



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



**FIRST
QUARTERLY
REPORT
2012**



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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 report, for which the directors (the "Directors") of Credit China Holdings Limited (the "Company") 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 report 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 report misleading.



FINANCIAL HIGHLIGHTS

- The Group recorded a turnover of approximately RMB57.8 million for the three months ended 31 March 2012, representing an increase of approximately 14.4% as compared with corresponding period in 2011.
- Profit attributable to owners of the Company for the three months ended 31 March 2012 amounted to approximately RMB31.1 million, representing an increase of approximately 10.2% as compared with corresponding period in 2011.
- Basic earnings per share for the three months ended 31 March 2012 amounted to RMB1.77 cents (2011: RMB1.70 cents).
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2012.

The board (the "Board") of directors (the "Directors") of Credit China Holdings Limited (the "Company") 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 2012 together with the comparative unaudited figures for the corresponding period in 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 31 March	
	<i>Notes</i>	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Turnover	3	57,754	50,502
Interest income	3	27,399	22,861
Interest expenses	6	(4,316)	–
Net interest income		23,083	22,861
Financial consultancy service fee income	3	30,355	27,641
		53,438	50,502
Other income	5	7,815	416
Administrative and other operating expenses		(12,617)	(8,143)
Share of net profit of jointly-controlled entities		127	–
Share-based payment expenses		(1,860)	(7,380)
Profit before tax	7	46,903	35,395
Income tax	8	(13,264)	(7,202)
Profit for the period		33,639	28,193
Other comprehensive income			
Exchange differences on translating foreign operations		1,058	237
Total comprehensive income for the period		34,697	28,430

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		For the three months ended 31 March	
		2012	2011
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Notes			
Profit for the period attributable to:			
Owners of the Company		31,059	28,193
Non-controlling interests		2,580	–
		<u>33,639</u>	<u>28,193</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		31,952	28,430
Non-controlling interests		2,745	–
		<u>34,697</u>	<u>28,430</u>
		RMB	RMB
Earnings per share			
	10		
Basic		1.77 cents	1.70 cents
Diluted		1.71 cents	1.65 cents

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2012 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply 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 2011.

3. TURNOVER

The principal activities of the Group are provision of pawn loan service, entrusted loan service, other loan service and financial consultancy service.

Turnover represents interest income (either from real estate pawn loan, other collateral-backed pawn loan, entrusted loan, personal property pawn loan, other collateral-backed loan and real estate-backed loan service) and financial consultancy service fee income, net of corresponding sales related taxes. The amount of each significant category of revenue recognized in turnover for the three months ended 31 March 2012 is as follows:

	For the three months ended 31 March	
	2012	2011
	RMB'000	<i>RMB'000</i>
Interest income		
Real estate pawn loan service income		
– Administration fee income	3,189	2,564
– Interest income	631	265
Other collateral-backed pawn loan service income		
– Administration fee income	607	143
– Interest income	148	24
Entrusted loan service income		
– Interest income	21,857	10,418
Personal property pawn loan service income		
– Administration fee income	16	109
– Interest income	2	4
Other collateral-backed loan service income		
– Interest income	488	9,334
Real estate-backed loan service income		
– Interest income	461	–
	27,399	22,861
Financial consultancy service fee income	30,355	27,641
Turnover	57,754	50,502

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 makers, who 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. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the provision of financing services in the PRC and Hong Kong.

5. OTHER INCOME

	For the three months ended 31 March	
	2012 RMB'000	2011 RMB'000
Sub-leased rental income	-	65
Bank interest income	382	235
Government grants (<i>Note a</i>)	6,350	-
Interest income on convertible bonds (<i>Note b</i>)	1,083	-
Others	-	116
	<hr/>	<hr/>
	7,815	416
	<hr/> <hr/>	<hr/> <hr/>

Note a: The amount represents government grants in respect of encouragement of expansion of enterprise.

Note b: The amount represents the interest income on the 12% coupon convertible bonds issued by China Fortune Financial Group Limited with principal amount of approximately HK\$40.4 million and maturity date on 28 December 2014.

6. INTEREST EXPENSES

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Interest on exchangeable bond (<i>Note a</i>)	1,416	–
Interest on corporate bonds (<i>Note b</i>)	2,900	–
	4,316	–

Note a: The amount represents the interest expenses on an exchangeable bond issued by Jovial Lead Limited ("Jovial Lead"), a wholly-owned subsidiary of the Group, at a nominal value of US\$7.5 million with an interest of 12% per annum and maturity date on 15 November 2012.

Note b: On 1 September 2011, the Company issued RMB100,000,000 9% bonds due 1 September 2013 at 100% of its principal amount which bear interest from and including 1 September 2011 at the rate of 9% per annum. Interest will be payable semi-annually in arrears on 1 March and 1 September of each year, commencing on 1 March 2012.

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
(a) Staff costs, including directors' remuneration		
Salaries, wages and other benefits	2,466	2,529
Contribution to defined contribution retirement benefits scheme	139	17
Share-based payment expenses	1,860	7,380
	4,465	9,926
(b) Other items		
Auditors' remuneration	47	21
Depreciation	472	107
Exchange loss	1,975	3,000
Operating lease charges in respect of properties	1,040	541

8. INCOME TAX

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Current income tax		
– PRC	12,858	5,767
– Hong Kong	–	1,435
Deferred tax	406	–
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	13,264	7,202
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Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2012.

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

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 (2011: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the period ended 31 March 2012 is based on the profit attributable to owners of the Company of RMB31,059,000 (2011: RMB28,193,000) and the weighted average of 1,755,192,308 (2011: 1,660,000,000) ordinary shares in issue during the three months ended 31 March 2012.

Diluted earnings per share

The calculation of diluted earnings per share for the three months ended 31 March 2012 does not take into account the outstanding exchangeable bond of Jovial Lead, as the exercise of the exchangeable bond would result in an increase in earnings per share.

The calculation of diluted earnings per share for the three months ended 31 March 2012 is based on the profit attributable to owners of the Company of RMB31,059,000 (2011: RMB28,193,000) and the weighted average of 1,817,471,590 (2011: 1,709,238,381) ordinary shares in issue during the period.

11. RESERVES

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve	(Accumulated	Exchange reserve	Share-based	Capital reserve	Special reserve	Total	Non-controlling interests	Total equity
				retained profits		payment reserve					
RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	RMB'000 Unaudited	
At 1 January 2012	149,870	256,200	8,494	183,555	766	23,733	(8,861)	40,000	653,757	3,763	657,520
Profit for the period	-	-	-	31,059	-	-	-	-	31,059	2,580	33,639
Other comprehensive income											
- exchange differences on translation foreign operations	-	-	-	-	893	-	-	-	893	165	1,058
Total comprehensive income for the period	-	-	-	31,059	893	-	-	-	31,952	2,745	34,697
Issue of shares under the Share Options Scheme	1,421	7,041	-	-	-	(407)	-	-	8,055	-	8,055
Dividend recognised as distribution	-	(29,601)	-	-	-	-	-	-	(29,601)	-	(29,601)
Lapsed and cancelled of option	-	-	-	110	-	(110)	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	1,860	-	-	1,860	-	1,860
Appropriation to statutory reserve funds	-	-	616	(616)	-	-	-	-	-	-	-
At 31 March 2012	151,291	233,640	9,110	214,108	1,659	25,076	(8,861)	40,000	666,023	6,508	672,531
At 1 January 2011	142,363	161,475	8,494	40,722	1,728	4,820	(8,861)	40,000	390,741	-	390,741
Profit for the period	-	-	-	26,193	-	-	-	-	26,193	-	26,193
Other comprehensive income											
- exchange differences on translation foreign operations	-	-	-	-	237	-	-	-	237	-	237
Total comprehensive income for the period	-	-	-	26,193	237	-	-	-	26,430	-	26,430
Dividend recognised as distribution	-	(26,106)	-	-	-	-	-	-	(26,106)	-	(26,106)
Recognition of equity-settled share-based payments	-	-	-	-	-	7,380	-	-	7,380	-	7,380
At 31 March 2011	142,363	135,369	8,494	66,915	1,965	12,200	(8,861)	40,000	400,445	-	400,445



MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group offers a spectrum of financing services to accommodate the varying needs of its customers. During the three months ended 31 March 2012, the Group's turnover was mainly derived from the provision of real estate pawn loan service, entrusted loan and financial consultancy service. In this quarter, the Group has also commenced the operation in Chongqing with provision of real estate-backed loan service.

The Group's solid financial performance continued to be supported by its core businesses of entrusted loan and financial consultancy. In addition, the Group's effort in the new market is also beginning to pay off and revenue growth in Chongqing is picking up. During this quarter, the Group was also strongly committed to a policy of enhancing its core aspects of business, which the Directors believe is the fundamental element of sustainable development. The Group has been constantly reviewing its organizational process and internal control procedures to further strengthen its compliance, to satisfy operational needs and to ensure better risk management. In this respect, the Group had improved and refined its corporate hierarchy to ensure a more efficient decision-making process and work flow.

Financial review

Revenue

The overall revenue trend remained positive and income is generating in the new market in Chongqing. For the three months ended 31 March 2012, the Group's total revenue increased by approximately 14.4% to approximately RMB57.8 million from approximately RMB50.5 million for the corresponding period last year.

Real estate pawn loan service income

For the three months ended 31 March 2012, the Group recorded revenue of approximately RMB3.8 million from provision of real estate pawn loan service, representing an increase of approximately 35.0% as compared to the revenue of approximately RMB2.8 million for the corresponding period last year.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other collateral-backed pawn loan service income

The Group recorded revenue of approximately RMB0.8 million from provision of other collateral-backed pawn loan service, representing an increase of approximately 352.1% as compared to the revenue of approximately RMB0.2 million for the corresponding period last year.

Entrusted loan service income

Provision of entrusted loan service remained one of the Group's core businesses during the period ended three months ended 31 March 2012. The revenue from provision of entrusted loan service totaled approximately RMB21.9 million, a significant increase of approximately 109.8% over approximately RMB10.4 million of the same period last year.

Personal property pawn loan service income

The Group has gradually scaled down its less profitable personal property pawn loan operation. For the three months ended 31 March 2012, the Group's revenue from provision of personal property pawn loan service was approximately RMB0.02 million, representing a decrease of approximately 84.1% as compared to approximately RMB0.11 million in the corresponding period last year.

Financial consultancy service fee income

Thanks to the Group's market position and high quality services, the Group continued to record solid results from provision of financial consultancy service. For the three months ended 31 March 2012, the financial consultancy service income increased by approximately 9.8% from approximately RMB27.6 million for the corresponding period last year to approximately RMB30.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other collateral-backed loan service income

For the three months ended 31 March 2012, the Group's other collateral-backed loan service income of approximately RMB0.5 million represented income from provision of money lending service in Hong Kong. The decrease of approximately 94.8% as compared to approximately RMB9.3 million in the corresponding period last year as no other collateral-backed loan service was provided in the PRC during this quarter.

Real estate-backed loan service income

In late 2011, the Group has expanded its business geographically by establishment of its operation in Chongqing. After months of effort in people recruitment, setting up systems and procedures and building up business networks, the Group has made considerable progress in its Chongqing's business with loan book and revenue started to grow in March 2012. For the three months ended 31 March 2012, the Group recorded interest income and consultancy fee income of approximately RMB0.5 million and RMB2.2 million respectively from provision of real estate-backed loan service in Chongqing.

Interest expenses

The Group recorded interest expenses of approximately RMB4.3 million during the three months ended 31 March 2012, as compared to nil in the same period last year. The interest expenses incurred mainly represented interests on the RMB-denominated corporate bonds and an exchangeable bond.

Other income

The Group's other income comprised bank interest income and government grants. The Group's other income for the three months ended 31 March 2011 and 2012 was approximately RMB0.4 million and RMB7.8 million respectively. The increase was mainly attributable to the government grant of RMB6.4 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong") and Lucky Target Property Consultants (Shanghai) Company Limited for the encouragement of expansion of enterprise, and interest on convertible bond of RMB1.1 million.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and marketing expenses. The Group's administrative and other operating expenses for the three months ended 31 March 2011 and 2012 were approximately RMB8.1 million and RMB12.6 million respectively. The increase of approximately 54.9% was mainly attributed to the increase of sales commissions and other operating costs which were increased in line with the business growth and an exchange loss of approximately RMB2.0 million due to the appreciation of Renminbi.

Profit for the period attributable to owners of the Company

With the first quarter posted a profit of approximately RMB33.6 million, the profit attributable to owners of the Company for the three months ended 31 March 2012 climbed up to approximately RMB31.1 million, an increase of approximately 10.2% as compared to approximately RMB28.2 million in the same period last year.

OUTLOOK

China market is slowing down with its gross domestic product reduced to 8.1% in the first quarter of 2012, the weakest pace in the past three years. Despite a challenging market environment, the Group is coping well with the current economic slowdown and the Directors believe, with its solid business model and by taking advantage of the growth dynamic in its new business, the next few months is expected to be promising. Looking forward, the Group will continue its strategy of focusing on areas with strong growth prospects while strengthening its existing business foundation. The Group will continue to seek opportunities to expand into new markets to maintain a healthy and sustainable growth. At the same time, the current market conditions reinforce the need for strict risk management, which is the core component of the Group's strategies. The Directors are confident that the Group has built a solid foundation to capitalize on the opportunities in the non-bank financial sector in China with tremendous growth potential. The Directors will continue to pursue their commitment to maximize value for the Group's shareholders over the long term.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2012, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in shares of the Company

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Interest in a controlled corporation	595,000,000 (L) ⁽²⁾	33.66%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These shares were held by Kaiser Capital Holdings Limited ("Kaiser Capital") the entire issued share capital of which was owned by Mr. Shi Zhi Jun.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 March 2012.*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Interests in underlying shares of the Company – physically settled equity derivatives

Name of Director	Capacity	Number of underlying shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Beneficial owner	16,000,000 (L)	0.91%
Mr. Ji Zu Guang	Beneficial owner	16,000,000 (L)	0.91%
Ms. Shen Li	Beneficial owner	16,000,000 (L)	0.91%
Mr. Neo Poh Kiat	Beneficial owner	500,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	500,000 (L)	0.03%
Mr. Lee Sze Wai	Beneficial owner	500,000 (L)	0.03%

Note: The letter "L" denotes the entity/person's long position in the securities.

* *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 March 2012.*

Details of the above share options granted by the Company are set out under the heading "Share Option Scheme" below.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(iii) Interests in the associated corporation – Shanghai Yintong

Name of Director	Capacity	Equity interests in Shanghai Yintong	Approximate percentage of Shanghai Yintong's equity interests*
Mr. Shi Zhi Jun	Interest in a controlled corporation	RMB22 million (L) ⁽²⁾	55%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These equity interests were held by Shanghai Jinhan Investment Development Limited, the entire equity interests of which were owned by Mr. Shi Zhi Jun.

* The percentage represents the amount of equity interests interested divided by Shanghai Yintong's equity interests as at 31 March 2012.

Save as disclosed above, as at 31 March 2012, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests in shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Kaiser Capital	Beneficial owner	595,000,000 (L) ⁽²⁾	33.66%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	490,972,000 (L) ⁽³⁾	27.78%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	490,972,000 (L) ⁽³⁾	27.78%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Interests in shares of the Company *(Continued)*

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	490,972,000 (L) ⁽²⁾	27.78%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	490,972,000 (L) ⁽²⁾	27.78%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	96,828,000 (L) ⁽²⁾	5.48%
Mr. Yam Tak Cheung	Interest in a controlled corporation	96,828,000 (L) ⁽²⁾	5.48%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) The interests of Kaiser Capital were also disclosed as the interests of Mr. Shi Zhi Jun in the above section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures".



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Interests in shares of the Company *(Continued)*

Notes: (Continued)

- (3) These shares were held by Jiefang Media. Jiefang Media is wholly-owned by Xinhua Publishing, which is in turn owned by Jiefang Group and its associates as to approximately 50.8% and Greenland Group as to approximately 39%. Therefore, under the SFO, Xinhua Publishing is deemed to be interested in all the shares held by Jiefang Media, and each of Jiefang Group and Greenland Group is deemed to be interested in all the shares held by Jiefang Media through Xinhua Publishing.
- (4) These shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam Tak Cheung.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 March 2012.*

Save as disclosed above, as at 31 March 2012, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

(a) Pre-IPO Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 4 November 2010, the Company has adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") for the purpose of recognising the contribution of certain executive directors and employees of the Group to the growth of the Group and/or to the listing of the Company's shares on the Stock Exchange.

The Board confirmed that no further options will be granted under the Pre-IPO Scheme. The Pre-IPO Scheme was expired on 9 November 2010.

SHARE OPTION SCHEME (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

Details of movements of the share options granted under the Pre-IPO Scheme during the three months ended 31 March 2012 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			As at 31 March 2012
				As at 1 January 2012	Granted during the period	Exercised/Cancelled/Lapsed during the period	
<i>Director</i>							
Mr. Shi Zhi Jun	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
Ms. Shen Li	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
<i>Employee</i>							
Mr. Ding Lu	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
Total				<u>64,000,000</u>	<u>-</u>	<u>-</u>	<u>64,000,000</u>

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

SHARE OPTION SCHEME (Continued)

(b) Share Option Scheme

The Company has also adopted a Share Option Scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders on 4 November 2010 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the Directors, including independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entity that provides research, development or other technological support to the Group.

Details of movements of the share options granted under the Share Option Scheme during the three months ended 31 March 2012 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2012	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 31 March 2012
<i>Director</i>							
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	500,000 ⁽²⁾	-	-	500,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	500,000 ⁽²⁾	-	-	500,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	500,000 ⁽²⁾	-	-	500,000
				<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
<i>Employee</i>							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	2,570,000	-	(420,000)	2,150,000
				<u>2,570,000</u>	<u>-</u>	<u>(420,000)</u>	<u>2,150,000</u>
<i>Consultant</i>							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	33,200,000 ⁽²⁾	-	-	33,200,000
	27 September 2011	27 September 2011 to 26 September 2016	HK\$0.567	17,500,000 ⁽³⁾	-	(17,500,000)	-
	27 September 2011	27 March 2012 to 26 September 2016	HK\$0.567	35,000,000 ⁽³⁾	-	-	35,000,000
				<u>85,700,000</u>	<u>-</u>	<u>(17,500,000)</u>	<u>68,200,000</u>
Total				<u>89,770,000</u>	<u>-</u>	<u>(17,920,000)</u>	<u>71,850,000</u>



SHARE OPTION SCHEME *(Continued)*

(b) Share Option Scheme *(Continued)*

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$1.21.
- (3) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.485.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2012.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 2012.



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transaction 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 of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the three months ended 31 March 2012.

COMPETING INTEREST

Xinhua Publishing, a substantial shareholder of the Company and Xinrong Asset Management Limited, a shareholder of Shanghai Yintong, whose principal business is not providing financing services, had made use of their respective idle cash to advance loans to third parties through entrusted loan arrangements during the period under review, as the interest income derived therefrom could allow them to have relatively higher return for their respective idle fund. Save and except for the foregoing and for interests in the Group, none of the controlling shareholders nor their respective associates had interests in any other companies which may, directly or indirectly, compete with the Group's business.

INTEREST OF COMPLIANCE ADVISER

As notified by China Everbright Capital Limited ("China Everbright"), the Company's compliance adviser, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2012.



AUDIT COMMITTEE

The Audit Committee comprises a total of three members, namely, Mr. Lee Sze Wai (Chairperson), Mr. Neo Poh Kiat and Dr. Lau Reimer Mary Jean, all of whom are independent non-executive Directors. The Group's unaudited results for the three months ended 31 March 2012 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied 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

Shi Zhi Jun

Chairman

Hong Kong, 11 May 2012

As at the date of this report, the executive Directors are Mr. Shi Zhi Jun, Mr. Ji Zu Guang and Ms. Shen Li; and the independent non-executive Directors are Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai.