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**51信用卡**  
**51 CREDIT CARD INC.**  
**51 信用卡有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2051)**

**VOLUNTARY ANNOUNCEMENT**

**KEY FINDINGS AND RESULTS OF  
INDEPENDENT REVIEW OF INTERNAL CONTROLS ON  
EXISTING VIE ARRANGEMENTS OF THE GROUP**

This announcement is made by 51 Credit Card Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Reference is made to the announcements of the Company dated 4 November 2022, 9 January 2023 and 27 July 2023 (the “**July Announcement**”, together with the other two announcements, collectively the “**Announcements**”) in relation to, among others, the dispute with Mr. Yang, the former controlling shareholder of Shouhui Kaizhuo, and deconsolidation of the SK Group from the Group, and the internal control review of the Group’s risk management and internal control systems on, inter alia, the existing variable interest entities arrangements of the Group to identify any areas of improvement to strengthen its existing internal control systems. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

## BACKGROUND OF THE IC REVIEW

The Company acknowledges the importance of good corporate governance and continues to strive to improve the risk management and internal control systems of the Group from time to time. As disclosed in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2022, the Board had conducted a review of the risk management and internal control systems of the Group for the year ended 31 December 2022, and found it to be adequate and effective. Nonetheless, given the occurrence of the particular incident of the SK Group, the Group has resolved to undertake the IC Review over the Group's risk management and internal control systems on, among others, the existing VIE arrangements of the Group to identify any areas of improvement to strengthen its existing internal control systems. Accordingly, the Company engaged Avista Risk Advisory Limited (i.e. the External IC Consultant) to carry out the IC Review. As disclosed in the July Announcement, the independent review by the External IC Consultant covers the Group's internal controls on its investment management process, suggest areas for improvement and assist the Company to assess the sufficiency and effectiveness of the Group's internal control systems. In particular, the scope of "investment" shall cover all subsidiaries (including those held on bare trust or by nominee arrangement), VIE and non-controlling investee companies of the Company. For further details on the scope of the IC Review, please refer to the July Announcement.

## KEY FINDINGS OF THE IC REVIEW

The IC Review was commenced on 1 September 2023 and the External IC Consultant has completed the IC Review and the corresponding follow-up review on the internal control measures adopted by the Company in November 2023. The External IC Consultant has issued its report in respect of the internal control review findings (the "**IC Review Report**") on 15 November 2023. The key findings of the IC Review and corresponding suggestions for improvement are summarised as follows:

<b>Internal control findings</b>	<b>Details of internal control findings</b>	<b>Suggestions for improvement</b>
1. Insufficient internal communication mechanism for investment projects	The investment management policy of the Group (the " <b>Investment Management Policy</b> ") lacked detailed description for the procedures regarding communication, reporting and feedback channels for investment projects.	The Group should define clearly the communication, reporting and feedback channels and procedures for investment projects under the Investment Management Policy.

<b>Internal control findings</b>	<b>Details of internal control findings</b>	<b>Suggestions for improvement</b>
2. Lack of ethics trainings for directors and legal representatives of Shouhui Kaizhuo	The regular ethics trainings were not extended to directors and legal representatives of Shouhui Kaizhuo.	The Group should arrange regular ethics training for all directors and legal representatives of subsidiaries held by nominee arrangement. <i>(Note)</i>
3. Lack of formal communication channel with the nominee shareholders of Shouhui Kaizhuo held by nominee arrangement	The Company did not set up a formal communication channel with and mechanisms to maintain detailed communication records to follow up opinions from Shouhui Kaizhuo's shareholders.	A formal communication channel and follow-up mechanism with Shouhui Kaizhuo's shareholders should be established. <i>(Note)</i>
4. Lack of regular performance evaluation on nominee shareholders for subsidiaries held on bare trust	The Group did not conduct performance reviews on nominee shareholders for subsidiaries held on bare trust regularly.	The Group should schedule and conduct regular performance evaluations on nominee shareholders for subsidiaries held on bare trust.

<b>Internal control findings</b>	<b>Details of internal control findings</b>	<b>Suggestions for improvement</b>
5. Incomplete record-keeping	<p>The Group did not maintain sufficient written records in relation to the following processes:</p> <ol style="list-style-type: none"> <li data-bbox="491 506 890 629">1. communication with former shareholders of Shouhui Kaizhuo;</li> <li data-bbox="491 689 948 902">2. planning, execution, following up and reporting of contingency plans related to control of Shouhui Kaizhuo;</li> <li data-bbox="491 961 938 1129">3. feasibility analysis and reviews conducted on VIE arrangements and fund investment projects; and</li> <li data-bbox="491 1189 938 1398">4. the background check and suitability assessment of nominee shareholders of subsidiaries held on bare trust.</li> </ol>	The Group should maintain proper documentation and records.

*Note:*

As at the date of the IC Review Report, the Group had not regained the control of SK Group. On this basis, the suggestions for improvement as set out in the IC Review Report regarding the internal control findings related to SK Group could not be implemented during the follow-up review on the internal control measures in November 2023.

According to the IC Review Report, the External IC Consultant has reviewed and assessed the relevant internal control procedures of the Group, and identified internal control deficiencies in five areas, all of which were classified under the low risk category by the External IC Consultant. These areas included, in particular, (i) insufficient internal communication mechanism for investment projects; (ii) lack of ethics trainings for directors and legal representatives of Shouhui Kaizhuo; (iii) lack of formal communication channel with the nominee shareholders of Shouhui Kaizhuo held by nominee arrangement; (iv) lack of regular performance evaluation on nominee shareholders for subsidiaries held on bare trust; and (v) incomplete written record-keeping in relation to certain communication, reporting and other administrative records in connection with Shouhui Kaizhuo and certain investments. The External IC Consultant has provided its recommendations to the Company for improvement in this connection (the “**Recommendations**”).

Based on the Recommendations, the Company has, to the extent possible and where applicable, made relevant improvements and adopted and implemented enhanced internal control procedures. In this connection, the External IC Consultant has performed a follow-up review on the above-mentioned internal control findings (the “**Follow-up Review**”) and noted that its Recommendations, where applicable, have been implemented by the Group and the External IC Consultant did not provide any further recommendations to the Company after the completion of its Follow-up Review and up to the date of the IC Review Report.

## **OPINIONS OF THE AUDIT COMMITTEE AND THE BOARD**

Having considered the IC Review, the IC Review Report and the Recommendations, in particular, the fact that all internal control deficiencies identified were classified under the low risk category by the External IC Consultant, both the audit committee of the Company (the “**Audit Committee**”) and the Board are of the view that the Recommendations (save for those in relation to the SK Group as detailed in the note to the table above) in the IC Review Report have been implemented, and will continue to be implemented on an ongoing basis, and are adequate to address the findings as set out in the IC Review Report. Both the Audit Committee and the Board are of the view that the Group has enhanced the relevant internal control procedures, including those related to its investment management process, in particular, the investment in all subsidiaries (including those held on bare trust or by nominee arrangement), VIE and non-controlling investee companies of the Company, and considered that the Company has in place adequate internal controls and procedures to monitor and safeguard its investment interests.

As at the date of this announcement, all the Recommendations (save for those in relation to the SK Group as detailed in the note to the table above) have been implemented. The Audit Committee and the Board considered that the key internal control findings (save for those in relation to the SK Group as detailed in the note to the table above) identified in the IC Review Report have been remedied.

The Audit Committee and the Board will continue to monitor the ongoing internal control system of the Group to ensure the continuum of adequate internal controls and procedures to safeguard its investment interests.

By Order of the Board

**51 Credit Card Inc.**

**Sun Haitao**

*Chairman, Chief Executive Officer and Executive Director*

8 December 2023

*As at the date of this announcement, the executive Directors are Mr. Sun Haitao and Ms. Wu Shan; the non-executive Directors are Ms. Zou Yunli, Ms. Gao Li and Ms. Jiang Chloe Cuicui and the independent non-executive Directors are Mr. Ye Xiang, Mr. Xu Xuchu and Mr. Shou Jian.*