



**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 2011**





**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 RMB50.5 million for the three months ended 31 March 2011, representing an increase of 154.6% as compared with corresponding period in 2010.
- Profit attributable to owners of the Company for the three months ended 31 March 2011 amounted to RMB28.2 million, representing an increase of 122.5% as compared with corresponding period in 2010.
- Basic earnings per share for the three months ended 31 March 2011 amounted to RMB1.70 cents (2010: RMB1.06 cents).
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2011.

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 2011 together with the comparative unaudited figures for the corresponding period in 2010, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>For the three months ended 31 March</b>	
	<i>Notes</i>	<b>2011 RMB'000</b>	2010 <i>RMB'000</i>
<b>Turnover</b>	3	<b>50,502</b>	19,836
Interest income	3	<b>22,861</b>	6,843
Interest expenses	6	-	(915)
<b>Net interest income</b>		<b>22,861</b>	5,928
<b>Financial consultancy fee income</b>	3	<b>27,641</b>	12,993
		<b>50,502</b>	18,921
Other income	5	<b>416</b>	130
Administrative and other operating expenses		<b>(8,143)</b>	(2,399)
Share-based payment expenses		<b>(7,380)</b>	-
<b>Profit before tax</b>	7	<b>35,395</b>	16,652
Income tax	8	<b>(7,202)</b>	(3,981)
<b>Profit for the period attributable to owners of the Company</b>		<b>28,193</b>	12,671
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		<b>237</b>	-
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>28,430</b>	12,671
		<b>RMB</b>	<i>RMB</i>
<b>Earnings per share</b>	10		
Basic		<b>1.70 cents</b>	1.06 cents
Diluted		<b>1.65 cents</b>	1.06 cents



Notes:

**1. BASIS OF PREPARATION**

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2011 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 2010.

**3. TURNOVER**

The principal activities of the Group are provision of pawn loans services, entrusted loans services, other collateral-backed loans and financing consultancy services.

Turnover represents interest income (either from real estate pawn loans, other collateral-backed pawn loans, entrusted loans, personal property pawn loans or other collateral-backed loans) and financial consultancy service 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 2011 is as follows:

### 3. TURNOVER (Continued)

	<b>For the three months ended 31 March</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
<b>Interest income</b>		
Real estate pawn loans service income		
– Administration fee income (Note a)	<b>2,564</b>	1,857
– Interest income	<b>265</b>	214
Other collateral-backed pawn loans service income		
– Administration fee income (Note b)	<b>143</b>	–
– Interest income	<b>24</b>	–
Entrusted loans service income		
– Interest income	<b>10,418</b>	4,679
Personal property pawn loans service income		
– Administration fee income (Note c)	<b>109</b>	90
– Interest income	<b>4</b>	3
Other collateral-backed loans		
– Interest income	<b>9,334</b>	–
	<b>22,861</b>	6,843
<b>Financial consultancy fee income</b>	<b>27,641</b>	12,993
<b>Turnover</b>	<b>50,502</b>	19,836

*Note a:* The balance represents administration fee income received in relation to the real estate pawn loans services provided.

*Note b:* The balance represents administration fee income received in relation to the other collateral-backed pawn loans services provided.

*Note c:* The balance represents administration fee income received in relation to the personal property pawn loans services provided.

#### 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	
	2011 RMB'000	2010 RMB'000
Sub-leased rental income	65	49
Bank interest income	235	52
Others	116	29
	<u>416</u>	<u>130</u>

#### 6. INTEREST EXPENSES

	For the three months ended 31 March	
	2011 RMB'000	2010 RMB'000
Interest on borrowings wholly repayable within five years	-	915

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

		<b>For the three months ended 31 March</b>	
		<b>2011</b>	2010
		<b>RMB'000</b>	RMB'000
<b>(a)</b>	<b>Staff costs, including directors' remuneration</b>		
	Salaries, wages and other benefits	<b>2,529</b>	1,113
	Contribution to defined contribution retirement benefits	<b>17</b>	5
	Share-based payment expenses	<b>7,380</b>	–
		<b>9,926</b>	1,118
<b>(b)</b>	<b>Other items</b>		
	Auditors' remuneration	<b>21</b>	13
	Depreciation	<b>107</b>	36
	Exchange loss	<b>3,000</b>	–
	Operating lease charges in respect of properties	<b>541</b>	511

## 8. INCOME TAX

		<b>For the three months ended 31 March</b>	
		<b>2011</b>	2010
		<b>RMB'000</b>	RMB'000
	Current income tax		
	– PRC	<b>5,767</b>	3,981
	– Hong Kong	<b>1,435</b>	–
		<b>7,202</b>	3,981

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.

## 8. INCOME TAX *(Continued)*

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 2011.

No deferred tax has been provided as the Group did not have any material temporary differences which gave rise to a deferred tax asset or liability for the periods.

## 9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2011 (2010: Nil).

## 10. EARNINGS PER SHARE

### **Basic earnings per share**

The calculation of basic earnings per share for the period ended 31 March 2011 is based on the profit attributable to owners of the Company of RMB28,193,000 (2010: RMB12,671,000) and the weighted average of 1,660,000,000 ordinary shares (2010: 1,200,000,000 ordinary shares) in issue during the three months ended 31 March 2011.

The weighted average number of shares in issue during the three months ended 31 March 2010 represents the 1,200,000,000 shares in issue before the listing of shares of the Company on the GEM of the Stock Exchange, as if such shares had been outstanding during the entire period of 2010.

### **Diluted earnings per share**

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

The diluted earnings per share for the three months ended 31 March 2010 is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the period ended 31 March 2010.

## 11. RESERVES

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve	(Accumulated losses)		Share-based payment reserve	Capital reserve	Special reserve	Total equity	Non-controlling interests	
				retained profits	Exchange reserve					Total	interests
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)	RMB'000 (Unaudited)
At 1 January 2011	142,363	161,475	8,494	40,722	1,728	4,820	(8,861)	40,000	390,741	-	390,741
Payment of dividend	-	(26,106)	-	-	-	-	-	-	(26,106)	-	(26,106)
Total comprehensive income for the period	-	-	-	28,193	237	-	-	-	28,430	-	28,430
Recognition of equity-settled share base payments	-	-	-	-	-	7,380	-	-	7,380	-	7,380
At 31 March 2011	142,363	135,369	8,494	68,915	1,965	12,200	(8,861)	40,000	400,445	-	400,445
At 1 January 2010	40,000	-	1,610	(4,688)	1,438	-	(8,861)	-	29,499	-	29,499
Total comprehensive income for the period	-	-	-	12,671	-	-	-	-	12,671	-	12,671
At 31 March 2010	40,000	-	1,610	7,983	1,438	-	(8,861)	-	42,170	-	42,170

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group offers a wide range of short-term financing services to accommodate the varying needs of its customers. During the period under review, the Group's turnover is mainly derived from the provision of real estate pawn loans services, entrusted loans and financial consultancy services. The Group also offers short-term personal property pawn loans to individuals with personal property as collateral. From the first quarter of 2011, the Group has also commenced its money lending services in Hong Kong and other collateral-backed pawn loans services in the PRC.

### Business review

During the period under review, the demand for the Group's services remained strong. The PRC macro-economic controls and stringent monetary policy has caused so much tension to the credit market in China, but concurrently has created the best-ever business development opportunities to the Group. The increased funds from the Group's listing proceeds enabled the Group to expand its loan portfolio and to better satisfy different customers' business and personal needs. Following the listing, the market has also become more aware of the Group's services, and more customers have approached the Group for financing services. Amongst the immense business opportunities, the Directors have prioritized the loan applications to ascertain that the resources of the Group are optimized for their best value to shareholders and customers. In parallel, the Directors have placed more emphasis on risk management and internal control. Besides, the Group has implemented new policies and strategies and further refined its organization structure for providing short-term financing services to different business sections to improve its operational efficiency, capacity and service quality.

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

### **Financial review**

#### *Revenue*

For the three months ended 31 March 2011, the Group's revenue increased by approximately 154.6% from approximately RMB19.8 million for the corresponding period last year to RMB50.5 million. Such increase was mainly attributable from the additional working capital from the proceeds from the listing of the Company on GEM of the Stock Exchange in November 2010, the commencement of money lending services in Hong Kong and the significant increase in the financial consultancy services during the period under review.

The loan receivables from customers were also increased from RMB303.8 million as at 31 December 2010 to RMB622.8 million as at 31 March 2011.

#### *Real estate pawn loans service income*

For the three months ended 31 March 2011, the Group recorded revenue of approximately RMB2.8 million from provision of real estate pawn loans services, representing an increase of 36.6% as compared to the revenue of approximately RMB2.1 million for the corresponding period last year.

#### *Other collateral-backed pawn loans service income*

For the three months ended 31 March 2011, the Group diversified its loan portfolio and also granted collateral-backed pawn loans in respect of assets other than real estate. The Group recorded revenue of approximately RMB0.2 million during the period.

#### *Entrusted loans service income*

For the three months ended 31 March 2011, the Group's revenue from provision of entrusted loans services increased substantially by 122.7% from approximately RMB4.7 million for the corresponding period last year to approximately RMB10.4 million. The increase was mainly attributable from the more established market position and additional funds available after the listing of the Company.

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

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

#### *Personal property pawn loans service income*

For the three months ended 31 March 2011, the Group's revenue from provision of personal pawn loans services increased slightly from approximately RMB0.09 million for the corresponding period last year to approximately RMB0.11 million.

#### *Financial consultancy fee income*

For the three months ended 31 March 2011, the Group's revenue from provision of financial consultancy services increased substantially by approximately 112.7% from approximately RMB13.0 million for the corresponding period last year to approximately RMB27.6 million. The significant increase in the financial consultancy services was attributed to the expansion and positioning of Lucky Target Property Consultants (Shanghai) Company Limited ("Lucky Consultants"), an indirectly wholly-owned subsidiary of the Company, and commencement of provision of financial consultancy services in Hong Kong. Besides, the financial consultancy fee income from referring customers to other independent third parties lenders amounted to RMB2.8 million during the period under review as compared to RMB4.5 million for the corresponding period last year.

#### *Other collateral-backed loans*

For the three months ended 31 March 2011, the Group commenced provision of money lending services through Vigo Hong Kong Investment Limited, an indirectly wholly-owned subsidiary of the Company. The Group recorded an interest income of approximately RMB9.3 million during the period.

#### *Interest expenses*

The Group's interest expenses decreased from approximately RMB0.9 million for the corresponding period last year to nil for the three months ended 31 March 2011. Such decrease in interest expenses was mainly because the loan of RMB40 million obtained by the Group in June 2009 had been fully repaid before 31 December 2010.

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

### **Other income**

The Group's other income primarily comprises sub-leased rental income and bank interest income. The Group's other income for the three months ended 31 March 2010 and 2011 were approximately RMB0.1 million and RMB0.4 million respectively.

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

The Group's administrative and other operating expenses primarily comprised of salaries and staff welfare, rental expenses, marketing and advertising expenses. The Group's administrative and other operating expenses for the three months ended 31 March 2010 and 2011 were approximately RMB2.4 million and RMB8.1 million respectively. The increase of approximately 239.4% was mainly attributed to the increase of Directors' emoluments, sales commission and total staff costs, other operating costs which was increased in line with the business growth and exchange loss of approximately RMB3.0 million due to appreciation of Renminbi.

### **Profit for the period**

The profit attributable to owners of the Company for the three months ended 31 March 2011 was approximately RMB28.2 million, representing 122.5% increase as compared to approximately RMB12.7 million for the three months ended 31 March 2010.

## OUTLOOK

The Directors believe that the PRC economy will be continuously strong. On the other hand, the PRC government's anticipated continuous tightening of monetary policy will deprive many SMEs and individual business owners of obtaining financing service for its business development from traditional banking system. In this respect, many middle-sized companies would turn to non-banking financing service providers for financial services. Being an active player in providing short-term financing, the Group will continue its strategies to maximize the exposure of its services within the market. The Group's mission is to become one of the leading short-term secured financing and related financial service providers in Shanghai and adjacent regions in the near term, and to expand the Group's business geographically in the PRC and Hong Kong in the long term. The Directors are constantly on the alert for corporate development opportunities that surface from time to time, and intend to pursue mergers and acquisitions to expand and further diversify the Group's business. Coupled with the growing economy of the PRC, the Directors are optimistic about the Group's future prospect and believe its financial performance will be further enhanced when the consolidated efforts of the Group put in place have come into effect.

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

As at 31 March 2011, 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:

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

**(i) Interests in the Company**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares</b>	<b>Number of underlying shares subject to the Pre-IPO Share Option Scheme</b>	<b>Approximate percentage of the Company's issued share capital*</b>
Mr. Shi Zhi Jun	Interest in a controlled corporation	594,000,000 (L) <sup>(2)</sup>	–	35.78%
	Beneficial owner	–	16,000,000 (L) <sup>(3)</sup>	0.96%
Mr. Ji Zu Guang	Beneficial owner	–	16,000,000 (L) <sup>(3)</sup>	0.96%
Ms. Shen Li	Beneficial owner	–	16,000,000 (L) <sup>(3)</sup>	0.96%

*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.
- (3) These represent shares to be issued and allotted by the Company upon exercise of options granted by the Company under the Pre-IPO Share Option Scheme. Details of the above share options as required by GEM Listing Rules have been disclosed in the section headed "Share Option Scheme".
- \* The percentage represents the number of shares/underlying shares interested divided by the number of the Company's issued shares as at 31 March 2011.

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

**(ii) Interests in the associated corporation – Shanghai Yintong Dian Dang Company Limited (“Shanghai Yintong”)**

<b>Name of Director</b>	<b>Capacity</b>	<b>Equity interests in Shanghai Yintong</b>	<b>Approximate percentage of Shanghai Yintong's equity interests*</b>
Mr. Shi Zhi Jun	Interest in a controlled corporation	RMB22 million (L) <sup>(2)</sup>	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 (“Jinhan Investment”), 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 2011.

Save as disclosed above, as at 31 March 2011, 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 2011, 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 the Company

Name of substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the Company's issued share capital*
Kaiser Capital	Beneficial owner	594,000,000 (L) <sup>(2)</sup>	35.78%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	486,000,000 (L) <sup>(3)</sup>	29.28%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	486,000,000 (L) <sup>(3)</sup>	29.28%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	486,000,000 (L) <sup>(3)</sup>	29.28%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	486,000,000 (L) <sup>(3)</sup>	29.28%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	120,000,000 (L) <sup>(4)</sup>	7.23%
Mr. Yam Tak Cheung	Interest in a controlled corporation	120,000,000 (L) <sup>(4)</sup>	7.23%

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

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

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".
- (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 held 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 2011.

Save as disclosed above, as at 31 March 2011, 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.

Details of movements of the share options granted under the Pre-IPO Scheme during the three months ended 31 March 2011 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2011	Granted during the period	Exercised/ Cancelled/ Lapsed during the period	As at 31 March 2011
<b>Director</b>							
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
				16,000,000	-	-	16,000,000

**SHARE OPTION SCHEME** (Continued)**(a) Pre-IPO Share Option Scheme** (Continued)

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2011	Granted during the period	Exercised/ Cancelled/ Lapsed during the period	As at 31 March 2011
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>
<b>Employee</b>							
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>
<b>Total</b>				<b>64,000,000</b>	<b>-</b>	<b>-</b>	<b>64,000,000</b>

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

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

*Note:*

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

### **(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.

No share option has been granted under the Share Option Scheme during the period.

## **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 2011.

## **CORPORATE GOVERNANCE**

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 for the three months ended 31 March 2011.

## **COMPETING INTEREST**

Shanghai Xinhua Publishing Group Limited, 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 2011.

## 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 2011 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, 9 May 2011

As at the date of this report, 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