



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

Third Quarterly
Report 2011





**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 RMB195.1 million for the nine months ended 30 September 2011, representing an increase of 142.7% as compared with corresponding period in 2010.
- Profit attributable to owners of the Company for the nine months ended 30 September 2011 amounted to RMB105.2 million, representing an increase of 120.5% as compared with corresponding period in 2010.
- Basic earnings per share for the nine months ended 30 September 2011 amounted to RMB6.20 cents (2010: RMB3.98 cents).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 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 and nine months ended 30 September 2011 together with the comparative unaudited figures for the corresponding periods in 2010, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2011

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Turnover	3	89,457	35,256	195,058	80,369
Interest income	3	31,329	12,345	76,098	32,914
Interest expenses	6	(1,259)	(878)	(1,259)	(2,694)
Net interest income		30,070	11,467	74,839	30,220
Financial consultancy service fee income	3	58,128	22,911	118,960	47,455
		88,198	34,378	193,799	77,675
Other income	5	648	145	4,535	1,045
Administrative and other operating expenses		(19,231)	(5,474)	(37,795)	(14,375)
Share-based payment expenses		(3,988)	–	(16,866)	–
Profit before tax	7	65,627	29,049	143,673	64,345
Income tax	8	(18,545)	(7,080)	(38,076)	(16,610)
Profit for the period		47,082	21,969	105,597	47,735
Other comprehensive income					
Exchange differences on translating foreign operations		1,291	124	2,097	156
Total comprehensive income for the period		48,373	22,093	107,694	47,891

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the three months and nine months ended 30 September 2011

		For the three months ended 30 September		For the nine months ended 30 September	
		2011	2010	2011	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>		RMB'000	RMB'000	RMB'000	RMB'000
	Profit for the period attributable to				
	Owners of the Company	46,726	21,969	105,248	47,735
	Non-controlling interests	356	–	349	–
		47,082	21,969	105,597	47,735
	Total comprehensive income attributable to				
	Owners of the Company	48,017	22,093	107,345	47,891
	Non-controlling interests	356	–	349	–
		48,373	22,093	107,694	47,891
		RMB	RMB	RMB	RMB
	Earnings per share				
	Basic	2.67 cents	1.83 cents	6.20 cents	3.98 cents
	Diluted	2.60 cents	1.83 cents	5.99 cents	3.98 cents

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 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 loan service, entrusted loan service, finance lease service, other collateral-backed 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 finance lease) and financial consultancy service fee income, net of corresponding sales related taxes. The amount of each significant category of revenue recognized in turnover during the periods is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Interest income				
Real estate pawn loan service income				
– Administration fee income (Note a)	1,813	2,012	7,579	5,763
– Interest income	205	270	1,220	740
Other collateral-backed pawn loan service income				
– Administration fee income (Note b)	767	–	1,860	–
– Interest income	101	–	283	–
Entrusted loan service income				
– Interest income	18,139	9,994	43,192	26,143
Personal property pawn loan service income				
– Administration fee income (Note c)	106	65	296	258
– Interest income	3	4	10	10
Other collateral-backed loan service income				
– Interest income	3,590	–	12,924	–

3. TURNOVER (Continued)

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Finance lease service income				
- Administration fee income (Note d)	4,635	-	6,241	-
- Lease income	1,970	-	2,493	-
	31,329	12,345	76,098	32,914
Financial consultancy service fee income	58,128	22,911	118,960	47,455
Turnover	89,457	35,256	195,058	80,369

Note a: The balance represents administration fee income received in relation to the real estate pawn loan service provided.

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

Note c: The balance represents administration fee income received in relation to the personal property pawn loan service provided.

Note d: The balance represents administration fee income received in relation to the finance lease service 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 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Sub-leased rental income	72	49	211	147
Bank interest income	535	34	1,058	138
Government grants	-	-	2,800	630
Others	41	62	466	130
	648	145	4,535	1,045

6. INTEREST EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Interest on borrowings wholly repayable within five years	-	878	-	2,694
Interest on deposits received	495	-	495	-
Interest on RMB-denominated bonds (Note)	764	-	764	-
	1,259	878	1,259	2,694

Note: 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 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	3,882	1,574	9,339	4,279
Contribution to defined contribution retirement benefits	17	9	52	20
Share-based payment expenses	3,988	-	16,866	-
	7,887	1,583	26,257	4,299
(b) Other items				
Auditors' remuneration	11	-	50	1,314
Depreciation	294	58	512	132
Exchange loss	2,263	290	7,102	279
Operating lease charges in respect of properties	779	637	1,939	1,513

8. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Current income tax				
– PRC	18,271	6,017	36,120	15,316
– Hong Kong	(124)	–	1,179	–
Deferred tax	398	1,063	777	1,294
	18,545	7,080	38,076	16,610

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 nine months ended 30 September 2011.

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 nine months ended 30 September 2011 (2010: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and nine months ended 30 September 2011 is based on the profit attributable to owners of the Company of RMB46,726,000 and RMB105,248,000 respectively (three months and nine months ended 30 September 2010: RMB21,969,000 and RMB47,735,000 respectively) and the weighted average of 1,750,000,000 and 1,697,912,088 ordinary shares in issue respectively during the three months and nine months ended 30 September 2011.

The weighted average number of shares in issue during the three months and nine months ended 30 September 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.

10. EARNINGS PER SHARE (Continued)

Diluted earnings per share

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2011 is based on the profit attributable to owners of the Company of RMB46,726,000 and RMB105,248,000 respectively and the weighted average of 1,794,820,033 and 1,755,829,032 ordinary shares in issue respectively during the periods.

The diluted earnings per share for the three months and nine months ended 30 September 2010 is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the three months and nine months ended 30 September 2010.

11. RESERVES

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve	(Accumulated losses) retained profits	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Total equity	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2011	142,363	161,475	8,494	40,722	1,728	4,820	(8,661)	40,000	390,741	-	390,741
Payment of dividend	-	(26,106)	-	-	-	-	-	-	(26,106)	-	(26,106)
Issue of shares by placing	7,507	120,953	-	-	-	-	-	-	128,460	-	128,460
Total comprehensive income for the period	-	-	-	105,248	2,097	-	-	-	107,345	1,825	109,170
Recognition of equity-settled share base payment expenses	-	-	-	-	-	16,866	-	-	16,866	-	16,866
At 30 September 2011	149,870	256,322	8,494	145,970	3,825	21,686	(8,661)	40,000	617,306	1,825	619,131
At 1 January 2010	40,000	-	1,610	(4,688)	1,438	-	(8,661)	-	29,499	-	29,499
Total comprehensive income for the period	-	-	-	47,735	156	-	-	-	47,891	-	47,891
Issue of shares by placing	-	23,581	-	-	-	-	-	-	23,581	-	23,581
Arising on the Reorganisation	(40,000)	-	-	-	-	-	-	40,000	-	-	-
At 30 September 2010	-	23,581	1,610	43,047	1,594	-	(8,661)	40,000	100,971	-	100,971

MANAGEMENT DISCUSSION AND ANALYSIS

The Group offers a spectrum of financing services to accommodate the varying needs of its customers. During the period under review, the Group's turnover was mainly derived from the provision of real estate pawn loan service, entrusted loan and financial consultancy service. The Group also offers short-term personal property pawn loans to individuals with personal property as collateral. In this year, the Group has also further diversified its business by provision of money lending service, other collateral-backed loan service, other collateral-backed pawn loan service and finance lease service.

Business review

In spite of the global economic downturn and euro-zone debt crisis, the domestic economy in China remained robust in this third quarter. On the other hand, the ongoing tight monetary policy made the financing of small and medium-sized enterprises ("SMEs") continue to be hard. The recent Wenzhou lending crisis reflected the severe shortage of cash in the market. Bolstered by strong financing demand, the Group posted satisfactory third quarter financial results. The Group was fully aware of the possibility of downside risk posed by the credit market turbulence, however. Therefore the Group has further strengthened its risk management and adopted a more prudent approach to minimize risk.

On 1 September 2011, the Company became the first GEM listed company to issue RMB-denominated bonds in Hong Kong. The completion of issue of the RMB100,000,000 bonds allowed the Group to access to a new and wider investor base so as to support the business growth and to improve the overall liquidity management.

Financial review

Revenue

For the nine months ended 30 September 2011, the Group's total revenue soared 142.7% to RMB195.1 million from RMB80.4 million for the corresponding period last year. The financial performance in the third quarter was especially strong, posting a quarter-on-quarter increase of 62.4% to RMB89.5 million as compared to RMB55.1 million for the previous quarter.

The loan receivables from customers were also increased from RMB751.5 million as at 30 June 2011 to RMB958.4 million as at 30 September 2011.

Real estate pawn loan service income

For the nine months ended 30 September 2011, the Group recorded revenue of RMB8.8 million from provision of real estate pawn loan service, representing an increase of 35.3% as compared to the revenue of approximately RMB6.5 million for the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other collateral-backed pawn loan service income

Starting from the first quarter of this financial year, the Group has 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 RMB2.1 million during the nine months ended 30 September 2011.

Entrusted loan service income

Entrusted loan business remained the Group's focus and was going very well. For the nine months ended 30 September 2011, the revenue from the provision of entrusted loan service totaled RMB43.2 million, a rapid growth of 65.2% over RMB26.1 million of the prior year period. That included revenue of RMB18.1 million generated in the third quarter.

Finance lease service income

The Group commenced its finance lease operation in the second quarter of this year. During the nine months ended 30 September 2011, the Group's revenue from finance lease service was approximately RMB8.7 million.

Personal property pawn loan service income

For the nine months ended 30 September 2011, the Group's revenue from provision of personal property pawn loan service was approximately RMB0.3 million, which was approximately the same as the revenue in the corresponding period last year.

Financial consultancy service fee income

For the nine months ended 30 September 2011, the Group's revenue from provision of financial consultancy service increased substantially by approximately 150.7% from approximately RMB47.5 million for the corresponding period last year to approximately RMB119.0 million. The more than double growth rate indicates the Group's ability to help its customers with different financing solutions and also confirms the Group's expertise in the industry.

Other collateral-backed loan service income

For the nine months ended 30 September 2011, the Group recorded revenue of approximately RMB12.9 million from the provision of other real estate-backed loans in the PRC and money lending service in Hong Kong.

Interest expenses

The Group recorded a drop in its interest expenses to RMB1.3 million during the nine months ended 30 September 2011, down 53.3% from RMB2.7 million for the same period last year. The interest expenses incurred in the current period were mainly the interest of the RMB-denominated bonds.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other income

The Group's other income comprised sub-leased rental income, bank interest income, government grants and written back of bad debt. The Group's other income for the nine months ended 30 September 2010 and 2011 was approximately RMB1.0 million and RMB4.5 million respectively. The increase of 334.0% was mainly attributable to the government grant of RMB2.8 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, increase in bank interest income and written back of bad debt of RMB0.3 million.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses, marketing and advertising expenses and bond issuance expenses. The Group's administrative and other operating expenses for the nine months ended 30 September 2010 and 2011 were approximately RMB14.4 million and RMB37.8 million respectively. The increase of approximately 162.9% was mainly attributed to the increase of Directors' emoluments, sales commissions and total staff costs, bond issuance expenses, other operating costs which were increased in line with the business growth and an exchange loss of approximately RMB7.1 million due to the appreciation of Renminbi.

Profit for the period

With the third quarter posted a profit of RMB46.7 million, the profit attributable to owners of the Company for the nine months ended 30 September 2011 climbed up to RMB105.2 million, a significant increase of 120.5% as compared to RMB47.7 million in the same period last year.

OUTLOOK

Upon the impact of the rising costs, tight credit and weakening external demand, it is a reality that growth in the Mainland economy has moderated in the third quarter. However, the GDP growth of 9.1% in the third quarter, though the slowest pace in two years, still suggested that the domestic economy was robust. Therefore, it is expected that the financing demand will remain strong in the upcoming months. Recently the PRC Government has shown its intention in easing credit control and it is believed that this will improve the overall business environment. However, it is not expected that the pace of easing will be quick enough to satisfy the funding needs of the starving market, as stabilizing prices is still the policy maker's top priority. The SMEs will be still facing liquidity pressure and there will be enormous demand for the Group's financing services.

OUTLOOK *(Continued)*

On the other side, these are uncertain times for the global economy and the Mainland market is also facing risk brought about by deterioration of the sovereign debt crisis. Thus the Group has taken pre-emptive measures including adoption of a lower loan to value ratio, a more prudent valuation of collaterals and a more stringent loan approval process to reduce a risk of default.

Looking forward, the Group will continue to do what it is good at, which is the secured financing and related consultancy services. At the same time, the Group is actively seeking opportunities for further diversification. With its strong business foundation and conservative risk management philosophy, the Group is able to maintain its growth momentum while weathering the financial uncertainties. The Directors strongly believe that the Group's coordinated efforts will continue to deliver satisfactory results and enhancing value to shareholders.

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

As at 30 September 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:

(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⁾	34.00%

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

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

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 30 September 2011.

(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 30 September 2011.

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 30 September 2011.

Save as disclosed above, as at 30 September 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 30 September 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:

(i) 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⁾	34.00%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	486,000,000 (L) ⁽³⁾	27.77%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	486,000,000 (L) ⁽³⁾	27.77%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	486,000,000 (L) ⁽³⁾	27.77%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	486,000,000 (L) ⁽³⁾	27.77%
Mr. Yam Tak Cheung	Interest in a controlled corporation	79,328,000 (L) ⁽⁴⁾	4.53%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	79,328,000 (L) ⁽⁴⁾	4.53%



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

(i) Interests in shares of 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 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 30 September 2011.*

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

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

Name of substantial shareholder	Capacity	Number of underlying shares interested	Approximate percentage of the Company's issued share capital*
Mr. Yam Tak Cheung	Interest in a controlled corporation	17,500,000 (L) ⁽²⁾	1%
Integrated Asset	Beneficial owner	17,500,000 (L) ⁽²⁾	1%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These underlying 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 underlying shares interested divided by the number of the Company's issued shares as at 30 September 2011.*

Save as disclosed above, as at 30 September 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 nine months ended 30 September 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 30 September 2011
Director							
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
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
				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 30 September 2011
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>
Employee							
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 nine months ended 30 September 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 30 September 2011
Director							
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
				-	1,500,000	-	1,500,000
Employee							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	3,960,000 ⁽²⁾	-	3,960,000
				-	3,960,000	-	3,960,000

SHARE OPTION SCHEME (Continued)**(b) 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 30 September 2011
Consultant	4 April 2011	4 October 2011 to 3 April 2016	HK\$1.206	-	8,300,000 ⁽²⁾	(8,300,000)	-
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	49,800,000 ⁽²⁾	-	49,800,000
	4 April 2011	4 April 2012 to 3 April 2016	HK\$1.206	-	8,300,000 ⁽²⁾	(8,300,000)	-
	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
				-	118,900,000	(16,600,000)	102,300,000
Total				-	124,360,000	(16,600,000)	107,760,000

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 nine months ended 30 September 2011.

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 nine months ended 30 September 2011.

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 nine months ended 30 September 2011.

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 30 September 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 nine months ended 30 September 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 November 2011

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.