



CREDIT CHINA HOLDINGS LIMITED
中國信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8207)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”
AND “GEM”, RESPECTIVELY)**

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This announcement, for which the directors of Credit China Holdings Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes 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.

FINANCIAL HIGHLIGHTS

- For the nine months ended 30 September 2015, turnover from the Group's internet financing business, as represented by online third party payment service income and P2P loan consultancy service income, increased by 162.8% year-on-year to RMB143.9 million.
- The Group continues to gain traction in our transformation from traditional financing business to internet financing business as the Group's core business focus, with internet financing business accounting for 55.5% of Group turnover, up from 19.5% for the corresponding period in 2014.
- The Group recorded total turnover of RMB259.3 million, representing a decrease of 7.8% as compared with the corresponding period in 2014, primarily attributable to the disposal of the traditional micro-loan finance business in Chongqing City in December 2014 and a decrease in financial consultancy service income as a result of our strategic transition in business focus to internet financing.
- Basic earnings per share and diluted earnings per share for the nine months ended 30 September 2015 amounted to RMB1.72 cents and RMB1.72 cents, respectively (2014: RMB2.40 cents and RMB2.37 cents).
- The Board has resolved not to pay an interim dividend for the nine months ended 30 September 2015 (for the nine months ended 30 September 2014: Nil).

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30 September 2015 together with the comparative unaudited figures for the corresponding periods in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2015

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Turnover	3	119,937	109,549	259,279	281,099
Interest income	3	43,783	61,343	98,233	141,682
Interest expenses	6	(31,632)	(26,630)	(71,595)	(72,666)
Net interest income		12,151	34,713	26,638	69,016
Financial consultancy service income	3	13,920	16,378	20,308	50,388
Online third party payment service income	3	33,133	21,666	85,073	36,038
P2P loan consultancy services income	3	29,101	10,162	50,887	15,231
Gain on transfer of right on interests on loan receivables	3	–	–	4,778	37,760
		88,305	82,919	187,684	208,433
Other income	5	10,866	3,659	15,966	14,778
Handling charges for online third party payment service		(15,454)	(10,005)	(23,927)	(11,897)
Administrative and other operating expenses		(43,510)	(32,593)	(110,857)	(105,323)
Change in fair value of embedded derivative components of convertible bond		332	–	8,240	1,070
Share-based payment expenses		(12,027)	–	(31,322)	(2,646)
Share of results of associates		1,233	(60)	1,369	(619)
Share of results of joint ventures		(1,268)	585	(5,593)	(170)
Gain on disposal of subsidiaries		361	–	42,900	64
Profit before tax	7	28,838	44,505	84,460	103,690
Income tax	8	(12,577)	(6,995)	(32,130)	(18,717)
Profit for the period		16,261	37,510	52,330	84,973

	<i>Note</i>	For the three months ended 30 September		For the nine months ended 30 September	
		2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i>	2015 (Unaudited) <i>RMB'000</i>	2014 (Unaudited) <i>RMB'000</i>
Other comprehensive income (expense) for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		11,546	(72)	11,186	(276)
Change in fair value of available-for-sale investments		—	—	(438)	(2,391)
Other comprehensive expense for the period, net of income tax		11,546	(72)	10,748	(2,667)
Total comprehensive income for the period		27,807	37,438	63,078	82,306
Profit for the period attributable to:					
Owners of the Company		18,953	30,167	56,193	74,406
Non-controlling interests		(2,692)	7,343	(3,863)	10,567
		16,261	37,510	52,330	84,973
Total comprehensive income for the period attributable to:					
Owners of the Company		30,500	29,114	66,938	71,598
Non-controlling interests		(2,693)	8,324	(3,860)	10,708
		27,807	37,438	63,078	82,306
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share	<i>10</i>				
Basic		0.57 cents	0.94 cents	1.72 cents	2.40 cents
Diluted		0.57 cents	0.94 cents	1.72 cents	2.37 cents

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months and the nine months ended 30 September 2015 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and have complied with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these results are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3. TURNOVER

The principal activities of the Group are provision of traditional financing services and related financing consultancy services including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service and microfinance service, and internet financing services including online third party payment services, P2P loan services and related activities on loan portfolio management.

Turnover represents interest income (either from entrusted loans, pawn loans, real estate backed loans, other loans or micro loans), financial consultancy service income, online third party payment service income, P2P loan consultancy service income, and gain on transfer of rights on interest on loan receivables, net of corresponding sales related taxes. The amount of each significant category of revenue recognised in turnover for the period is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Interest income				
Entrusted loan service income	24,588	48,403	66,570	89,961
Other loan service income	19,182	2,390	30,992	8,350
Real estate-backed loan service income	–	3,692	–	19,766
Microfinance service income	13	6,858	671	23,605
	43,783	61,343	98,233	141,682
Financial consultancy service income	13,920	16,378	20,308	50,388
Online third party payment service income	33,133	21,666	85,073	36,038
P2P loan consultancy service income	29,101	10,162	50,887	15,231
Gain on transfer of rights on interest on loan receivables	–	–	4,778	37,760
Turnover	119,937	109,549	259,279	281,099

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("CODM"), which are the most senior executive management, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Following the exploration of the businesses in the provision of online third party payment services, P2P loan services and certain activities on loan portfolio management, the CODM had revisited the resources allocation and performance assessment of the Group's operating segments, and determined the following reportable and operating segments under HKFRS 8:

1. Loan financing – provision of financing services (other than micro loan financing) in the PRC and Hong Kong;
2. Micro loan financing – provision of micro loan financing services in the PRC;
3. Online third party payment services – provision of online third party payment service and prepaid card issuance business;
4. P2P loan consultancy services – provision of internet housing loan, automobile loan and financial assets related loan financing services in the PRC; and
5. Others – property investment

No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

Segment revenue and results

For the period ended 30 September 2015 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P loan consultancy services RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gains	<u>112,890</u>	<u>2,477</u>	<u>92,300</u>	<u>51,612</u>	<u>-</u>	<u>259,279</u>
Segment results	<u>63,618</u>	<u>(8,466)</u>	<u>63,540</u>	<u>19,286</u>	<u>-</u>	<u>137,978</u>
Share of results of associates						1,369
Share of results of joint ventures						(5,593)
Unallocated other income						10,587
Change in fair value of embedded derivative components of convertible bond						8,240
Gain on disposal of subsidiaries						42,900
Share-based payment expenses						(31,322)
Interest expenses						(71,595)
Unallocated expenses						<u>(8,104)</u>
Profit before tax						<u>84,460</u>

For the period ended 30 September 2014 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P loan consultancy services RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	<u>151,771</u>	<u>74,570</u>	<u>39,250</u>	<u>15,508</u>	<u>-</u>	<u>281,099</u>
Segment results	<u>119,795</u>	<u>35,748</u>	<u>23,094</u>	<u>2,352</u>	<u>398</u>	181,387
Share of results of associates						(619)
Share of results of joint ventures						(170)
Unallocated other income						5,113
Change in fair value of derivative and embedded derivative components of convertible bond						1,070
Gain on disposal of subsidiaries						64
Share-based payment expenses						(2,646)
Interest expenses						(72,666)
Unallocated expenses						<u>(7,843)</u>
Profit before tax						<u>103,690</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit or loss represents profit earned by or loss from each segment without allocation of share of results of associates and joint ventures, unallocated other income, gain on disposal of subsidiaries, change in fair value of embedded derivative components of convertible bond, central administration costs, share-based payment expenses and interest expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Bank interest income	4,432	695	7,545	1,506
Government grants (<i>Note</i>)	3,670	394	3,705	8,155
Interest income on a convertible bond	1,079	1,119	3,042	3,209
Others	1,685	1,451	1,674	1,908
	<u>10,866</u>	<u>3,659</u>	<u>15,966</u>	<u>14,778</u>

Note: Government grants in respect of encouragement of expansion of enterprise were recognized at the time the Group fulfilled the relevant granting criteria.

6. INTEREST EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Repayable within five years				
Interest on corporate bonds	4,340	10,699	12,965	25,873
Interest on convertible bonds	7,718	–	8,596	–
Interest on bank and other loans	18,273	14,783	46,931	43,598
Interest on financial assets sold under repurchase agreement	–	1,148	–	3,195
Repayable more than five years				
Interest on corporate bonds	1,301	–	3,103	–
	<u>31,632</u>	<u>26,630</u>	<u>71,595</u>	<u>72,666</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	13,030	14,036	35,389	45,580
Contribution to defined contribution retirement benefits scheme	889	1,351	2,549	3,674
Share-based payment expenses	12,027	–	31,322	2,646
	<u>25,946</u>	<u>15,387</u>	<u>69,260</u>	<u>51,900</u>
(b) Other items				
Auditors' remuneration	639	243	1,292	793
Allowance for loan receivables	455	602	8,475	10,132
Depreciation	510	1,404	3,285	4,492
Net exchange loss/(gain)	4,774	(41)	4,048	(1,451)
Operating lease charges in respect of properties	4,908	4,301	12,659	10,562
Written off of plant and equipment	–	29	–	35
	<u>–</u>	<u>29</u>	<u>–</u>	<u>35</u>

8. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Current tax				
Provision for PRC Enterprise Income Tax (the "EIT")	12,427	6,653	31,911	17,530
Deferred tax	150	342	219	1,187
	<u>12,577</u>	<u>6,995</u>	<u>32,130</u>	<u>18,717</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No Hong Kong Profits Tax has been provided for the three months and nine months ended 30 September 2015 as the Group has no assessable profit for Hong Kong Profits Tax purposes for the periods (three months and nine months ended 30 September 2014: Nil).

Profits of the subsidiaries established in the PRC are subject to PRC EIT. Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

9. DIVIDENDS

The Board has resolved not to pay an interim dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and nine months ended 30 September 2015 is based on the profit attributable to owners of the Company of RMB18,953,000 and RMB56,193,000 respectively (three months and nine months ended 30 September 2014: RMB30,167,000 and RMB74,406,000 respectively) and the weighted average of 3,321,574,348 and 3,258,977,384 ordinary shares in issue respectively during the three months and nine months ended 30 September 2015 (three months and nine months ended 30 September 2014: 3,196,406,652 and 3,102,250,271 ordinary shares respectively).

Diluted earnings per share

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2015 is based on the profit attributable to owners of the Company of RMB18,953,000 and RMB56,193,000 respectively (three months and nine months ended 30 September 2014: RMB30,167,000 and RMB74,406,000 respectively) and the weighted average of 3,321,867,349 and 3,263,861,883 ordinary shares in issue respectively during the periods (three months and nine months ended 30 September 2014: 3,215,895,016 and 3,133,732,838 ordinary shares respectively).

11. RESERVES

	Attributable to owners of the Company												
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Convertible bonds reserve	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 (audited)	267,736	688,395	25,067	510,758	68	(7,995)	6,804	(125,038)	40,000	-	1,405,795	13,633	1,419,428
Profit for the period	-	-	-	56,193	-	-	-	-	-	-	56,193	(3,863)	52,330
Other comprehensive income (expense)													
- exchange differences on translating foreign operations	-	-	-	-	-	11,183	-	-	-	-	11,183	3	11,186
- change in fair value of available-for-sale investments	-	-	-	-	(438)	-	-	-	-	-	(438)	-	(438)
Total comprehensive income (expense) for the period	-	-	-	56,193	(438)	11,183	-	-	-	-	66,938	(3,860)	63,078
Issue of shares by placing	7,539	119,337	-	-	-	-	-	-	-	-	126,876	-	126,876
Issue of shares upon exercise of share options	1,141	10,604	-	-	-	-	(3,305)	-	-	-	8,440	-	8,440
Dividend recognised as distribution	-	(11,724)	-	-	-	-	-	-	-	-	(11,724)	-	(11,724)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	31,322	-	-	-	31,322	-	31,322
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	10,447	10,447
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	386	386
Capital contribution by non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Appropriation to statutory reserve funds	-	-	8,039	(8,039)	-	-	-	-	-	-	-	-	-
Convertible bonds – equity components, net of issuance costs	-	-	-	-	-	-	-	-	-	23,206	23,206	-	23,206
At 30 September 2015 (unaudited)	<u>276,416</u>	<u>806,612</u>	<u>33,106</u>	<u>558,912</u>	<u>(370)</u>	<u>3,188</u>	<u>34,821</u>	<u>(125,038)</u>	<u>40,000</u>	<u>23,206</u>	<u>1,650,853</u>	<u>26,606</u>	<u>1,677,459</u>
At 1 January 2014 (audited)	245,773	556,369	27,313	455,320	1,402	(7,302)	8,698	(133,438)	40,000	-	1,194,135	100,290	1,294,425
Profit for the period	-	-	-	74,406	-	-	-	-	-	-	74,406	10,567	84,973
Other comprehensive income (expense)													
- exchange differences on translating foreign operations	-	-	-	-	-	(417)	-	-	-	-	(417)	141	(276)
- change in fair value of available-for-sale investments	-	-	-	-	(2,391)	-	-	-	-	-	(2,391)	-	(2,391)
Total comprehensive income (expense) for the period	-	-	-	74,406	(2,391)	(417)	-	-	-	-	71,598	10,708	82,306
Issue of shares by placing	15,890	111,230	-	-	-	-	-	-	-	-	127,120	-	127,120
Issue of shares upon exercise of share options	6,074	51,411	-	-	-	-	(6,089)	-	-	-	51,396	-	51,396
Dividend recognised as distribution	-	(30,615)	-	-	-	-	-	-	-	-	(30,615)	-	(30,615)
Lapsed of share option	-	-	-	170	-	-	(170)	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,646	-	-	-	2,646	-	2,646
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	3,859	3,859
At 30 September 2014 (unaudited)	<u>267,737</u>	<u>688,395</u>	<u>27,313</u>	<u>529,896</u>	<u>(989)</u>	<u>(7,719)</u>	<u>5,085</u>	<u>(133,438)</u>	<u>40,000</u>	<u>-</u>	<u>1,416,280</u>	<u>114,857</u>	<u>1,531,137</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is a provider of traditional financing services, including entrusted loans, real estate-backed loans, pawn loans, micro-loans and other loans and related financing consultancy services for small and medium-sized enterprises and individuals in the People's Republic of China (the "PRC") and Hong Kong. Since the second half of 2013, the Group has also started an internet business in the PRC as part of its strategic transition into online third party payment business and further expansion into the peer-to-peer ("P2P") loan service platform business.

To enhance the Group's competitiveness in the internet financing industry in the PRC, the Group created a strategic alliance with First P2P Limited, a company engaged in operating a P2P platform for internet financing with collateralized assets in the PRC, by acquiring a 10% equity interest in First P2P Limited at a consideration of RMB50.0 million on 27 January 2015, later diluted to 8.92% in August 2015.

In the first three quarters of 2015, the Group also completed acquisitions of (1) a 100% equity interest in an online P2P lending business with multiple channels, including a website (www.9888.cn: 金融工場) and a mobile application under the "Financial workshop" (金融工場) brand; (2) a 49% equity interest in an internet microfinance company registered in Hainan Province, the PRC, which has a licence to offer small loans to enterprises and individuals nation-wide via the internet; and (3) a 51% equity interest in an online share pledge financing services company registered in Zhejiang Province, the PRC, including its online platform "erongniu.com".

As part of our efforts to deepen our focus on internet financing activities, the Group ceased operating a lease financing business in the PRC in March 2015 through disposing of the remaining equity interest in the joint venture which operates it. The Group also completed the disposal of its 66.25% equity interest in Shanghai Feng Zhi Xing in June 2015 with a gain on disposal of approximately RMB42.9 million. The Group's equity interest in Shanghai Feng Zhi Xing was reduced from 80% to 11%, and reclassified from being a subsidiary of the Group to an available-for-sale investment.

For the nine months ended 30 September 2015, the Group's revenue decreased by 7.8%, owing to a significant decrease of 49.0% in the interest income and financial consultancy service income derived from traditional financing services, which is consistent with the Group's strategic transition into internet financing business. The total revenue stream from online third party payment services and P2P loan services generated RMB143.9 million for the period, representing 55.5% of the Group's total revenue. The revenue from the online third party payment services and P2P loan services represented 35.6% and 19.9% of the Group's total revenue, respectively.

Revenue

For the nine months ended 30 September 2015, the Group reported revenue of approximately RMB259.3 million, a decrease of 7.8% as compared to approximately RMB281.1 million for the corresponding period last year. The decline in revenue was mainly attributable to (i) the disposal of the major traditional micro-loan finance business in Chongqing City, the PRC on 18 December 2014, which resulted in a 96.7% decrease in revenue from micro-loan financing sector; (ii) a slow-down in the businesses providing traditional financing services, especially a significant drop in the provision of financial consultancy services. However, the income streams from the provision of online third party payment services and P2P loan services recorded strong growth as compared to the corresponding period for 2014.

Entrusted loan and other loan income

Entrusted loan and other loan income includes interest income, financial consultancy service income and a gain on the transfer of rights on interests on loan receivables, which were derived from the Group's loan financing services including entrusted loans, pawn loans and other loans secured with pledged assets or guarantees. It generated 43.5% of the Group's total revenue and recorded a drop of 25.6% to approximately RMB112.9 million during the period under review as compared to approximately RMB151.8 million in the corresponding period for 2014.

The drop was mainly due to a significant decrease of 59.7% to approximately RMB20.3 million in financial consultancy service income, which resulted from a slow-down in the real property market in the PRC for the nine months under review. In addition, the Group has been transitioning its business focus from traditional entrusted loans with real property as collateral to the internet financing business and therefore provides much less financial consultancy service.

Micro-loan income

For the period under review, the Group's interest income and financial consultancy service income derived from micro-loan services decreased significantly to approximately RMB2.5 million as compared to approximately RMB74.6 million for the corresponding period for 2014. The significant decline was mainly due to the disposal of a traditional micro-loan finance business in Chongqing, the PRC in December 2014.

Online third party payment service income

In March 2014, the Group's online third party payment business commenced its operation in the provision of payment transactions, payment system consultancy and other services. For the period under review, it generated 35.6% of the Group's total revenue, and the Group's online third party payment service income increased 134.9% to approximately RMB92.3 million as compared to approximately RMB39.3 million for the corresponding period for 2014.

P2P loan consultancy service income

During the period under review, the Group's P2P loan consultancy service income business recorded approximately RMB51.6 million revenue, representing 19.9% of the Group's total revenue. The P2P loan consultancy service income business mainly includes the provision of services in relation to internet housing loan services, automobile loan services and the operation of a P2P financing website and a mobile application with collateralized financial assets (www.9888.cn: 金融工場) which started to contribute to the Group's revenue in April 2014, May 2014 and February 2015, respectively. For the period under review, the income contributed by P2P Loan consultancy services in relation to internet housing loan services and the P2P financing website and mobile application with collateralized financial assets were RMB30.4 million and RMB13.4 million, respectively (For the corresponding period for 2014: RMB11.8 million and nil, respectively).

Interest expenses

The Group's interest expenses mainly comprised interest due on bank loans, Hong Kong dollar-denominated corporate bonds, Hong Kong dollar-denominated convertible bonds and other borrowings. The Group's interest expenses decreased 1.5% to approximately RMB71.6 million for the period ended 30 September 2015 from approximately RMB72.7 million for the corresponding period for 2014. This was because the Group had repaid high-interest borrowings of RMB153.0 million at an interest rate of 24% per annum at the end of 2014. However, for the period under review, the Group increased its bank borrowings and other borrowings by 103.1% to approximately RMB999.5 million as compared to approximately RMB492.2 million as at 31 December 2014.

Other income

The Group's other income mainly comprised convertible bond interest income, bank interest income and government grants. The Group's other income increased 8.0% to approximately RMB16.0 million for the period ended 30 September 2015 from approximately RMB14.8 million for the corresponding period for 2014. This was because the Group's bank interest income increased as a result of increase in average bank balance – trust account for online third party payment services for the period ended 30 September 2015.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses, legal and professional fees, sales and marketing related expenses and impairment on loan receivables. The Group's administrative and other operating expenses increased 5.3% to approximately RMB110.9 million for the period ended 30 September 2015 from approximately RMB105.3 million for the corresponding period for 2014.

Share-based payment expenses

Share-based payment expenses of the Group for the reporting period amounted to approximately RMB31.3 million (nine months ended 30 September 2014: RMB2.6million). On 8 June 2015, the Company granted share options under its share option scheme to certain eligible grantees to subscribe for an aggregate of 36,550,000 ordinary shares of the Company.

Profit for the period

The profit attributable to owners of the Company for the reporting period was approximately RMB56.2 million, representing a decrease of approximately 24.5% as compared to approximately RMB74.4 million for the corresponding period for 2014. The decrease was mainly due to a significant decrease in turnover of approximately RMB21.8 million, a decrease in government grants in Shanghai of approximately RMB4.5 million, an increase in share-based payment expenses of RMB28.7 million and a gain on the disposal of a subsidiary of RMB42.9 million.

OUTLOOK

In July 2015, ten Chinese central regulatory agencies and industry regulators, including the People's Bank of China, jointly issued the Guiding Opinions on Promoting the Healthy Development of Internet Finance. The directive has helped to formally establish the legal status of the internet finance sector and its innovative models such as P2P. According to the industry statistics, there were over 600 P2P platforms across China running into operating challenges in the first 9 months of 2015. With intensifying competitions in the internet finance sector, we can expect the first tier "fintech" companies to emerge in the next 18 to 24 months through a series of M&A consolidation activities. At Credit China, we are prepared to capture these emerging trends and have deployed resources in different areas.

With the Chinese economy experiencing a slowdown in the second half of 2015, the central bank cut interest rate and benchmark rate for the fifth time this year in October, resulting in a decline of various wealth management products including in the internet financing sector – The overall return on investment of P2P products have declined by approximately 3% compared to the same period last year. However, these challenging market conditions have not dampened the overall growth momentum of the industry. On the contrary, more users have been drawn to internet financing activities because of the lower entry barriers. At Credit China, we are confident that we are well-positioned to embrace the challenges and seize the opportunities in the future development of internet finance.

The Group will continue to place equal emphasis on business innovation and risk management to facilitate the development of internet finance business. Our subsidiaries, First House Loan and Financial Workshop, have actively adapted to the regulations of the new policy and developed innovative online and offline product and service offerings. UCF Pay Limited* (先鋒支付有限公司) (“UCF Pay”), an indirect wholly-owned subsidiary of Credit China, was recently granted an Approval for its Cross-border RMB Settlement Cooperation in October 2015. Driven by the increased adoptions of e-commerce activities and demands for online cross-border payment services across the globe, the Group will develop new product and service offerings to capture these opportunities. We are scheduled to launch the new online cross-border payment product offerings in the first quarter of 2016.

With the publications of the internet finance regulatory directives, our company will continue our journey to build on our existing core capabilities developing Credit China into a leading internet finance company in China. We will focus on identifying high quality assets and enhancing the existing internet financing system, and at the same time recruiting and cultivating internal talents, thereby creating a comprehensive internet finance eco-system.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period, the Group’s source of funds was mainly from cash generated from operations, new borrowings, issue of corporate bonds and convertible bonds and share issuance. As at 30 September 2015, the Group had bank balances and cash of approximately RMB356.1 million (31 December 2014: approximately RMB265.5 million), of which approximately 88.3%, 4.0%, 7.7% were denominated in Renminbi, US dollars and Hong Kong dollars respectively.

As at 30 September 2015, the Group had interest bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank borrowings and other borrowings, amounting to approximately RMB999.5 million (31 December 2014: approximately RMB492.2 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.20 as at 30 September 2015 (31 December 2014: 0.18).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Issue of convertible bonds

On 15 June 2015, the Company issued convertible bonds in the principal amount of HK\$300,000,000 at 100% of the principal amount of the convertible bonds. Assuming that there is full conversion of the convertible bonds at the initial conversion price of HK\$2.60 per share, the convertible bonds will be convertible into 115,384,615 shares (subject to adjustments as set out in the conditions for issue of the convertible bonds). The net proceeds from the issue of the convertible bonds, after deduction of related expenses, was approximately HK\$299 million. The net proceeds have been fully utilised by the Group for general working capital purposes.

Placing of shares

The Company entered into a placing agreement with Sheng Yuan Securities Limited (the “Placing Agent”) on 29 June 2015, pursuant to which the Placing Agent agreed to place, on a best-effort basis, an aggregate of up to 120,000,000 new shares at the price of HK\$1.70 per placing share to not more than three placees, subject to the fulfillment of the conditions precedent set out in the placing agreement. On 9 July 2015, the Company completed the placing and issued 94,112,000 new shares to two placees. For details, please refer to the Company’s announcements dated 29 June 2015 and 9 July 2015. The net proceeds from the placing amounted to approximately HK\$157.5 million. The Company has fully utilized the net proceeds for the Group’s general working capital purposes.

Save as disclosed above, the Company did not redeem any of its shares listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any such shares during the nine months ended 30 September 2015.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the “CG Code”) and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2015, save as disclosed below.

According to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive Directors (the “INEDs”) representing at least one-third of the Board. Upon the appointment of Dr. Wong, Kennedy Ying Ho (“Dr. Wong”) as an INED on 16 February 2015, the Company had appointed sufficient INEDs in compliance with Rule 5.05A of the GEM Listing Rules. However, upon the appointment of Mr. Zhang Zhenxin as a non-executive Director on 12 July 2015, the Board comprised ten Directors, of which three were INEDs, which fell below the one-third INED requirement under Rule 5.05A of the GEM Listing Rules.

Furthermore, Dr. Wong resigned as an INED and ceased to act as the chairman of the nomination committee (the “Nomination Committee”) and as a member of each of the Nomination Committee, the audit committee (the “Audit Committee”) and the remuneration committee (the “Remuneration Committee”) of the Company on 3 August 2015. Immediately thereafter, the Board comprised nine Directors, of which there were only two INEDs, which fell below the requirements of (i) at least three INEDs under Rule 5.05(1) of the GEM Listing Rules; (ii) a minimum of three members in the Audit Committee under Rule 5.28 of the GEM Listing Rules; (iii) the composition of each of the Remuneration Committee and the Nomination Committee pursuant to their respective terms of reference and (iv) a chairman of the Nomination Committee pursuant to code provision A.5.1 of the CG Code.

Following the appointment of: (1) Dr. Ou Minggang as an INED on 8 October 2015, the Company re-complied with Rule 5.05(1), and 5.28 of the GEM Listing Rules and the terms of reference of the Remuneration Committee; (2) Dr. Yin Zhongli as an INED on 11 October 2015, the Company re-complied with Rule 5.05A of the GEM Listing Rules; and (3) Dr. Ou Minggang as chairman of the Nomination Committee on 11 October 2015, the Company re-complied with the terms of reference of the Nomination Committee and code provision A.5.1 of the CG Code.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises four members, namely Mr. Ge Ming (Chairman), Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli, all of whom are INEDs.

The Group's unaudited results for the nine months ended 30 September 2015 and this announcement have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Placing of shares

On 30 September 2015, the Company entered into a placing agreement with Sheng Yuan Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed to place, on a best-effort basis, an aggregate of up to 307,696,000 new shares at the price of HK\$1.95 per placing share, subject to the fulfillment of the conditions precedent set out in the above placing agreement. On 22 October 2015, the Company completed the placing and issued 265,128,000 new shares to two placees. For details, please refer to the Company's announcements dated 30 September 2015, 14 October 2015 and 22 October 2015. The net proceeds from the placing amounted to approximately HK\$505.33 million. The Company has not yet utilised the net proceeds and intends to apply them for general working capital purposes and/or for the purpose of financing future business development and possible acquisition(s) in the internet financing business of the Group.

Cross-Border Payments Approval

UCF Pay, an indirect wholly-owned subsidiary of the Company, has obtained PRC government approval for its cross-border RMB payment and settlement co-operation. UCF Pay was granted a third-party payment licence by the People's Bank of China in July 2013 and provides PRC nationwide on-line payment services and prepaid card issuance (in Beijing and Liaoning Province). Over the past years, UCF Pay has developed multiple innovative on-line/mobile payment solutions for supply chain finance, P2P cloud platforms and mobile payment wallet and has attracted over 1,400,000 active users.

Under the approval granted by The People's Bank of China Guangzhou branch on 15 October 2015, UCF Pay, together with China Construction Bank, Guangzhou branch, will establish a RMB cross-border settlement services platform for companies and individuals. The platform allows participants in cross-border transactions to price, pay and be paid in RMB.

The Company will take advantage of the new approval and design solutions to help simplify and speed up cross-border payment procedures for customers. The new services are expected to be launched in the first quarter of 2016.

By order of the Board
Credit China Holdings Limited
Li Mingshan
Chairman

Hong Kong, 10 November 2015

* *In this announcement, the English translation of certain Chinese names and entities is included for identification purpose only and should not be regarded as an official English translation of such Chinese names and entities.*

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 and Mr. Zhang Zhenxin; and the INEDs are Mr. Ge Ming, Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli.