



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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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

- The Group recorded a turnover of approximately RMB181.7 million for the three months ended 31 March 2016, representing an increase of 159.0% as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company for the three months ended 31 March 2016 amounted to approximately RMB53.4 million, representing an increase of 317.2% as compared with the corresponding period in 2015.
- Basic earnings per share for the three months ended 31 March 2016 amounted to RMB1.38 cents (for the three months ended 31 March 2015: RMB0.40 cents).
- The Board resolved not to pay an interim dividend for the three months ended 31 March 2016 (for the three months ended 31 March 2015: 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 ended 31 March 2016 together with the comparative unaudited figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the three months ended 31 March	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Turnover	3	181,659	70,141
Interest income	3	76,512	26,405
Interest expenses	6	(37,769)	(16,745)
Net interest income		38,743	9,660
Financial consultancy service income	3	11,474	2,896
Peer-to-peer loan service income	3	54,180	10,840
Online third party payment service income	3	39,493	25,222
Gain on transfer of rights on interests on loan receivables	3	–	4,778
		143,890	53,396
Other income	5	5,133	2,344
Handling charges for online third party payment service and peer-to-peer loan service		(9,991)	(3,618)
Administrative and other operating expenses		(54,774)	(27,576)
Change in fair value of embedded derivative component of convertible bonds		–	7,921
Share-based payment expenses		(21,095)	(9,398)
Share of results of associates		2,083	10
Share of results of joint ventures		13	(3,469)
Gain on disposal of subsidiaries		37	–
Loss on deemed disposal of an associate		(2,029)	–
Loss on disposal of an associate		(817)	–
Profit before tax	7	62,450	19,610
Income tax	8	(12,123)	(6,449)
Profit for the period		50,327	13,161

		For the three months ended 31 March	
		2016	2015
		(Unaudited)	(Unaudited)
<i>Notes</i>		RMB'000	RMB'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(3,392)	(31)
Change in fair value of available-for-sale investments		8	1,017
Other comprehensive income (expense) for the period, net of income tax		(3,384)	986
Total comprehensive income for the period		46,943	14,147
Profit (loss) for the period attributable to:			
Owners of the Company		53,361	12,791
Non-controlling interests		(3,034)	370
		50,327	13,161
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		55,666	13,774
Non-controlling interests		(8,723)	373
		46,943	14,147
		RMB	RMB
Earnings per share			
	<i>10</i>		
Basic		1.38 cents	0.40 cents
Diluted		1.35 cents	0.40 cents

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 have been prepared in accordance with the Hong Kong Accounting Standards and Interpretations and complied with the 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 2015.

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 peer-to-peer ("P2P") loan services and related activities on loan portfolio management, and online third party payment services.

Turnover represents interest income (either from entrusted loans, real estate-backed loans, pawn loans, other loans or micro loans), financial consultancy service income, P2P loan service income, online third party payment service income and gain on transfer of rights on interests 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 31 March	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income		
Entrusted loan service income	32,303	22,211
Other loan service income	44,200	3,698
Real estate-backed loan service income	5	–
Microfinance service income	4	496
	76,512	26,405
Financial consultancy service income	11,474	2,896
P2P loan service income	54,180	10,840
Online third party payment service income	39,493	25,222
Gain on transfer of rights on interests on loan receivables	–	4,778
Turnover	181,659	70,141

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the condensed consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker (the "CODM"), which is 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

The Directors of the Company have organised the Group into different segments by the types of services provided. Specifically, the Group's reportable segments are as follows:

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

Segment revenue and results

For the three months ended 31 March 2016 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	P2P loan services RMB'000	Online third party payment services RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	<u>87,982</u>	<u>4</u>	<u>54,180</u>	<u>39,493</u>	<u>–</u>	<u>181,659</u>
Segment results	<u>46,241</u>	<u>(583)</u>	<u>26,630</u>	<u>24,039</u>	<u>–</u>	<u>96,327</u>
Share-based payment expenses						(21,095)
Share of results of associates						2,083
Share of results of joint ventures						13
Gain on disposal of subsidiaries						37
Loss on deemed disposal of an associate						(2,029)
Loss on disposal of an associate						(817)
Unallocated other income						3,893
Interest expenses						(13,853)
Unallocated expenses						<u>(2,109)</u>
Profit before tax						<u>62,450</u>

For the three months ended 31 March 2015 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	P2P loan services RMB'000	Online third party payment services RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	<u>28,798</u>	<u>1,545</u>	<u>12,176</u>	<u>27,622</u>	<u>–</u>	<u>70,141</u>
Segment results	<u>20,682</u>	<u>(442)</u>	<u>4,466</u>	<u>20,621</u>	<u>–</u>	<u>45,327</u>
Change in fair value of embedded derivative component of convertible bonds						7,921
Share-based payment expenses						(9,398)
Share of results of associates						10
Share of results of joint ventures						(3,469)
Unallocated other income						2,303
Interest expenses						(16,745)
Unallocated expenses						<u>(6,339)</u>
Profit before tax						<u>19,610</u>

5. OTHER INCOME

	For the three months ended 31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Bank interest income	3,063	1,528
Interest income on convertible bonds	720	775
Government grants (<i>note</i>)	110	34
Others	1,240	7
	<u>5,133</u>	<u>2,344</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 31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank and other loans	23,916	11,586
Interest on convertible bonds	7,998	—
Interest on corporate bonds	5,855	5,159
	<u>37,769</u>	<u>16,745</u>

7. PROFIT BEFORE TAX

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

	For the three months ended 31 March	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
(a) Staff costs, including directors' remuneration		
Salaries, wages and other benefits	13,573	11,126
Contribution to defined contribution retirement benefits scheme	1,249	885
Share-based payment expenses	21,095	9,398
	<u>35,917</u>	<u>21,409</u>
(b) Other items		
Auditors' remuneration	428	42
Depreciation	700	1,303
Impairment recognised on loan receivables	605	5,430
Net exchange gain	(73)	(573)
Operating lease charges in respect of properties	3,294	4,142
	<u>3,294</u>	<u>4,142</u>

8. INCOME TAX

	For the three months ended 31 March	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current tax		
Hong Kong Profits Tax	1,580	–
PRC Enterprise Income Tax ("EIT")	10,543	6,332
Deferred tax	–	117
	<u>12,123</u>	<u>6,449</u>

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

Hong Kong Profits Tax has been provided for the three months ended 31 March 2016. For the three months ended 31 March 2015, no Hong Kong Profits Tax had been provided as the Group had no assessable profit for Hong Kong Profits Tax purposes.

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

Several subsidiaries established in the PRC were approved by the local tax bureau and the taxable income of these subsidiaries shall be the total revenue of such subsidiaries, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

Several subsidiaries established in the PRC were recognised as High Technology Enterprises and subject to PRC income tax at 15% in accordance with the EIT Law.

Deferred tax has been provided for withholding tax on undistributed profit of subsidiaries in the PRC. Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

9. DIVIDEND

The Board has resolved not to pay an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2016 is based on the profit attributable to owners of the Company of RMB53,361,000 (three months ended 31 March 2015: RMB12,791,000) and the weighted average of 3,875,255,330 (three months ended 31 March 2015: 3,221,156,000) ordinary shares in issue during the three months ended 31 March 2016.

Diluted earnings per share

The calculation of diluted earnings per share for the three months ended 31 March 2016 is based on the profit attributable to owners of the Company of RMB53,361,000 (three months ended 31 March 2015: RMB12,791,000) and the weighted average of 3,947,521,757 (three months ended 31 March 2015: 3,229,685,546) ordinary shares in issue during the three months ended 31 March 2016.

11. RESERVES

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Equity component of convertible bond RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (audited)	321,642	1,665,026	33,106	588,524	2,892	11,549	47,300	23,206	(125,035)	40,000	2,608,210	24,376	2,632,586
Profit for the period	-	-	-	53,361	-	-	-	-	-	-	53,361	(3,034)	50,327
Other comprehensive income (expense)													
- Exchange differences on translating foreign operations	-	-	-	-	-	2,297	-	-	-	-	2,297	(5,689)	(3,392)
- Change in fair value of available-for-sale investments	-	-	-	-	8	-	-	-	-	-	8	-	8
Total comprehensive income (expense) for the period	-	-	-	53,361	8	2,297	-	-	-	-	55,666	(8,723)	46,943
Issue of shares upon exercise of share options	21	443	-	-	-	-	(84)	-	-	-	380	-	380
Lapse of share options	-	-	-	66	-	-	(66)	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	21,095	-	-	-	21,095	-	21,095
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,618)	(4,618)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	5,297	5,297
Appropriation to statutory reserve funds	-	-	175	(175)	-	-	-	-	-	-	-	-	-
At 31 March 2016 (unaudited)	321,663	1,665,469	33,281	641,776	2,900	13,846	68,245	23,206	(125,035)	40,000	2,685,351	16,332	2,701,683
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	-	-	-	12,791	-	-	-	-	-	-	12,791	370	13,161
Other comprehensive income (expense)													
- Exchange differences on translating foreign operations	-	-	-	-	-	(34)	-	-	-	-	(34)	3	(31)
- Change in fair value of available-for-sale investments	-	-	-	-	1,017	-	-	-	-	-	1,017	-	1,017
Total comprehensive income (expense) for the period	-	-	-	12,791	1,017	(34)	-	-	-	-	13,774	373	14,147
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Recognition of equity-settled share-based payments	-	-	-	-	-	-	9,398	-	-	-	9,398	-	9,398
At 31 March 2015 (unaudited)	267,736	688,395	25,067	523,549	1,085	(8,029)	16,202	-	(125,038)	40,000	1,428,967	15,006	1,443,973

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Internet technology brings opportunities for financial industry upgrade and Fintech has become a tremendous wave for innovation. In the first quarter of 2016, the Group continued to move forward quickly in Fintech business development, stayed positive and remained stable in its development trend and achieved new progresses in driving the healthy and sustainable development of the industry:

- On 1 April 2016, UCF Pay Limited (“UCF Pay”), a wholly owned subsidiary of the Company, was invited to attend the second session member representative assembly and the first meeting of the second session of board of governors and board of supervisors convened by Payment & Clearing Association of China in Beijing, the PRC. UCF Pay was elected, after a vote, as the supervisor entity in the second session of board of supervisors of Payment & Clearing Association of China, indicating its wide recognition from the industry, banks and customers.
- On 25 March 2016, the two P2P platforms of the Company, namely First P2P and Financial Workshop, became member entities of the China Internet Banking Association. The Group will, together with China’s internet financial firms, establish the favorable industry environment with the platform set up by the China Internet Banking Association.

Operational Highlights

In recent years, UCF Pay continued to explore and innovate in the field of payment. UCF Pay developed and cultivated the basic payment segment such as online payment and cross-border payment, actively explored the industry chain and maintained sustainable growth in transaction volume. As at 31 March 2016, the total transaction value of the Group’s third party payment service was over RMB34.21 billion as compared with RMB14.06 billion as at 31 March 2015. The number of accumulated registered users had reached 6.32 million as at 31 March 2016 as compared with 1.28 million as at 31 March 2015, while the number of accumulated active users had surpassed 2.85 million as at 31 March 2016 as compared with 0.827 million as at 31 March 2015, representing an approximate 3.5-fold year-on-year growth.

The transaction volume on our online P2P platforms also achieved an outstanding performance in the first quarter in 2016, of which the total transaction value of First House Loan and Financial Workshop was RMB3.83 billion and RMB2.59 billion, respectively (as compared with RMB1.19 billion and RMB0.22 billion as at 31 March 2015), representing a two-fold and ten-fold year-on-year increase respectively. The total transaction value of First P2P amounted to RMB19.18 billion, representing a 2.4-fold year-on-year increase over its RMB7.92 billion as at 31 March 2015, showing a remarkable improvement in both the number of users and transaction volume of P2P platforms.

Strategic Highlights

On 30 April 2016, the Group completed the acquisition of an indirect 35% equity interest in 上海即富信息技術服務有限公司 (Shanghai Jifu Information Technology Service Co., Ltd.*) (“Jifu”). Jifu expands its mobile payment service for small and micro-sized business merchants through its virtual e-commerce platforms – smart phone applications.

On 21 April 2016, the Group completed the acquisition of an indirect 51% equity interest in 深圳起源天下科技有限公司 (Shenzhen Qiyuan Tianxia Technology Company Limited*) (“Qiyuan Tianxia”) for expanding its business into the mobile gaming sector. The acquisition could bring synergistic benefits for the online third party payment platform of the Group and strengthen the profitability of the Group.

Financial Review

Revenue

For the three months ended 31 March 2016, the Group reported a revenue of approximately RMB181.7 million, an increase of 159.0% as compared to approximately RMB70.1 million for the corresponding period in 2015. The growth in revenue was mainly attributable to an increase in interest and consultancy fee income from loan portfolio in Hong Kong, and new income streams from P2P loan consultancy service and the provision of online third party payment service.

Entrusted loan and other loan income

Entrusted loan and other loan income mainly includes interest income and financial consultancy service income, which were derived from the Group’s loan financing services including entrusted loans, real estate-backed loans, pawn loans and other loans secured with assets or guarantees. It generated 48.4% of the Group’s total revenue and recorded an increase of 158.2% to approximately RMB88.0 million for the period under review as compared to approximately RMB34.1 million for the corresponding period in 2015. Our loan portfolio significantly increased to approximately RMB2,560.9 million as at 31 March 2016 (31 March 2015: approximately RMB1,152.0 million), an increase of 122.3% as compared to the corresponding period last year.

P2P loan service income

The P2P loan service income business mainly includes the provision of services in relation to internet housing 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 and February 2015, respectively. For the three months ended 31 March 2016, the Group’s P2P loan service income business recorded revenue of approximately RMB54.2 million (three months ended 31 March 2015: approximately RMB10.8 million), an increase of 399.8% as compared to the corresponding period last year. It represented 29.8% of the Group’s total revenue.

Online third party payment service income

The online third party payment service business, which included the provision of online payment transactions, payment system consultancy and related services, generated income of approximately RMB39.5 million for the three months ended 31 March 2016 (three months ended 31 March 2015: approximately RMB25.2 million), an increase of 56.6% as compared to the corresponding period last year. It represented 21.7% of the Group's total revenue.

Interest expenses

Interest expenses mainly comprised of interest due on bank and other loans, Hong Kong dollar-denominated convertible bonds, and Hong Kong dollar-denominated corporate bonds. Consistent with our increase in lending activities and portfolio, the Group's interest expenses significantly increased by 125.6% as compared to the corresponding period last year to approximately RMB37.8 million for the three months ended 31 March 2016 (three months ended 31 March 2015: approximately RMB16.7 million). As at 31 March 2016, the Group's external funding increased by 59.5% from approximately RMB913.3 million as at 31 March 2015 to approximately RMB1,456.5 million, of which bank and other borrowings amounted to approximately RMB895.9 million (31 March 2015: approximately RMB705.8 million); corporate bonds and convertible bonds amounted to approximately RMB560.6 million (31 March 2015: approximately RMB207.5 million).

Other income

Other income mainly comprised bank interest income, convertible bonds interest income and government grants. The Group's other income increased 119.0% to approximately RMB5.1 million for the three months ended 31 March 2016 (three months ended 31 March 2015: approximately RMB2.3 million), an increase of approximately RMB2.8 million as compared to the corresponding period last year. This was mainly derived from an increase in average bank balances from trust accounts of the online third party payment services business.

Handling charges, administrative and other operating expenses

The Group's handling charges, administrative and other operating expenses primarily comprised salaries and staff welfare, intermediary handling charges for online third party payment services and P2P loan consultancy services, bank and financing charges, sales and marketing related expenses, and rental expenses. In line with the increase in loan provision business as compared to the corresponding period last year and the diversification to P2P and online payment businesses since 2015, the Group's handling charges, administrative and other operating expenses increased by 107.6% as compared to the corresponding period last year to approximately RMB64.8 million (three months ended 31 March 2015: approximately RMB31.2 million).

Share-based payment expenses

Share-based payment expenses of the Group for the three months ended 31 March 2016 amounted to approximately RMB21.1 million (three months ended 31 March 2015: approximately RMB9.4 million). For the year ended 31 December 2015, there were share options granted in June and December 2015 for an aggregate of 129,470,000 ordinary shares at a weighted average exercise price of HK\$3.0199 per share to certain eligible grantees to subscribe for ordinary shares of the Company.

Profit for the period

The profit for the three months ended 31 March 2016 was approximately RMB50.3 million, representing an increase of approximately 282.4% as compared to approximately RMB13.2 million for the corresponding period last year. The increase was mainly due to a significant increase in turnover of approximately RMB111.5 million despite relative increases in interest expenses of approximately RMB21.0 million, handling charges, administrative and other operating expenses of approximately RMB33.6 million, and share-based payment expenses of approximately RMB11.7 million.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2016, the Group had bank balances and cash of approximately RMB459.8 million (31 December 2015: approximately RMB615.0 million). Interest bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB1,456.5 million (31 December 2015: approximately RMB1,313.7 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.27 as at 31 March 2016 (31 December 2015: 0.27).

During the period under review, the Group did not use any financial instruments for hedging purposes.

Fund Raising Activities

On 3 March 2016, the Group completed the issue of RMB90,000,000 convertible bonds of a subsidiary, namely 9888.cn Limited (“9888.cn”) pursuant to a subscription agreement entered into between 9888.cn and Jiefang Media (UK) Co., Ltd. (解放傳媒(英國)有限公司) (“Jiefang”), a shareholder of the Company, and the Company (as the guarantor). At any time after the issue date and up to the maturity date, Jiefang shall have the right to convert the said convertible bonds into 6% of the equity shares of 9888.cn (as enlarged by the conversions).

Outlook

In 2016, the Group will continue to place equal emphasis on promoting business innovation and risk management improvement when pursuing the development of Fintech business as our core strategy. We shall keep up with the pace of regulatory development, adapt proactively to the regulations of the policy framework, and vigorously improve the functions and compliance of the Fintech business system (such as our lending platforms: First House Loan, Financial Workshop and First P2P), and focus on developing innovative online-to-offline product and service offerings to further expand more development opportunities in the online lending market.

As for the third party payment business, the Group will continue the research and development of new business models as well as the strategy for user acquisition, promoting the extraction, analysis and application of large data on our platforms by exploring business opportunities in the internet segment and various commercial scenarios, providing our users with a one-stop intelligent lifestyle service platform and establishing a unique competitive edge to achieve the diversification of profit models, with the ultimate goal of driving sustainable profit growth and providing our shareholders with stable returns in the long run.

Looking ahead, consistent with our “develop through competition, improving through innovation” strategy, we aim to continue delivering superior experiences to our users via grasping more opportunities and cooperating with top industry leaders to cultivate a rich Fintech ecosystem.

Purchase, Sale or Redemption of Listed Securities

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 of such shares during the three months ended 31 March 2016.

Corporate Governance

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules and all the requirements of the GEM Listing Rules during the three months ended 31 March 2016.

Code of Conduct Regarding Securities Transactions By Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry with all the Directors and each of them confirmed that he/she had complied with the required standard of securities transactions by the Directors during the three months ended 31 March 2016.

Events after the Reporting Period

Details of the significant events after three months ended 31 March 2016 are set out below:

On 6 April 2016, a 12% coupon convertible bonds was issued by China Fortune Financial Group Limited (“China Fortune”) to the Group in the aggregate principal amount of approximately HK\$40,385,000 for settlement of the 12% convertible bonds issued on 25 February 2015. The convertible bonds can be converted into 310,650,884 shares in China Fortune at a conversion price of HK\$0.13 per share (subject to adjustment).

On 21 April 2016, the Group completed the acquisition of 51% equity interest in Spring Reliance Limited which has an indirect interest in 深圳起源天下科技有限公司 (Shenzhen Qiyuan Tianxia Technology Company Limited) (“Qiyuan Tianxia”). Qiyuan Tianxia is engaged in the research and development, operation, distribution of computer and mobile games, and production of media content. Please refer to the announcement of the Company dated 21 April 2016 for details.

On 30 April 2016, the Group completed the acquisition of 100% equity interest in Genesis Business Holdings Limited (“Genesis”), Genesis has a 35% indirect interest in 上海即富信息技術服務有限公司 (Shanghai Jifu Information Technology Service Co., Ltd.) and its subsidiaries (“Shanghai Jifu Group”). Shanghai Jifu Group is engaged in the provision of a variety of revolutionary financial services to its nationwide customers through its smartphone application of e-commerce platforms, including sales of hardware payment products, software payment system, other value-added services of bank card related business and other financial services derived from personal consumption of its customers. Please refer to the announcement of the Company dated 2 May 2016 for details.

On 3 May 2016, the Company entered into a share purchase agreement with BitFury Group Limited (“BitFury Group”) to subscribe for 205,917 Series A Preferred Shares (“205,917 Preferred Shares”) in BitFury Group for a total consideration of US\$30,000,047.73 (approximately HK\$234.0 million). The consideration comprises an amount of US\$10,000,015.91 (approximately HK\$78.0 million) to be paid in cash and US\$20,000,031.82 (approximately HK\$156.0 million) to be paid by issuing a total of 49,758,898 consideration shares of the Company. Upon the closing of the transaction on or before 3 June 2016, the Company will hold 205,917 Preferred Shares which represent approximately 6.38% of the entire issued share capital in BitFury Group (on a fully converted and diluted basis). BitFury Group is the private Bitcoin blockchain infrastructure provider and transaction processing company, which provides a full-service chain of hardware and software products. Please refer to the announcement of the Company dated 3 May 2016 for details.

On 8 May 2016, the Company entered into six subscription agreements with (i) Eternity Sky Investments Limited; (ii) Jiefang Media (UK) Co. Limited (解放傳媒(英國)有限公司); (iii) Eastland Group (Hong Kong) Company Limited (東方銀座集團(香港)有限公司); (iv) Xincheng Enterprises Limited (信誠企業有限公司); (v) Mr. Chen Shaolin (陳少林); and (vi) Mr. Liu Shaolin (劉少林) (collectively, the “Subscribers”). Pursuant to which the Subscribers have severally agreed to subscribe for the convertible bonds in the aggregate amount of HK\$1,000,000,000 bearing interest of 7% per annum for 3 years. Please refer to the announcement of the Company dated 9 May 2016 for details.

Review by Audit Committee

The audit committee of the Board (the “Audit Committee”) comprises four members, namely Mr. Ge Ming (Chairman), Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli, all of them being independent non-executive Directors.

The Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2016 have been reviewed by the Audit Committee. The Board 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.

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

Hong Kong, 9 May 2016

As at the date of this announcement, the Directors are:–

Executive Directors:

Mr. Phang Yew Kiat (*Vice-Chairman and Chief Executive Officer*)

Mr. Chng Swee Ho

Mr. Sheng Jia

Non-executive Directors:

Mr. Li Mingshan (*Chairman*)

Mr. Li Gang

Mr. Wong Sai Hung

Mr. Zhang Zhenxin

Ms. Zhou Youmeng

Independent Non-executive Directors:

Mr. Ge Ming

Dr. Ou Minggang

Mr. Wang Wei

Dr. Yin Zhongli

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (www.creditchina.hk).