subscription Shares for financing purposes.

Mr. Yuk's Undertaking

Pursuant to the Subscription Agreement, Mr. Yuk has agreed to guarantee the due performance by the Subscriber of its obligations under the Subscription Agreement, including but not limited to the obligations to pay the Deposit and the Closing Payment in accordance with the Subscription Agreement.

Ranking

The Subscription Shares, when issued and allotted, will rank *pari passu* with, and carry the same rights in all respects as, the other Shares then in issue.

Specific Mandate

The allotment and issuance of the Subscription Shares is subject to approval by the Independent Shareholders at the EGM. Resolutions will be proposed at the EGM to approve, among other things, the Subscription, the Specific Mandate and the Whitewash Waiver.

BASIS FOR THE CONSIDERATION

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber after taking into account (i) the prevailing market price of the Shares, (ii) the volume of the Subscription Shares, and (iii) the net asset value per Share (based on the audited annual results of the Company for the year ended 31 December 2019).

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

As a leading independent player in China's consumer finance industry, the Company has consistently sought to expand and optimise its funding platform, which is critical to the sustainability of its business.

The consumer finance industry witnessed significant regulatory tightening during 2019, including an acceleration of the clampdown on P2P platforms, a strengthening of the qualification requirements for industry participants, disruptions to third-party data services and a tightening in collection practices. At the same time, the regulatory ceiling imposed on the lending interest rate has created pressure on the net interest margins of industry participants. A combination of these and other factors have resulted in a heightened need for industry participants to optimise their capital structures in order to lower their overall funding costs and in turn to maintain stable business growth. In addition, the Company believes that it is prudent to strengthen the registered capital of its licensed operating entities within China, in the event that capital adequacy requirements are increased in the future.

The Company believes that the recent challenges faced by the consumer finance industry in China have created opportunities for reputable players to position themselves for sustainable long-term growth and gain market share as weaker participants exit the industry, and that the Subscription represents an appropriate means for the Company to improve its capital structure and position itself to realise these opportunities.

The Company had total liabilities of approximately RMB11.19 billion as at 31 December 2019, of which borrowings represented approximately RMB9.24 billion, and amounts payable under the Senior Notes represented RMB678.83 million. As at 31 December 2019, approximately RMB3.72 billion of the Company's borrowings were due within one year and the Company had cash and cash equivalents of approximately RMB2.17 billion. The weighted average interest rate payable on the Company's borrowings as at 31 December 2019 was 10.5%-11.0%, and the Company's gearing ratio (calculated as total liabilities divided by total assets) as at the same date was 78.3%, compared to 76.2% as at 31 December 2018.

Against this backdrop, the Board has considered a range of funding options to enhance the Company's capital structure and obtain additional capital to expand its consumer finance business, including issuing further debt securities, obtaining bank loans and entering into further financing arrangements with existing finance providers. The Board has, in particular, noted that increasing the Company's proportion of equity to debt would result in a capital structure more consistent with those of the industry players who are able to access funding at a relatively lower cost than that of the Company. The Board has also considered alternative equity capital raising options such as rights issues and open offers. The Board, however, has noted that the timing and underwriting risks involved with such offerings regularly result in the relevant offer shares being priced at significant discounts to the trading price of the relevant listed companies' shares around the time the proposed offers are announced.

The Board has also considered the potential dilutive impact of the Subscription on the shareholdings of the existing Shareholders. Taking into account:

- the funding needs of the Company to expand its funding platform and support its future business growth;
- the benefits of enhancing its capital structure and working capital without increasing its ongoing financing costs;
- the reduction in the Company's gearing ratio following the Subscription;
- the fact that the Subscription Price represents a premium of approximately 4.60% to the average closing price of the Shares of approximately HK\$6.31 for the last five consecutive trading days up to and including the Last Trading Day; and
- that the Subscription is subject to the approval of the Shareholders and therefore the Shareholders will be given the opportunity and full discretion to consider the Subscription and determine whether or not to vote in favour of them,

the Directors (excluding the relevant Directors in their capacity as the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) consider that the potential dilutive impact is justified and, accordingly, in the interests of the Company and its Shareholders as a whole.

Further, the Subscription is expected to introduce a new shareholder to the Company whom the Board believes will be able to assist the Group in the implementation of its business strategy and to further penetrate the consumer finance market in China and widen the Group's coverage, visibility and access to customers.

The Board has, after due and careful consideration, determined that in respect of the present circumstances and requirements of the Company, the Subscription is an appropriate means by which the Company can increase its capital base and provide additional funds at a reasonable cost to support its ongoing business development.

The Board (excluding the relevant Directors in their capacity as the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) also considers that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription amount to HK\$3.96 billion before expenses. The estimated net proceeds of the Subscription are approximately HK\$3.95 billion after deduction of legal, professional and other costs and expenses associated with the Subscription. As such, the net price of the Subscription Shares is approximately HK\$6.58 per Subscription Share. The Company intends to apply the net proceeds from the Subscription to expand its existing businesses as follows:

- (a) approximately 38.0% of the net proceeds, or approximately HK\$1.5 billion, to provide funding for the Company's existing consumer finance business, primarily by supplying the equity capital necessary to support the Company's commitments under its trust lending programs;
- (b) approximately 38.0% of the net proceeds, or approximately HK\$1.5 billion, to increase the registered capital of the Company's subsidiaries licensed to provide finance guarantees and small loans in China, whose lending capacities are limited to a multiple of their respective registered capital;
- (c) up to approximately 19.7% of the net proceeds, or up to approximately HK\$780 million, to cover the cost of repurchasing the Senior Notes in the event that any holders thereof exercise their right to require the Company to repurchase their Senior Notes following completion of the Subscription; and
- (d) the remaining approximately 4.3% of the net proceeds, or approximately HK\$170 million, for use as general working capital.

INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

Upon Closing or at the Subsequent Settlement Date (as the case may be), the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber considers and confirms that it is intended that the Group will continue its existing business following the Closing and, save for the business expansion plans described in the section headed “Reasons for the Subscription and Use of Proceeds” above, no major change will be introduced in the businesses of the Group (including as to the redeployment of the Group’s fixed assets) or the continued employment of the Group’s employees.

The Subscriber confirms that it shares the view of the Board as disclosed in the section headed “Reasons for the Subscription and Use of Proceeds” in this announcement and that the Subscription will strengthen the business capabilities of the Group and are in the interests of the Company.

CHANGES TO THE COMPOSITION OF THE GROUP

As at the date of this announcement, the Subscriber does not have any concrete and immediate plan to propose changes to the composition of the Group.

CHANGES TO THE COMPOSITION OF THE BOARD

As at the date of this announcement, the Subscriber does not have any concrete and immediate plan to propose changes to the composition of the Board. Upon Closing, the Subscriber proposes to nominate up to two directors to the Board. Any proposed changes to the Board will be announced and further submitted to the Shareholders in accordance with the Listing Rules and the Memorandum and Articles of Association.

INFORMATION OF THE PARTIES

The Subscriber is a company incorporated under the laws of the British Virgin Islands with limited liability and a special purpose vehicle being used for the purpose of the Subscription. The Subscriber is indirectly wholly-owned by Mr. Yuk.

Mr. Yuk, aged 49, is an experienced investor with over 20 years of experience in investments in various business sectors, including infrastructure operations, tourism, property development and cultural and entertainment industry. Mr. Yuk is currently the controlling shareholder of Leyou Technologies Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1089). Mr. Yuk does not have any direct experience in investing in or managing any business similar to those undertaken by the Group and has no intention to become a director of the Company himself in the foreseeable future.

As noted in the sections headed “Intentions of the Subscriber regarding the Group” and “Changes to the Composition of the Board” in this announcement, the Subscriber intends for the Group to continue its existing business and while Mr. Yuk does not currently intend to become involved in the day-to-day management of the Group, he (through the Subscriber) proposes to nominate up to two directors to the Board to help oversee the Group’s management and operations.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Subscriber and Mr. Yuk are third parties independent of the Company and its connected persons.

INFORMATION OF THE GROUP

The Group is principally engaged in the provision of online consumer finance services in the PRC. As at the date of this announcement, the Group primarily offers two lines of credit products through the Group's pure online loan origination processes, both of which are instalment-based: (i) credit cards balance transfer products, which allow credit card holders to transfer the outstanding balances of their credit cards to the credit products offered by the Group to bridge their short-term liquidity management needs; and (ii) consumption credit products which provide consumers with a variety of instalment credit solutions tailored to their specific user cases.

Set out below is a summary of the audited financial results of the Group for the two years ended 31 December 2019 (as extracted from the annual results announcement of the Company dated 23 March 2020):

	For the year ended/ as at 31 December 2019 RMB'000	For the year ended/ as at 31 December 2018 RMB'000
Net profit/(loss) before tax	164,331	(948,421)
Net profit/(loss) after tax	64,790	(1,026,953)
Total assets	14,289,357	11,677,675
Net assets	3,100,278	2,784,727

SECURITIES OF THE COMPANY

As at the date of this announcement, details of all classes of relevant securities issued by the Company are as follows:

- (a) a total of 499,203,789 Shares are in issue;
- (b) outstanding share options granted under the Pre-IPO 2016 ESOP pursuant to the exercise of which 16,217,602 Shares may be issued and allotted at the exercise price of US\$0.8735 per Share;
- (c) outstanding share options granted under the Pre-IPO 2017 ESOP I pursuant to the exercise of which 41,355,997 Shares may be issued and allotted at the exercise price of US\$1.6123 per Share; and
- (d) outstanding share options granted under the Pre-IPO 2017 ESOP II pursuant to the exercise of which 26,114,819 Shares may be issued and allotted at the exercise price of US\$1.6123 per Share.

Save as disclosed above, the Company has no other outstanding securities convertible or exchangeable into Shares.

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following, and assuming allotment and issue of all the Subscription Shares to the Subscriber at, Closing:

Shareholders	As at the date of this announcement		Upon Closing (assuming allotment and issue of 100,000,000 Subscription Shares to the Subscriber upon payment of the minimum First Instalment and there is no change in the issued share capital of the Company other than the issue of the Subscription Shares)		Upon Closing (assuming allotment and issue of all Subscription Shares to the Subscriber and there is no change in the issued share capital of the Company other than the issue of the Subscription Shares)		Upon Closing (assuming allotment and issue of all Subscription Shares to the Subscriber and there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the outstanding options under the Share Option Schemes and vesting of the Share Awards)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	The Subscriber	—	—	100,000,000	16.69	600,000,000	54.58	600,000,000
Ma Ting Hung ⁽¹⁾	185,372,097	37.13	185,372,097	30.94	185,372,097	16.86	189,372,097	16.01
Liu Sai Wang Stephen ⁽²⁾	60,242,173	12.07	60,242,173	10.05	60,242,173	5.48	108,120,989	9.14
Liu Sai Keung Thomas ⁽³⁾	6,978,585	1.40	6,978,585	1.16	6,978,585	0.64	14,528,585	1.23
Yip Ka Kay ⁽⁴⁾	13,574,502	2.72	13,574,502	2.27	13,574,502	1.23	13,574,502	1.15
Seek Ngee Huat ⁽⁵⁾	200,000	0.04	200,000	0.03	200,000	0.02	200,000	0.02
Wu Chak Man ⁽⁶⁾	2,730,289	0.55	2,730,289	0.46	2,730,289	0.25	2,730,289	0.23
High Loyal Management Limited ⁽⁷⁾	50,740,770	10.16	50,740,770	8.47	50,740,770	4.62	50,740,770	4.29
Other Shareholders	179,365,373	35.93	179,365,373	29.93	179,365,373	16.32	203,624,975	17.21
Total:	499,203,789	100.00	599,203,789	100.00	1,099,203,789	100.00	1,182,892,207	100.00
Public float:	179,365,373	35.93	230,106,143	38.40	230,106,143	20.93	254,365,745	21.50

Notes:

- (1) Ma Ting Hung is a Director and the controlling shareholder (as defined in the Listing Rules) of the Company as at the date of this announcement. Ma Ting Hung has a beneficial interest in 8,450,000 Shares and directly wholly owns Skyworld-Best Limited, Wealthy Surplus Limited and Glory Global International Limited, each of which has a beneficial interest in 84,719,154 Shares, 46,607,010 Shares and 45,595,933 Shares, respectively. In addition, Skyworld-Best Limited has a beneficial interest in share options to subscribe for 4,000,000 Shares.

- (2) Liu Sai Wang Stephen is a Director and a substantial shareholder (as defined in the Listing Rules) of the Company as at the date of this announcement. Liu Sai Wang Stephen has a beneficial interest in 300,000 Shares and directly owns 50% of Magic Mount Limited and directly wholly owns Perfect Castle Development Limited and Union Fair International Limited, each of which has a beneficial interest in 27,093,858 Shares, 27,523,810 Shares and 5,324,505 Shares, respectively. In addition, Liu Sai Wang Stephen has interests in Share Awards in respect of 900,000 Shares (which have not yet vested as at the date of this announcement) and Perfect Castle Development Limited has a beneficial interest in share options to subscribe for 46,978,816 Shares.
- (3) Liu Sai Keung Thomas is a Director and has a beneficial interest in 150,000 Shares and has interests in Share Awards in respect of 450,000 Shares (which have not yet vested as at the date of this announcement). Liu Sai Keung Thomas also controls 100% of International Treasure Limited which has a beneficial interest in 6,828,585 Shares and share options to subscribe for 7,100,000 Shares.
- (4) Yip Ka Kay is a Director and controls 50% of CPED (KY) Limited, which has a beneficial interest in 4,015,628 Shares. Yip Ka Kay also wholly owns NM Strategic Partners, LLC which manages NM Strategic Focus Fund L.P., which has a beneficial interest in 9,558,874 Shares.
- (5) Seek Ngee Huat is a Director and controls 50% of Junestar Capital Limited, which has a beneficial interest in 200,000 Shares.
- (6) Wu Chak Man is a Director.
- (7) Kwok Peter Viem and Kwok Chang Shiu Feng each control 50% of High Loyal Management Limited. In the event of the issue of all of the Subscription Shares, High Loyal Management Limited will cease to be a substantial shareholder (as defined in the Listing Rules) and its shareholding will be part of the public float.

PUBLIC FLOAT

In the event that, as a result of the Subscription, upon Closing or the Subsequent Settlement Date (as the case may be) the percentage of the total issued Shares held by the public falls below 25%, which is the minimum public float threshold required under Rule 8.08(1)(a) of the Listing Rules, the Subscriber and the Company have agreed that they shall engage in good faith discussions with a view to taking such actions as may be necessary to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules as soon as practicable. Such actions may include, without limitation, the Board to consider in good faith whether a further new issue of Shares is in the best interests of the Company and its Shareholders as a whole at the relevant time, failing which the Subscriber shall then use its best endeavours to dispose of or otherwise transfer sufficient Shares to Independent Third Parties to bring the Company into compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules (provided that in no circumstances shall the Subscriber and its Permitted Transferees be required to hold less than 30% of the then issued share capital of the Company).

In any event, to ensure there is no public float issue upon Closing, prior to holding the EGM to approve the Subscription and with a view to giving Shareholders more information to vote relating to the Subscription, the parties will make available to Shareholders concrete arrangements to ensure a minimum 25% public float as required under Rule 8.08(1)(a) of the Listing Rules and the Subscription will be subject to these arrangements. The Company will ensure that it will satisfy the public float requirement upon Closing.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
12 June 2019 and 13 June 2019	Issuance of the Senior Notes	Approximately US\$96.5 million	The net proceeds were intended to be used primarily for working capital purposes. The Company may adjust the foregoing plans in response to changing market conditions, and thus, reallocate the use of proceeds in the future.	The entire net proceeds have been used to repay borrowings, fund business expansions and for working capital purposes.

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Subscriber and its ultimate beneficial owner, Mr. Yuk, have confirmed that neither it/he nor any person acting in concert with it/him:

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of this announcement;
- (b) will make any acquisitions or disposals of voting rights in the Company in the period between the date of this announcement and the Closing;
- (c) owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities of the Company or of the Subscriber which might be material to the Subscription, the Specific Mandate or the Whitewash Waiver;
- (e) other than the Subscription Amount payable under the Subscription Agreement, has paid or will pay any other consideration, compensations or benefits in whatever form to the Company or any parties acting in concert with it in relation to the Subscription Shares;
- (f) has entered into any special deal (as defined under Rule 25 of the Takeovers Code) or any understanding, arrangement, agreement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or any party acting in concert with it on the one hand and the Company and any party acting in concert with it on the other hand;
- (g) has entered into any special deal (as defined under Rule 25 of the Takeovers Code) or any understanding, agreement, arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder, and (2)(a) the Subscriber and any party acting in concert with it, or (2)(b) the Company, its subsidiaries or associated companies;

- (h) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the Subscription, the Specific Mandate or the Whitewash Waiver;
- (i) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable); and
- (j) has borrowed or lent any relevant securities in the Company.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber and parties acting in concert with it did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities in the Company.

Through the allotment and issue of the Subscription Shares at Closing and the Subsequent Settlement Date (as applicable), the Subscriber will own 54.58% of the enlarged issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

Under Rule 26.1 of the Takeovers Code, the acquisition of 30% or more of the voting rights in the Company by the Subscriber and parties acting in concert with it would trigger an obligation on the Subscriber and parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that the Whitewash Waiver on one hand, and the Subscription and the grant of the Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the EGM by way of a poll. The Subscriber and parties acting in concert with it, and any other Shareholders who are involved in or interested in the Subscription, the Specific Mandate or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolutions approving the Subscription, the Specific Mandate and the Whitewash Waiver. Except for Mr. Liu Sai Wang Stephen, none of the other Directors who are Shareholders have been involved in, or have an interest in, the Subscription or the transactions contemplated by the Subscription Agreement.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others, be subject to the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription and the grant of the Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the EGM by way of a poll. Closing of the Subscription is conditional upon (unless waived in accordance with the provisions of the Subscription Agreement), among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders in relation to the Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the EGM. None of the members of the Independent Board Committee has any direct or indirect interest (other than as a Shareholder) in the Subscription, the Specific Mandate or the Whitewash Waiver.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee in relation to the Subscription, the Specific Mandate and the Whitewash Waiver. The Company will make another announcement upon the appointment of the Independent Financial Adviser.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

To accommodate the Subscription Shares, the Board proposes to increase the authorised share capital of the Company from HK\$85,000,000.00 divided into 850,000,000 Shares to HK\$170,000,000.00 divided into 1,700,000,000 Shares by the creation of an additional 850,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

Resolution(s) will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

As the existing authorised share capital of the Company is stated in the Memorandum and Articles of Association, the Board proposes to amend the Memorandum and Articles of Association to state the new authorised share capital pursuant to the Increase in Authorised Share Capital, in the event that it is approved.

Resolution(s) will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the proposed amendments to the Memorandum and Articles of Association.

GENERAL

The EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (i) the Subscription, (ii) the granting of the Specific Mandate, (iii) the Whitewash Waiver, (iv) the Increase in Authorised Share Capital, and (v) the proposed amendments to the Memorandum and Articles of Association. The voting in relation to resolutions to be proposed at the EGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the proposed amendments to the Memorandum and Articles of Association, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription, the Specific Mandate and the Whitewash Waiver, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Subscription, the Specific Mandate and the Whitewash Waiver, and (iv) a notice of the EGM, to be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before 24 April 2020.

As at the date of this announcement, the Company does not believe that the Subscription will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Senior Notes (Stock Code: 5064) has been suspended with effect from 9:00 a.m. on 26 March 2020. An application has been made by the Company for the resumption of trading in the Shares and the Senior Notes (Stock Code: 5064) on the Stock Exchange with effect from 9:00 a.m. on 6 April 2020.

Warning: the Subscription is subject to certain conditions being fulfilled or waived and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Takeovers Code
“associated company”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of directors of the Company
“Business Day”	means a day (other than a Saturday or Sunday or public holiday and any other day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in the city in which the specified office of the registrar is located and in Hong Kong

“China” or the “PRC”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Closing”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Closing Conditions”	the conditions to Closing as described in the section headed “Closing Conditions” of this announcement
“Closing Date”	the date of Closing, which shall be a date not later than the fifth Business Day after the Unconditional Date (which shall occur before the Longstop Date or the Extended Longstop Date, as the case may be, otherwise the Subscription Agreement may be terminated in accordance with its provisions), or such other date as the Company and the Subscriber may agree in writing
“Company”	VCREDIT Holdings Limited, an exempted company with limited liability registered by way of continuation in the Cayman Islands under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“control”	unless the context otherwise requires, has the meaning ascribed to it under the Takeovers Code
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the Shareholders or the Independent Shareholders, as appropriate, to consider and, if thought fit, approve, among other things, the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the proposed amendments to the Memorandum and Articles of Association
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Director
“Extended Longstop Date”	a date to which the Company and the Subscriber may agree to extend the Longstop Date, being not more than ninety (90) days after the Longstop Date
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$85,000,000.00 divided into 850,000,000 Shares to HK\$170,000,000.00 divided into 1,700,000,000 Shares by the creation of an additional 850,000,000 new Shares
“Independent Board Committee”	an independent committee of the Board which comprises all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest (other than as a Shareholder) in the Subscription, the Specific Mandate or the Whitewash Waiver in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders on the Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the EGM
“Independent Financial Adviser”	an independent financial adviser to the Independent Board Committee in respect of the Subscription, the Specific Mandate and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholder(s) other than: (i) the Subscriber and parties acting in concert with it and its associates; (ii) those who are involved in or interested in the Subscription, the Specific Mandate or the Whitewash Waiver; and (iii) the Director who has been involved in the negotiation of the Subscription Agreement, namely, Mr. Liu Sai Wang Stephen
“Independent Third Party”	a party that is neither (i) a core connected person of the Company, (ii) a person whose acquisition of securities of the Company has been financed by a core connected person of the Company, or (iii) a person who is accustomed to taking instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company
“Last Trading Day”	25 March 2020, being the last trading day of the Shares on the Stock Exchange before the entry into of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	30 September 2020

“Memorandum and Articles of Association”	the amended and restated memorandum and articles of association of the Company adopted on 10 May 2018 and effective on 21 June 2018, as amended and restated from time to time
“Mr. Yuk”	Mr. Yuk Kwok Cheung, Charles
“Permitted Transferees”	companies that are wholly-owned directly or indirectly by Mr. Yuk and/or his spouse
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on 10 May 2018
“Pre-IPO 2016 ESOP”	the share option scheme adopted by the Company on 1 March 2016
“Pre-IPO 2017 ESOP I”	a share option scheme adopted by the Company on 1 March 2018
“Pre-IPO 2017 ESOP II”	a share option scheme adopted by the Company on 1 March 2018
“relevant securities”	has the meaning ascribed to it in Note 4 to Rule 22 of the Takeovers Code
“RMB”	Renminbi, the lawful currency of the PRC
“Senior Notes”	the US\$100 million 11.0% senior notes due 2021 issued by the Company and listed on the Stock Exchange (Stock Code: 5064)
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Awards”	share awards granted under the share award scheme adopted by the Company on 11 January 2019
“Share Option Schemes”	collectively, the Pre-IPO 2016 ESOP, the Pre-IPO 2017 ESOP I, the Pre-IPO 2017 ESOP II and the Post-IPO Share Option Scheme

“Specific Mandate”	the specific mandate to be granted by the requisite majority of the Shareholders or Independent Shareholders (as appropriate) to the Board at the EGM for the allotment and issuance of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Allied Concept Capital Limited (聯盛資本有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and indirectly wholly-owned by Mr. Yuk
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the share subscription agreement entered into between the Company, the Subscriber and Mr. Yuk on 26 March 2020 and amended by the same parties on 3 April 2020, in respect of the Subscription
“Subscription Amount”	the aggregate cash consideration payable by the Subscriber for the Subscription Shares at the Subscription Price
“Subscription Price”	HK\$6.60 per Subscription Share
“Subscription Shares”	new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Subsequent Settlement Date”	the date on which the Second Instalment of the Closing Payment is required to be paid, which shall be not later than 30 September 2020, or such other date as the Company and the Subscriber may agree in writing
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC as amended from time to time
“Unconditional Date”	the date on which all Closing Conditions are satisfied or waived in accordance with the provisions of the Subscription Agreement

“Whitewash Waiver”

the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscriber and parties acting in concert with it subscribing for the Subscription Shares under the Subscription Agreement

“%”

per cent

By order of the Board of
VCREDIT Holdings Limited
Ma Ting Hung
Chairman

Hong Kong, 3 April 2020

Unless otherwise specified, the exchange rate adopted in this announcement for illustration purposes is HK\$1:RMB0.91725 (being the midpoint rate of HKD to RMB published by the State Administration of Foreign Exchange of the PRC on 3 April 2020).

As at the date of this announcement, the board of directors of the Company comprises Mr. Ma Ting Hung as the chairman and a non-executive director; Mr. Liu Sai Wang Stephen and Mr. Liu Sai Keung Thomas as executive directors; Ms. Shen Jing and Mr. Yip Ka Kay as non-executive directors; and Mr. Chen Penghui, Dr. Seek Ngee Huat and Mr. Wu Chak Man as independent non-executive directors.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to Mr. Yuk, the Subscriber, parties acting in concert with them and their associates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the director of the Subscriber and Mr. Yuk) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

*As at the date of this announcement, the sole director of the Subscriber is Zhengyang Business Limited (正揚貿易有限公司) (“**Zhengyang Business**”). Mr. Yuk is the sole director and sole shareholder of Zhengyang Business.*

The director of the Subscriber and Mr. Yuk jointly and severally accept full responsibility for the accuracy of the information relating to Mr. Yuk, the Subscriber, parties acting in concert with them and their associates contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the director of the Subscriber and Mr. Yuk in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.