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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)

**DISCLOSEABLE TRANSACTION INVOLVING
PROVISION OF FINANCIAL ASSISTANCE AND
ADVANCE TO AN ENTITY**

The Board wishes to announce that on 16 May 2012, (i) Vigo, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which Vigo has agreed to lend the Loan of HK\$60 million to the Borrower for a term of six months subject to and upon the terms and conditions therein; (ii) the Company entered into the Consultancy Agreement I with the Borrower, pursuant to which the Borrower has engaged the Company to act as its financial consultant in connection with seeking for the Loan and related financial advisory service to support the development of the Borrower's business; and (iii) High Elite, an indirect 70% owned subsidiary of the Company, entered into the Consultancy Agreement II with the Borrower, pursuant to which the Borrower has engaged High Elite to act as its financial consultant in connection with seeking for the Loan and related financial advisory service to support the development of the Borrower's business.

As the relevant percentage ratios for the Transaction (as aggregated with the Entrusted Loan to the PRC Company) calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

Under Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Company and its subsidiaries exceed 8% of the Company's latest published consolidated total assets. The Loan constitutes an advance to entity under Rule 17.15 of the GEM Listing Rules and save for Rules 17.17(3) and 17.17(4) of the GEM Listing Rules, the details of which is disclosed herein in compliance with Rule 17.15 of the GEM Listing Rules.

It is required under Rules 19.58(5) and 19.58(9) of the GEM Listing Rules to disclose the aggregate value of the consideration and the benefits which are expected to accrue to the Company as a result of the transaction. It is also required under Rules 17.17(3) and 17.17(4) of the GEM Listing Rules to disclose the identity of the Borrower and the interest rate. An application has been made to the Stock Exchange for a waiver from strict compliance with Rules 17.17(3), 17.17(4), 19.58(5) and 19.58(9) of the GEM Listing Rules.

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THE LOAN AGREEMENT

Date

16 May 2012

Parties

Lender : Vigo, an indirect wholly-owned subsidiary of the Company

Borrower : the Borrower

The Borrower is a limited liability company incorporated in Hong Kong and its principal business activity is investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Loan amount

HK\$60 million, together with the Outstanding Principal, representing approximately 10.6% of the total assets of the Group of approximately RMB1.02 billion (equivalent to approximately HK\$1.26 billion) as at 31 December 2011, approximately 16.6% of the net assets of the Group of approximately RMB657.5 million (equivalent to approximately HK\$807.9 million) as at 31 December 2011 and approximately 19.4% to the total loan portfolio of the Group of approximately RMB561.1 million (equivalent to approximately HK\$689.4 million) as at 31 December 2011 (based on the audited consolidated accounts of the Group for the year ended 31 December 2011).

The Loan would be financed by the external borrowing of the Group from a third party without providing security. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, such third party and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Interest

Interest rate on the Loan is in the range of 12% to 14% per annum. Interest shall be payable monthly.

Term of the Loan

6 months from the drawdown date of the Loan. The Loan shall be drawn within 30 days of the date of the Loan Agreement.

Security

The obligations of the Borrower under the Loan Agreement are secured by the following:

- (i) two share charges over all the issued share capital of the Borrower created by the beneficial owners of the Borrower in favour of Vigo; and
- (ii) two assignments of loan by way of security entered into by the beneficial owners of the Borrower to assign to Vigo all the loans owing by the Borrower to the beneficial owners as security.

Guarantee

Two personal guarantees have been provided by the beneficial owners of the Borrower in favour of Vigo to secure the obligations of the Borrower under the Loan Agreement.

Repayment

The Loan in relation to the Loan Agreement is repayable by the Borrower to Vigo upon the expiry of the term of the Loan.

Prepayment

The Borrower may prepay part of the whole amount of the Loan before the expiry of the term of the Loan provided that the written consent of Vigo is obtained.

INFORMATION ON THE BORROWER

The Borrower was referred to the Group by the shareholder who holds 30% interest in High Elite. The Borrower holds 76.92% or US\$20 million (equivalent to approximately HK\$156 million) of the registered capital of a PRC company (the “**PRC Company**”). The PRC Company’s principal business activities include real estate development and developing a commercial building with a gross floor area of approximately 271,000m² located in Zhejiang Province, the PRC.

According to the unaudited consolidated financial statements of the Borrower for the year ended 31 December 2011, which were prepared in accordance with generally accepted accounting principles in Hong Kong, the unaudited consolidated net asset value (excluding the shareholders’ loans which have been assigned to Vigo as security) of the Borrower was approximately RMB169.3 million (equivalent to approximately HK\$208.0 million) (“**Adjusted NAV**”) as at 31 December 2011.

On 13 March 2012, Lucky Consultants, an indirect wholly-owned subsidiary of the Company, made available the entrusted loan (the “**Entrusted Loan**”) of RMB60 million (equivalent to approximately HK\$73.8 million) to the PRC Company through a lending agent. As at the date of this announcement, the outstanding principal of the Entrusted Loan (the “**Outstanding Principal**”) to the PRC Company is RMB60 million (equivalent to approximately HK\$73.8 million). Details of the entrusted loan to the PRC Company are set out in the announcement dated 13 March 2012 of the Company. As at the date of the announcement, there has been no default in respect of the entrusted loan to the PRC Company.

CREDIT RISKS

According to the Group's credit policy, the Group would focus on the accurate valuation of the collateral in order to minimize risks and determine the loan amount given the loan-to-value ratio to a maximum of 50%, so that the collateral itself provides overcollateralisation of the loan. The Group also relies on sources to determine the estimate valuation, including research on recent official real estate transaction prices and the experience of the Group's employees in depositing similar collateral in the past. In addition to the internal valuations, for real estate with market value cannot be determined according to the above sources, the Group will also engage independent professional real estate appraisers to produce detailed report on the collateral where necessary.

The Loan was granted based on the internal credit assessment conducted by the Group made on the security provided under the Loan Agreement, with reference to the financial position of the Borrower and the PRC Company including the Adjusted NAV of the Borrower as at 31 December 2011 as well as the market value of properties similar to the property owned by the PRC Company in similar locations.

The Company considers that the collateral provided by the Borrower is sufficient for the current amount of the Loan for the reasons that (i) the Loan is about 28.8% of the Adjusted NAV of approximately HK\$208.0 million which is in line with the Group's credit policy; (ii) the aggregate amount of the Loan and the Outstanding Principal is well below 50% of the estimated Adjusted NAV of the Borrower if the estimated market value of the property owned by the PRC Company is reflected in the accounts of the Borrower (iii) all the shareholders' loans to the Borrower have been assigned to Vigo as security; (iv) personal guarantees are provided by all the shareholders of the Borrower; and (v) the market value of the property owned by the PRC Company is estimated by the Group to be higher than the book value of property in the unaudited consolidated financial statements of the Borrower as at 31 December 2011.

In addition, if the value of the security provided falls to certain extent that the Company considers that the security provided does not provide adequate collateralisation of the Loan, Vigo has the right to demand the Borrower to provide additional collateral or to declare the Loan, all interest accrued thereon and all monies payable to be forthwith due and payable.

CONSULTANCY AGREEMENT I

Date

16 May 2012

Parties

Consultant : the Company

Client : the Borrower

Term

Six months from the date of the Consultancy Agreement I unless the Loan is extended under the Loan Agreement.

Fees

The Borrower shall pay to the Company the following fees for the services provided by the Company under the Consultancy Agreement I:

- (i) a success fee in the range of HK\$5 million to HK\$10 million upon successful entering into of the Loan, which is due and payable at the date of receipt of the Loan;
- (ii) a monthly consultancy fee calculated on the basis of 1% to 1.5% of the Loan which is payable by the Borrower during the term of the Consultancy Agreement I; and
- (iii) if any part of the Loan remains outstanding or the Consultancy Agreement I is extended after the expiry of the six-month period of the Consultancy Agreement I, a monthly consultancy fee calculated on the basis of 2.5% to 3% of the outstanding Loan.

CONSULTANCY AGREEMENT II

Date

16 May 2012

Parties

Consultant : High Elite

Client : the Borrower

Term

Six months from the date of the Consultancy Agreement II unless the Loan is extended under the Loan Agreement.

Fees

The Borrower shall pay to the Company the following fees for the services provided by the Company under the Consultancy Agreement II:

- (i) a monthly consultancy fee calculated on the basis of 1% to 1.5% of the Loan which is payable by the Borrower during the term of the Consultancy Agreement II; and
- (ii) if any part of the Loan remains outstanding or the Consultancy Agreement II is extended after the expiry of the six-month period of the Consultancy Agreement II, a monthly consultancy fee calculated on the basis of 1% to 1.5% of the outstanding Loan.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Group is principally engaged in the provision of financing services. Vigo is a licensed money lender and its principal activity is the provision of financing services. The terms of the Transaction including the interest rate and the consultancy fees were arrived after arm's length negotiations between the Group and the Borrower with reference to the commercial practice and the range of interest rate charged by other companies engaging in the similar business in Hong Kong and the PRC. The total amount of the interest, the success fee and the consultancy fees represents an annualised rate in the range of 54% to 62%.

The Directors consider that the Transaction was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. Since the terms of the Transaction reflect the normal commercial terms of transactions of this nature and can provide the Group with stable revenue and cashflow stream from the interest and consultancy fees received, the Directors consider them fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

As the relevant percentage ratios for the Transaction (as aggregated with the Entrusted Loan to the PRC Company) calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

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DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context requests otherwise:

- “Adjusted NAV” has the meaning ascribed to it under the section “Information on the Borrower”
- “Board” the board of Directors
- “Borrower” a company incorporated in Hong Kong with limited liability
- “Company” Credit China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM

“Consultancy Agreement I”	the consultancy agreement entered into between the Company and the Borrower in connection with seeking for the Loan and related financial advisory service to support the development of the Borrower’s business
“Consultancy Agreement II”	the consultancy agreement entered into between High Elite and the Borrower in connection with seeking for the Loan and related financial advisory service to support the development of the Borrower’s business
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	has the meaning ascribed to it under the section “Information on the Borrower”
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“High Elite”	High Elite Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect 70% owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Loan”	a term loan of HK\$60 million
“Loan Agreement”	the loan agreement entered into between Vigo and the Borrower in relation to the provision of the Loan to the Borrower
“Lucky Consultants”	峻岭物業顧問(上海)有限公司 (Lucky Target Property Consultants (Shanghai) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Outstanding Principal”	has the meaning ascribed to it under the section “Information on the Borrower”

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	has the meaning ascribed to it under the section “Information on the Borrower”
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the provision of the financial assistance and financial advisory services to the Borrower pursuant to the Loan Agreement, the Consultancy Agreement I and the Consultancy Agreement II
“Vigo”	Vigo Hong Kong Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States

By Order of the Board
Credit China Holdings Limited
Shi Zhi Jun
Chairman

Hong Kong, 16 May 2012

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:

Mr. Shi Zhi Jun (*Chairman*)

Mr. Ji Zu Guang

Ms. Shen Li (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Neo Poh Kiat

Dr. Lau Reimer Mary Jean

Mr. Lee Sze Wai

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose 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.

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 and on the website of the Company (www.creditchina.hk).

In this announcement, for reference only, the translation of Renminbi into Hong Kong dollars is based on the exchange rate of RMB1.00 = HK\$1.228 and the translation of United States dollars into Hong Kong dollars is based on the exchange rate of US\$1.00 = HK\$7.80.

** For identification purpose only*