



# CREDIT CHINA



**中国信贷**  
CREDIT CHINA

**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  
2014

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

**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 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 RMB79.3 million for the three months ended 31 March 2014, representing an increase of approximately 37.3% as compared with the corresponding period in 2013.
- Profit attributable to owners of the Company for the three months ended 31 March 2014 amounted to RMB22.7 million, representing a decrease of 27.9% as compared with the corresponding period in 2013.
- Basic earnings per share for the three months ended 31 March 2014 amounted to RMB0.77 cents (three months ended 31 March 2013: RMB1.36 cents).
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2014.

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 2014 together with the comparative unaudited figures for the corresponding period in 2013, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>For the three months ended 31 March</b>	
		<b>2014</b>	2013
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Turnover</b>	3	<b>79,347</b>	57,776
Interest income	3	<b>53,773</b>	42,923
Interest expenses	5	<b>(23,351)</b>	(7,446)
<b>Net interest income</b>		<b>30,422</b>	35,477
<b>Financial consultancy service income</b>	3	<b>19,720</b>	14,853
<b>Online third party payment service income</b>	3	<b>5,854</b>	–
		<b>55,996</b>	50,330
Other income	4	<b>8,077</b>	8,650
Administrative and other operating expenses		<b>(35,153)</b>	(14,574)
Change in fair value of derivative financial instruments		–	144
Share-based payment expenses		<b>(2,646)</b>	–
Share of results of associates		<b>(338)</b>	(536)
Share of results of joint ventures		<b>(603)</b>	562
<b>Profit before tax</b>	6	<b>25,333</b>	44,576
Income tax	7	<b>(2,712)</b>	(10,719)
<b>Profit for the period</b>		<b>22,621</b>	33,857

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Other comprehensive income (expense) for the period</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>		
Exchange differences on translating foreign operations	<b>(479)</b>	337
<b>Total comprehensive income for the period</b>	<b>22,142</b>	34,194
<b>Profit (loss) for the period attributable to:</b>		
Owners of the Company	<b>22,707</b>	31,487
Non-controlling interests	<b>(86)</b>	2,370
	<b>22,621</b>	33,857
<b>Total comprehensive income (expense) for the period attributable to:</b>		
Owners of the Company	<b>22,918</b>	31,702
Non-controlling interests	<b>(776)</b>	2,492
	<b>22,142</b>	34,194
	<b>RMB</b>	<i>RMB</i>
<b>Earnings per share</b>	<i>9</i>	
Basic	<b>0.77 cents</b>	1.36 cents
Diluted	<b>0.76 cents</b>	1.32 cents

*Notes:*

### **1. BASIS OF PREPARATION**

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2014 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and 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 2013.

### **3. TURNOVER**

The principal activities of the Group are provision of pawn loan services, entrusted loan services, microfinance services, financial consultancy services and online third party payment service.

### 3. TURNOVER (Continued)

Turnover represents interest income (either from real estate pawn loans, other collateral-backed pawn loans, real estate-backed loans, other loans, entrusted loans and micro loans), financial consultancy service income and online third party payment service income, net of corresponding sales related taxes. The amount of each significant category of revenue recognized in turnover during the periods is as follows:

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Interest income</b>		
Real estate pawn loan service income		
– Administration fee income	<b>349</b>	379
– Interest income	<b>195</b>	116
Other collateral-backed pawn loan service income		
– Administration fee income	–	516
– Interest income	–	129
Entrusted loan service income		
– Interest income	<b>30,152</b>	33,366
Other loan service income		
– Interest income	<b>3,298</b>	1,962
Real estate-backed loan service income		
– Interest income	<b>11,024</b>	6,384
Microfinance service income		
– Interest income	<b>8,755</b>	71
	<b>53,773</b>	42,923
<b>Financial consultancy service income</b>	<b>19,720</b>	14,853
<b>Online third party payment service income</b>		
Payment transaction fee income	<b>1,508</b>	–
System consultancy fee income and other service income	<b>4,346</b>	–
	<b>5,854</b>	–
<b>Turnover</b>	<b>79,347</b>	57,776

#### 4. OTHER INCOME

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Rental income	<b>534</b>	–
Bank interest income	<b>355</b>	486
Government grants ( <i>Note</i> )	<b>6,149</b>	7,259
Interest income on convertible bond	<b>1,018</b>	829
Others	<b>21</b>	76
	<hr/>	<hr/>
	<b>8,077</b>	8,650
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*Note:* Government grants in respect of encouragement of expansion of enterprise were recognized at the time the Group fulfilled the relevant granting criteria.

#### 5. INTEREST EXPENSES

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Interest on corporate bonds	<b>7,526</b>	7,442
Interest on deposits received	–	4
Interest on bank and other loans	<b>14,830</b>	–
Interest on financial assets sold under repurchase agreement	<b>995</b>	–
	<hr/>	<hr/>
	<b>23,351</b>	7,446
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## 6. PROFIT BEFORE TAX

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

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>(a) Staff costs, including directors' remuneration</b>		
Salaries, wages and other benefits	<b>15,540</b>	5,326
Contribution to defined contribution retirement benefits scheme	<b>638</b>	410
Share-based payment expenses	<b>2,646</b>	–
	<u><b>18,824</b></u>	<u>5,736</u>
<b>(b) Other items</b>		
Auditors' remuneration	<b>287</b>	175
Allowance for loan receivables	<b>6,087</b>	–
Depreciation	<b>1,420</b>	637
Net exchange gain	<b>(192)</b>	(558)
Operating lease charges in respect of properties	<b>2,886</b>	1,675
	<u><b>2,886</b></u>	<u>1,675</u>

## 7. INCOME TAX

	<b>For the three months ended 31 March</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Current tax		
Provision for PRC Enterprise Income Tax (the "EIT")	<b>1,170</b>	10,351
Deferred tax	<b>1,542</b>	368
	<u><b>2,712</b></u>	<u>10,719</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.

## **7. INCOME TAX** *(Continued)*

No Hong Kong Profits Tax has been provided for the three months ended 31 March 2013 and 2014 as the Group has no assessable profit for Hong Kong Profits Tax purposes for both periods.

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.

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

## **8. DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2014 (2013: Nil).

## **9. EARNINGS PER SHARE**

### **Basic earnings per share**

The calculation of basic earnings per share for the three months ended 31 March 2014 is based on the profit attributable to owners of the Company of RMB22,707,000 (three months ended 31 March 2013: RMB31,487,000) and the weighted average of 2,945,907,733 (three months ended 31 March 2013: 2,310,355,556) ordinary shares in issue during the three months ended 31 March 2014.

### **Diluted earnings per share**

The calculation of diluted earnings per share for the three months ended 31 March 2014 is based on the profit attributable to owners of the Company of RMB22,707,000 (three months ended 31 March 2013: RMB31,487,000) and the weighted average of 2,985,913,106 (three months ended 31 March 2013: 2,376,774,745) ordinary shares in issue during the period.

## 10. 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	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
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	-	-	-	22,707	-	-	-	-	-	22,707	(86)	22,621
Other comprehensive income (expense)	-	-	-	-	-	211	-	-	-	211	(630)	(419)
Total comprehensive income (expense) for the period	-	-	-	22,707	-	211	-	-	-	22,918	(716)	22,142
Issue of shares under placing	15,890	111,230	-	-	-	-	-	-	-	127,120	-	127,120
Issue of shares upon exercise of share options	611	2,853	-	-	-	-	(281)	-	-	3,183	-	3,183
Lapsed of share options	-	-	-	170	-	-	(170)	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,646	-	-	2,646	-	2,646
Acquisition of additional interests in a subsidiary	-	-	12	-	-	-	-	132	-	144	-	144
At 31 March 2014 (unaudited)	262,274	670,452	27,325	478,197	1,402	(7,091)	10,893	(133,306)	40,000	1,350,146	99,514	1,449,660
At 1 January 2013 (audited)	180,649	206,702	14,470	327,244	2,156	(1,071)	25,968	(52,256)	40,000	743,862	13,169	757,031
Profit for the period	-	-	-	31,487	-	-	-	-	-	31,487	2,370	33,857
Other comprehensive income	-	-	-	-	-	215	-	-	-	215	122	337
Total comprehensive income for the period	-	-	-	31,487	-	215	-	-	-	31,702	2,492	34,194
Issue of shares under placing	19,462	132,950	-	-	-	-	-	-	-	152,412	-	152,412
Issue of shares upon exercise of share options	1,219	4,830	-	-	-	-	(290)	-	-	5,759	-	5,759
At 31 March 2013 (unaudited)	201,330	344,482	14,470	358,731	2,156	(856)	25,678	(52,256)	40,000	933,735	15,661	949,396

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

The Group specializes in the business of financing services for small and medium enterprises ("SMEs") and individuals in the PRC and Hong Kong. Besides offering traditional financing services such as entrusted loan service, real estate-backed loan service, micro loan service, pawn loan service and other loan service, the Group has also consummated a significant market repositioning by stepping into internet financing service.

In October 2013, the Group entered into the online third party payment and prepaid card issuance business in the PRC by acquiring the entire equity interest in UCF Huisheng Investment (HK) Co., Limited ("UCF Huisheng"). Since then, the Group has made progress toward its broader goal of internet financing business. In March 2014, the Group allied with Centaline Group, one of the largest property agency service groups in the PRC and Hong Kong, to provide internet house loan in the PRC. Also in March 2014, the Group acquired 80% equity interest in a PRC company which is principally engaged in the development and operation of automobile financing products.

For the three months ended 31 March 2014, the Group's revenue increased by 37.3%, owing to the stable income generated from its conventional loan services as well as the new revenue stream from the online third party payment service. However, the profit for the three months ended 31 March 2014 attributable to owners of the Company reduced by 27.9% to approximately RMB22.7 million as compared to approximately RMB31.5 million in the same quarter last year. It was because, in view of the rapid growth in scale of micro loans, the Group adopted a more prudent accounting policy by providing allowance for loan receivables for its micro loans in an amount of approximately RMB6.1 million, which caused the temporary drop in profit. Besides, the increased financing costs from the bank loans obtained in the second half of last year also posted an impact on the profit of this quarter under review.

### **Financial review**

#### **Revenue**

For the three months ended 31 March 2014, the Group recorded revenue of approximately RMB79.3 million, an increase of 37.3% as compared to the revenue of approximately RMB57.8 million for the corresponding period last year. The growth in revenue was mainly derived from the increased financial consultancy service income in relation to the Group's entrusted loan service and micro loan service.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial review** *(Continued)*

#### ***Entrusted loan service income***

For the three months ended 31 March 2014, the Group's revenue from entrusted loan service was approximately RMB30.2 million, representing a decrease of 9.6% comparing the revenue of approximately RMB33.4 million in the corresponding period last year.

#### ***Real estate-backed loan service income***

The Group's microfinance platform in Chongqing has two business segments: small loan service and microfinance service, and the real estate-backed loan service income is mainly derived from the provision of small loan service. Although the Group has shifted the loan mix away from real estate-backed loans towards micro loans, the Group recorded revenue of approximately RMB11.0 million from provision of small loan service, an increase of 72.7% comparing the revenue of approximately RMB6.4 million over the same period last year. The reason for such an increase was mainly attributable to successful auction of the collateral of one defaulted real estate-backed loan.

#### ***Microfinance service income***

With the stable growth of microfinance business in Chongqing and He Fei, the Group's microfinance service income increased significantly to approximately RMB8.8 million for the three months ended 31 March 2014 as compared to approximately RMB71,000 for the same quarter last year.

#### ***Other loan service income***

Except for some interest income from loans granted by UCF Huisheng before acquisition by the Group, the Group's other loan service income was mainly derived from the money lending service in Hong Kong. For the three months ended 31 March 2014, the Group's other loan service income was approximately RMB3.3 million, which was increased by 68.1% versus approximately RMB2.0 million in the corresponding period last year.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial review** *(Continued)*

#### ***Real estate pawn loan service income***

The Group has changed its loan portfolios towards loans with larger sums such as entrusted loans and real estate-backed loans and hence the proportion of smaller size pawn loans has been reduced. The Group recorded revenue of approximately RMB0.5 million from the provision of real estate pawn loan service for the three months ended 31 March 2014, which was same as the revenue for the corresponding period last year.

#### ***Financial consultancy service income***

Revenue from the provision of financial consultancy service still represented a significant portion of the Group's total revenue. The financial consultancy service income increased by 32.8% to approximately RMB19.7 million for the period under review from approximately RMB14.9 million for the same period last year.

#### ***Online third party payment service income***

In March 2014, the Group's online third party payment service commenced operation and contributed to the Group revenue of approximately RMB5.9 million from provision of payment transaction service, system consultancy service and other service.

#### ***Interest expenses***

The Group's interest expenses were mainly comprised of interests on the RMB-denominated corporate bonds, bank loans, other borrowings and financial assets sold under repurchase agreement. The Group's interest expenses increased 213.6% to approximately RMB23.4 million for the quarter under review from approximately RMB7.4 million for the same period last year. It was because, in order to fund its operation and business development, the Group obtained bank loans, other loans and financial assets sold under repurchase agreement in the principal amounts of approximately RMB288.5 million, RMB209.2 million and RMB10.0 million respectively, which increased the interest expenses during the quarter under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial review** *(Continued)*

#### ***Other income***

The Group's other income mainly comprised convertible bond interest income, bank interest income, rental income and government grants. The Group's other income for the three months ended 31 March 2013 and 2014 was approximately RMB8.7 million and RMB8.1 million respectively. The government grants of approximately RMB6.2 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong"), Lucky Target Property Consultants (Shanghai) Company Limited ("Lucky Consultants") and other subsidiaries of the Group in Shanghai was in relation to the encouragement of expansion of enterprise.

#### ***Administrative and other operating expenses***

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and sales and marketing related expenses. The Group's administrative and other operating expenses for the three months ended 31 March 2013 and 2014 were approximately RMB14.6 million and RMB35.2 million respectively. The increase of 141.2% was mainly attributed to the allowance for loan receivables of micro loans amounting to approximately RMB6.1 million, increase of salaries as additional management and staff was recruited for microfinance businesses, consultancy fees and other operating costs which were increased in line with the business development.

#### ***Profit for the period***

The profit attributable to owners of the Company for the three months ended 31 March 2014 was approximately RMB22.7 million, a decrease of 27.9% as compared to approximately RMB31.5 million in the same period last year.

## **Outlook**

2014 will be a year of transformation at Credit China. Our focus on developing internet financing and maintaining financial strength will lead us to our corporate goals that we established for business growth. We will continue to build our presence in internet financing, to focus our investment in opportunities to drive long term growth and to strengthen our financial position.

With the development of internet, the rising of internet financing is an undeniable fact. According to some market statistics in 2013, SMEs which accounted for 70 percent of the community in the PRC could only get less than 20 percent of the total loans granted by financial institutions. This proves that the traditional banking system is not able to satisfy the need in the market. With the internet platform, internet financing promotes people to do business by bringing together people with financing needs and investors.

In the first quarter of 2014, we have started our plans in the internet house loan and internet car loan. We are evaluating more options for other internet financing products to provide customers with more choices and better service. We are also implementing plans to improve and upgrade our internet technology platforms to facilitate the growth of transaction volume.

We believe that the momentum from our recent business development is already underway and the consolidated efforts in our strategic move will position the Group's well for future growth and more return to profitability.



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

As at 31 March 2014, 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. Ting Pang Wan, Raymond	Interest in a controlled corporation	321,010,000 (L) <sup>(2)</sup>	10.19%
	Beneficial owner	6,000,000 (L)	0.19%
Mr. Sheng Jia	Family interest (interest of spouse or child under 18)	80,000 (L)	0.00%
Dr. Lau Reimer Mary Jean	Beneficial owner	300,000 (L)	0.01%
Mr. Lee Sze Wai	Beneficial owner	300,000 (L)	0.01%

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. Ting Pang Wan, Raymond.

\* The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 March 2014.

## 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 ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Ting Pang Wan, Raymond	Beneficial owner	14,490,000 (L)	0.46%
Ms. Shen Li	Beneficial owner	3,500,000 (L)	0.11%
Mr. Neo Poh Kiat	Beneficial owner	800,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	500,000 (L)	0.02%
Mr. Lee Sze Wai	Beneficial owner	500,000 (L)	0.02%

*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 2014.*

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

Save as disclosed above, as at 31 March 2014, 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 2014, 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**

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Approximate percentage of the Company's issued share capital*</b>
First Pay Limited ("First Pay")	Beneficial owner	477,800,000 (L) <sup>(2)</sup>	15.16%
Mr. Zhang Zhenxin	Interest in a controlled corporation	477,800,000 (L) <sup>(2)</sup>	15.16%
	Family interest (interest of spouse or child under 18)	18,000,000 (L) <sup>(4)</sup>	0.57%
Ms. Zhang Xiaomin	Beneficial owner	18,000,000 (L) <sup>(4)</sup>	0.57%
	Family interest (interest of spouse or child under 18)	477,800,000 (L) <sup>(2)</sup>	15.16%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	425,925,600 (L) <sup>(5)</sup>	13.52%
		200,000,000 (S) <sup>(5)</sup>	6.35%
Mr. Yam Tak Cheung	Interest in a controlled corporation	425,925,600 (L) <sup>(5)</sup> 200,000,000 (S) <sup>(5)</sup>	13.52% 6.35%
Silver Paragon Limited	Beneficial owner	349,990,000 (L) <sup>(6)</sup>	11.11%
Ms. So Naoko	Interest in a controlled corporation	349,990,000 (L) <sup>(6)</sup>	11.11%

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

**Interests in shares of the Company** *(Continued)*

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Approximate percentage of the Company's issued share capital*</b>
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	336,222,400 (L) <sup>(7)</sup>	10.67%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	336,222,400 (L) <sup>(7)</sup>	10.67%
Jiefang Daily Group ("Jiefang Group")	Interest in a controlled corporation	336,222,400 (L) <sup>(7)</sup>	10.67%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in a controlled corporation	336,222,400 (L) <sup>(7)</sup>	10.67%
Kaiser Capital	Beneficial owner	321,010,000 (L) <sup>(8)</sup>	10.19%
Caplead International Limited	Beneficial owner	200,000,000 (L) <sup>(9)</sup>	6.35%
Mr. Zhang Aihua	Interest in a controlled corporation	200,000,000 (L) <sup>(9)</sup>	6.35%

*Notes:*

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) The letter "S" denotes the entity/person's short position in the securities.
- (3) These shares were held by First Pay, the entire share capital of which was owned by Mr. Zhang Zhenxin.
- (4) These shares were held by Ms. Zhang Xiaomin, the spouse of Mr. Zhang Zhenxin.
- (5) These shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam Tak Cheung.

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

### **Interests in shares of the Company** *(Continued)*

*Notes: (Continued)*

- (6) Silver Paragon Limited is wholly and beneficially owned by Ms. So Naoko.
- (7) 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.
- (8) The interests of Kaiser Capital were also disclosed as the interests of Mr. Ting Pang Wan, Raymond in the above section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures".
- (9) Caplead International Limited is wholly and beneficially owned by Mr. Zhang Aihua.

\* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 March 2014.*

Save as disclosed above, as at 31 March 2014, 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**

### **Share Option Scheme**

The Company has 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.

## SHARE OPTION SCHEME (Continued)

### Share Option Scheme (Continued)

Details of movements of the share options granted under the Share Option Scheme during the three months ended 31 March 2014 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	As at 1 January 2014	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 31 March 2014
<b>Director</b>							
Mr. Ting Pang Wan, Raymond	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	14,490,000 <sup>(9)</sup>	-	-	14,490,000
Ms. Shen Li	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	3,500,000 <sup>(9)</sup>	-	-	3,500,000
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(9)</sup>	600,000 <sup>(2)(9)</sup>	-	-	600,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	200,000 <sup>(9)</sup>	-	-	200,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(9)</sup>	600,000 <sup>(2)(9)</sup>	-	(300,000) <sup>(2)(9)</sup>	300,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	200,000 <sup>(9)</sup>	-	-	200,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(9)</sup>	600,000 <sup>(2)(9)</sup>	-	(300,000) <sup>(2)(9)</sup>	300,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	200,000 <sup>(9)</sup>	-	-	200,000
				<u>20,390,000</u>	<u>-</u>	<u>(600,000)</u>	<u>19,790,000</u>
<b>Employee</b>							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(9)</sup>	2,484,000 <sup>(2)(9)</sup>	-	(384,000) <sup>(2)(9)</sup>	2,100,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	16,830,000 <sup>(9)</sup>	-	(710,000) <sup>(9)</sup>	16,120,000
				<u>19,314,000</u>	<u>-</u>	<u>(1,094,000)</u>	<u>18,220,000</u>
<b>Consultant</b>							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(9)</sup>	39,840,000 <sup>(2)(9)</sup>	-	-	39,840,000
	27 September 2011	27 March 2012 to 26 September 2016	HK\$0.4725 <sup>(9)</sup>	14,000,000 <sup>(2)(9)</sup>	-	(7,000,000) <sup>(2)(9)</sup>	7,000,000
				<u>53,840,000</u>	<u>-</u>	<u>(7,000,000)</u>	<u>46,840,000</u>
<b>Total</b>				<u>93,544,000</u>	<u>-</u>	<u>(8,694,000)</u>	<u>84,850,000</u>

## **SHARE OPTION SCHEME** *(Continued)*

### **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.
- (4) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.75.
- (5) The exercise price of the outstanding options and the number of shares of the Company to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding options were adjusted with effect from 30 May 2012 as a result of the bonus issue.

## **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 2014.

## **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 Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 2014.

## **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 2014.

## **COMPETING INTEREST**

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.



## **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 2014 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**

**Ting Pang Wan, Raymond**

**Phang Yew Kiat**

*Co-Chairman*

*Co-Chairman*

Hong Kong, 8 May 2014

*As at the date of this report, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Phang Yew Kiat, Ms. Shen Li, Mr. Sheng Jia and Mr. Chng Swee Ho; the non-executive Director is Mr. Wong Sai Hung; and the independent non-executive Directors are Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai.*