



China Credit Holdings Limited
中國信貸集團有限公司

Hong Kong Stock Exchange Stock Code 香港聯合交易所上市編號: 185

INTERIM RESULTS

The Board of Directors (the “Board”) of China Credit Holdings Limited (the “Company”), announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”), which have been reviewed by the Company’s Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006

		Six months ended	
	<i>Notes</i>	9.30.2006	9.30.2005
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Continuing operations			
Revenue		307,907	215,988
Cost of sales		(275,385)	(196,417)
		<hr/>	<hr/>
Gross profit		32,522	19,571
Fair value gain on financial assets			
at fair value through profit or loss		11,414	19,877
Other operating income		9,205	8,536
Administrative expenses		(59,820)	(55,136)
		<hr/>	<hr/>
Loss from operations		(6,679)	(7,152)
Finance costs		(8,299)	(6,197)
Share of results of associates		(3,378)	(5,483)
Provision for amount due from an associate		–	(1,428)
		<hr/>	<hr/>
Loss before income tax		(18,356)	(20,260)
Income tax expense	5	221	–
		<hr/>	<hr/>
Loss for the period from continuing operations		(18,135)	(20,260)
Discontinued operation			
Profit for the period from a discontinued operation		–	6,204
		<hr/>	<hr/>
Loss for the period		(18,135)	(14,056)
Attributable to:			
Equity holders of the Company		(16,813)	(12,412)
Minority interests		(1,322)	(1,644)
		<hr/>	<hr/>
Loss for the period		(18,135)	(14,056)
Loss per share for loss attributable to equity holders of the Company during the period			
– Basic	7		
From continuing and discontinued operations		(HK1.01 cent)	(HK0.76 cent)
From continuing operations		(HK1.01 cent)	(HK1.14 cent)
		<hr/>	<hr/>
– Diluted			
From continuing and discontinued operations		N/A	N/A
From continuing operations		N/A	N/A
		<hr/>	<hr/>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AT SEPTEMBER 30, 2006

	<i>NOTES</i>	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Investment properties	8	149,134	55,769
Long term deposit		–	6,677
Property, plant and equipment	8	54,832	20,137
Leasehold land		20,486	20,751
Goodwill		13,932	7,037
Interests in associates		14,504	17,469
Available-for-sale financial assets		14,642	14,239
Loans receivable		–	137
Pledged bank deposits		4,286	4,219
		<hr/>	<hr/>
		271,816	146,435
		<hr/>	<hr/>
CURRENT ASSETS			
Amounts due from an associate		29	3,223
Inventories		538	563
Trade and other receivables, deposits paid and prepayment	9	98,040	81,104
Financial assets at fair value through profit or loss		34,530	39,503
Loans receivable		5,348	2,441
Pledged deposits		3,620	4,771
Cash and cash equivalents		346,008	372,816
		<hr/>	<hr/>
		488,113	504,421
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and other payables	10	68,509	34,573
Borrowings	11	17,752	28,389
Finance lease payables		610	610
Tax payable		–	11,073
		<hr/>	<hr/>
		86,871	74,645
		<hr/>	<hr/>
NET CURRENT ASSETS		401,242	429,776
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		673,058	576,211
		<hr/>	<hr/>

	<i>NOTES</i>	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
NON-CURRENT LIABILITIES			
Borrowings	<i>11</i>	131,110	34,672
Finance lease payables		262	303
Convertible debentures		49,457	48,577
Deferred taxation		2,810	2,810
		<hr/>	<hr/>
		183,639	86,362
		<hr/>	<hr/>
NET ASSETS		489,419	489,849
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>12</i>	17,441	16,265
Reserves		411,252	412,852
		<hr/>	<hr/>
		428,693	429,117
Minority interests		60,726	60,732
		<hr/>	<hr/>
		489,419	489,849
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006

	Equity attributable to equity holders of the Company							Minority	Total	
								Interests	equity	
	Share capital	Share premium	Assets	Investment	Translation reserve	Employee share-based	Accumulated losses	Total		
			revaluation reserve	revaluation reserve		compensation reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At March 31, 2006	16,265	704,561	8,038	(1,806)	18,133	2,133	(318,207)	429,117	60,732	489,849
Issue of new shares	1,176	17,603	-	-	-	-	-	18,779	-	18,779
Capital contribution from minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	1,316	1,316
Employee share-based compensation expenses recognised	-	-	-	-	-	987	-	987	-	987
Exchange differences on translation of overseas operations	-	-	-	-	(3,598)	-	-	(3,598)	-	(3,598)
Share of reserve of an associate	-	-	-	-	(96)	317	-	221	-	221
Loss for the period	-	-	-	-	-	-	(16,813)	(16,813)	(1,322)	(18,135)
At September 30, 2006 (unaudited)	17,441	722,164	8,038	(1,806)	14,439	3,437	(335,020)	428,693	60,726	489,419

	Equity attributable to equity holders of the Company							Minority	Total	
								Interests	equity	
	Share capital	Share premium	Assets	Investment	Translation reserve	Employee share-based	Accumulated losses	Total		
			revaluation reserve	revaluation reserve		compensation reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At April 1, 2005	16,261	704,522	-	-	16,985	546	(371,345)	366,969	10,000	376,969
Issue of new shares	4	37	-	-	-	-	-	41	-	41
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	14	14
Exchange differences	-	-	-	-	679	-	-	679	-	679
Profit/(loss) for the period	-	-	-	-	-	5,813	(12,412)	(6,599)	(1,644)	(8,243)
At September 30, 2005 (unaudited)	16,265	704,559	-	-	17,664	6,359	(383,757)	361,090	8,370	369,460

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006

	Six months ended	
	9.30.2006 <i>HK\$'000</i> (unaudited)	9.30.2005 <i>HK\$'000</i> (unaudited)
NET CASH FROM OPERATING ACTIVITIES	10,298	205,523
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(134,226)	33,762
NET CASH FROM (USED IN) FINANCING ACTIVITIES	97,120	(59,312)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,808)	179,973
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	372,816	69,616
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>346,008</u>	<u>249,589</u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<u>346,008</u>	<u>249,589</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements of the Group for the year ended March 31, 2006, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after December 1, 2005, January 1, 2006 or March 1, 2006 respectively. The adoption of the new HKFRSs has no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Following the adoption and application of various HKFRSs in the preparation of its financial statements for the year ended 31 March 2006, the Group has restated its interim results for the six months ended 30 September 2005. Certain comparative figures have been restated to conform with the current period’s presentation.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, which have been issued but not yet effective, in these interim financial statements. The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

HKAS 1 Amendment	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 8	Scope of HKFRS 2 ²
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after January 1, 2007

² Effective for annual periods beginning on or after May 1, 2007

³ Effective for annual periods beginning on or after June 1, 2007

⁴ Effective for annual periods beginning on or after November 1, 2007

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into five business segments – travel related operations, credit card operations, securities trading and investments, treasury investment and property investment. These principal operating activities are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Turnover		Segment results	
	Six months ended		Six months ended	
	9.30.2006	9.30.2005	9.30.2006	9.30.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
By business segment:				
Travel related operations	294,454	204,480	2,318	(2,365)
Credit card operations	4,246	4,523	(4,190)	1,756
Securities trading and investments	739	4,508	11,038	23,415
Treasury investment	6,315	1,562	6,315	266
Property investment	2,153	915	1,733	(658)
	<u>307,907</u>	<u>215,988</u>	<u>17,214</u>	<u>22,414</u>
Discontinued operation				
Health care	–	42,270		
	<u>307,907</u>	<u>258,258</u>		
Unallocated corporate revenue			7,185	1,680
Unallocated corporate expenses			(31,078)	(31,246)
Loss from operations			(6,679)	(7,152)
Finance costs			(8,299)	(6,197)
Share of results of associates			(3,378)	(5,483)
Provision for amount due from an associate			–	(1,428)
Loss before income tax			<u>(18,356)</u>	<u>(20,260)</u>

Following the adoption of the new/revised HKFRS, the gross proceeds from the trading of securities was excluded as revenue and the comparative figures for 2005 have been reclassified to conform with current period's presentation.

4. LOSS FROM OPERATIONS

	Six months ended	
	9.30.2006	9.30.2005
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss from operations has been arrived at after charging (crediting):		
Depreciation	1,568	2,330
Amortisation of leasehold land	265	–
Amortisation and write off of intangible assets included in administrative expenses	–	78
Dividend income	(739)	(4,509)

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas taxation have been made in the condensed financial statements as the Group had no assessable profit for both periods. The tax credit for the period represents over-provision of prior year.

6. DIVIDEND

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.

7. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity holders of the Company on the weighted average number of 1,666,884,348 shares (six months ended September 30, 2005: 1,626,303,062 shares) in issue during the period.

The calculation of basic loss per share is based on the following data:

	2006	2005
	HK\$'000	HK\$'000
Profit (loss) attributable to equity holders of the Company, used in the basic earnings (loss) per share calculation:		
From continuing operations	(16,813)	(18,616)
From a discontinued operation	–	6,204
	<u>(16,813)</u>	<u>(12,412)</u>

The computation of diluted loss per share for the period ended September 30, 2006 does not assume the exercise of potential dilutive ordinary shares as their exercise would result in reduction in loss per share for the period ended September 30, 2006 and the conversion of the Group's outstanding convertible debentures would result in a decrease in net loss per share for the period.

8. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired investment properties and property, plant and equipment of HK\$93.4 million (six months ended September 30, 2005: Nil) and HK\$36.3 million (six months ended September 30, 2005: HK\$2.3 million).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENT

The average credit term granted by the Group to its trade customers are as follows:

Health care business	45 days
Travel related operations	30 days
Credit card holders for retails sales	up to 56 days interest free repayment period

The following is an aged analysis of trade receivables at the reporting date:

	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
0 – 60 days	41,685	49,606
61 – 90 days	553	1,165
Over 90 days	5,486	4,598
	<hr/>	<hr/>
	47,724	55,369
Deposits, prepayments and other receivables	49,786	25,205
Prepaid operating lease payment	530	530
	<hr/>	<hr/>
	98,040	81,104
	<hr/>	<hr/>

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and other payables at the reporting date:

	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
0 – 60 days	32,859	19,420
61 – 90 days	1,343	85
Over 90 days	10,674	832
	<hr/>	<hr/>
	44,876	20,337
Other payables and accrued expenses	23,633	14,236
	<hr/>	<hr/>
	68,509	34,573
	<hr/>	<hr/>

11. BORROWING

The Group has raised new bank loans for the mortgage of investment properties and land and buildings acquired during the period.

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	1,000,000,000,000	<u>10,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each at April 1, 2006	1,626,519,255	16,265
Exercise of warrants subscription rights	<u>117,589,466</u>	<u>1,176</u>
At September 30, 2006, shares of HK\$0.01 each	<u>1,744,108,721</u>	<u>17,441</u>

Notes:

(1) 2005 Warrants

At the extraordinary general meeting of the Company held on April 19, 2004, the shareholders of the Company approved a bonus issue of new warrants ("2005 Warrants"), to the shareholders of the Company whose names appeared on April 16, 2004 on the basis of one 2005 Warrant for every ten shares held by such shareholders. Pursuant to which 151,811,795 units of 2005 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.20 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The warrants lapsed on May 31, 2005.

(2) 2009 Warrants

Pursuant to a written resolution of the board of directors on August 16, 2004, the Company approved a bonus issue of new warrants ("2009 Warrants") to the shareholders of the Company whose names appeared on the register of members on November 5, 2004 on the basis of one 2009 Warrant for every ten shares held by such shareholders. Pursuant to which 162,593,106 units of 2009 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.09 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The 2009 Warrants will expire on September 30, 2009.

During the period, registered holders of 2009 Warrants exercised their rights to subscribe 502,815 ordinary shares of the Company at HK\$0.09 per share.

At the balance sheet date, the Company had outstanding 161,574,536 2009 Warrants exercisable on or before September 30, 2009. Exercise in full of such warrants would result in the issue of 161,574,536 additional ordinary shares of HK\$0.01 each.

(3) 2006 Warrants

Pursuant to a written resolution of the board of directors on June 3, 2005, the Company approved a bonus issue of new warrants ("2006 Warrants") to the shareholders of the Company whose names appeared on the register of members on July 15, 2005 on the basis of one 2006 Warrant for every ten shares held by such shareholders. Pursuant to which 162,649,225 units of 2006 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.16 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The 2006 Warrants lapsed on July 31, 2006.

During the period, registered holders of 2006 Warrants exercised their rights to subscribe 117,086,651 ordinary shares of the Company at HK\$0.16 per share.

13. PLEDGE OF ASSETS

At September 30, 2006, the Group pledged bank deposits of HK\$4,286,000 (March 31, 2006: HK\$4,219,000) as securities for banking facilities granted to a subsidiary and as securities for the credit card business transactions with MasterCard International Inc.

The Group's borrowing of HK\$148,862,000 (March 31, 2006: HK\$63,061,000) are secured on the investment properties and land and buildings of the Group with an aggregate carrying value of HK\$190,257,000 (March 31, 2006: HK\$83,503,000) and cash balance of HK\$3,620,000 (March 31, 2006: HK\$4,771,000) respectively.

14. RELATED PARTY TRANSACTION

In August 2006, the Company entered into a warrant placing agreement with Mr. Chan Heng Fai, an executive director and Managing Chairman of the Company to subscribe for 172 million unlisted warrants at an issue price of HK\$0.03 per warrant, each entitles the holder to subscribe for one new share at the exercise price of HK\$0.17 per new share. The subscription was completed on October 16, 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the six months ended September 30, 2006 was HK\$307.9 million, compared to turnover of HK\$216.0 million for the same period in 2005, representing a 43% increase. Loss attributable to equity holders of the Company for the six months ended September 30, 2006 was HK\$16.8 million compared to HK\$12.4 million for the same period in 2005. The loss per share for the six months ended September 30, 2006 was HK1.01 cents compared to HK0.76 cents for the same period in 2005.

Financial and Securities Investment Division

The division recorded a profit of HK\$11.0 million as compared to HK\$23.4 million for the same period in 2005.

Travel Agency Division

During the period, the travel business recorded a turnover and operating profit of approximately HK\$294.5 million (2005: HK\$204.5 million) and HK\$2.3 million (2005: loss of HK\$2.4 million).

Credit Card Division

During the period, positive external economic factors facilitated the steady recovery of the economy. Employment and consumer spending resumed growth as the business and investment environment continued to improve. The Group recovered bad debts of HK\$0.5 million and the Credit Card business recorded a turnover of approximately HK\$4.2 million, representing a decrease of 6% from the same period last year.

Health Care

In December 2005, the Group disposed its entire interest in a subsidiary, Global Med Technologies, Inc. and ceased the operation of health care business.

Liquidity and Capital Resources

During the period, the registered holders of 117,589,466 warrants exercised their rights to subscribe for ordinary shares. At the balance sheet date, the Company had outstanding 161,574,536 warrants. Exercise in full of such warrants would result in the issue of 161,574,536 additional shares of HK\$0.01 each.

As at September 30, 2006, the Group's current ratio was 5.6 (3.31.2006: 6.8) and had net cash of HK\$146.8 million (3.31.2006: HK\$260.3 million).

Material acquisitions, disposals and significant investments

(a) Acquisition of properties

During the period, the Group entered into a sale and purchase agreement to purchase a residential property located in Singapore at a consideration of S\$3,750,000 (HK\$18,375,000).

(b) Disposal of investment in Skywest

During the period, the Group intends to sell its entire stake in Skywest Limited ("Skywest"). It has made an offer to Advent Air Limited ("Advent"), a UK listed company which indirectly holds approximately 60.34% of Skywest's total issued shares, to sell its shares in Skywest. Advent then announced that it intends, through its wholly owned subsidiary, to make an off-market offer for all the fully paid ordinary shares in Skywest. The disposal was completed in August 2006.

(c) Acquisition of a travel service company

During the period, the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Nihon Kotsu Travel Services Co., Ltd., a travel service company operating in Japan, at a consideration of Japanese Yen 135,000,000 (HK\$8,958,000).

(d) Acquisition of a hotel holding company

During the period, the Group entered into a sale and purchase agreement for the acquisition of the shareholder's loan and the entire equity interest in Sapporo Holdings Y.K., a hotel holding company operating in Japan, at an aggregate consideration of Japanese Yen 550,000,000 (HK\$36,667,000).

(e) Disposal of a property

During the period, the Group entered into an agreement for the disposal of a property located in Singapore at a consideration of S\$2,997,150 (HK\$14,836,000).

(f) Acquisition of properties

During the period, the Group entered into agreements to purchase 19 units of investment properties located in Singapore at an aggregate consideration of S\$13,282,440 (HK\$65,748,000).

(g) Disposal of interior fit-out business of Futuristic Group Ltd ("Futuristic")

The interior fit-out business was operated through Futuristic, the Group's Singapore listed associate, of which as at September 30, 2006, the Group held a 45.68% interest in.

During the period, Futuristic entered into a conditional agreement to sell its entire direct and indirect shareholding in the companies which conduct all its store fixtures and interior fit-out business, all the assets, rights and liabilities owed by Futuristic used in the conduct of the future store business for a consideration of US\$1,250,000. The transactions were completed in November 2006. Futuristic has developed its new travel businesses and is intend to leverage on its travel business and on the consumer finance expertise of its major shareholder, China Credit Holdings Limited to develop consumer finance and spending products such as credit cards and loyalty cards.

Foreign currencies and treasury policy

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, U.S. dollars, Canadian dollars, Japanese Yen and Singapore dollars. Due to the currency peg of the Hong Kong dollars to the U.S. dollars, the exchange rate between these two currencies has remained stable and thus no hedging or other alternatives have been implemented by the Group. The Group expected that there is no significant exposure on foreign currency, but it cannot be assured operating results in future will not be materially affected.

Credit risk management

The Group's credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

Human resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the balance sheet date, there were approximately 220 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Prospects

We will continue our business strategy of focusing on the financial and securities investment businesses including but not limiting to securities trading, corporate finance, consumer finance and the credit card business. It is our intention to continue to expand our travel, leisure and hospitality businesses. The Board and management will continue to focus on the strategic development of the group through strategic partners and alliances, the development of our own brand names to achieve international recognition and achieving economies of scale for our existing businesses.

The market outlook is expected to be strong in the year ahead. Despite a competitive environment, the growth in consumer spending and borrowing, lower unemployment rates and changes in lifestyle will create a demand for consumer loans and an opportunity of growth for our leisure and hospitality businesses.

Looking ahead into the second half of the financial year, our ongoing efforts to enhance brand positioning are unremitting. As of October, 2006, the name of a subsidiary, Online Credit Card Limited has been changed to Xpress Finance Limited (“Xpress Finance”) to better represent our consumer finance business and Group’s direction. Our focus will continue to be on building and fortifying our brands of “Xpress Travel”, “Xpress Hospitality” and “Xpress Finance” and further strengthening consumers’ preference for them. This involves innovative marketing campaigns and opening of new branches to showcase the distinctiveness of the brands to create competitive advantage.

In this context, and subsequent to the period end date, the Group rolled out a large-scale marketing campaign and press conference on Xpress Finance and launched its i Xpress MasterCard (www.ixpresscard.com): the first fully customisable MasterCard in Hong Kong. This new and innovative credit card allows customers to design the whole card face and select their preferred interest/cash rebate combination, thus making it a totally personalised credit card.

The Group will continue in its direction to diversify its business risk through the expansion and development of its existing businesses in corporate finance, consumer finance, credit cards, and travel related activity outside of Hong Kong with a strong focus on Singapore, the PRC and Japan. The Group seeks to create synergies in the activities and businesses it currently has and will undertake in future. The Group’s strong cash position of over HK\$346 million as at September 30, 2006, together with the continued growth of our core businesses and prudent investment strategies, makes us highly competitive. We continue to the caption, “Seizing opportunities, delivering excellence”. To succeed, we strive to take advantage of new opportunities and develop new strengths and strategies to thrive in a different world.

Japan Xpress, in additional to Nikko Travel Service Co. Ltd’s (“Nikko”) existing business, will aggressively open travel stores nationwide in Tokyo, Osaka and other cities in the next 12 to 24 months. Nikko also plans to be the leading operator in outbound groups to Hong Kong, the PRC and Singapore in addition to its Korea destinations.

In line with our hospitality business development as a hotel segment, the Xpress Hotel Room division intends to aggressively acquire hotel properties in Japan and develop links between their businesses and our consumer finance, corporate finance, and consumer loyalty programs.

Capital commitments

The Group had capital commitments of approximately HK\$59 million (3.31.2006: HK\$65 million) in respect of contracted but not provided for investment properties.

Contingent liabilities

At the balance sheet date, contingent liabilities of the Group were as follows:

- (a) Guarantees of HK\$10.7 million (3.31.2006: HK\$10.7 million) given to financial institutions in respect of banking facilities granted to the Group’s suppliers.
- (b) Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited respectively, against a subsidiary of the Company, in respect of the alleged breach of agreement for damages which are not quantified. In the opinion of the directors, it is not practicable at this stage to determine with certainty the outcome of the litigation.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At September 30, 2006, the interests and short positions of the directors and the chief executive of the Company and/or any of their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions

(a) Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	261,864,647	15.01
Chan Yoke Keow	Beneficial owner	34,580,802	1.98
	Held by trust (<i>Note 1</i>)	65,706,960	3.77
	Held by controlled corporations (<i>Note 2</i>)	576,405,547	33.05
		676,693,309	38.80
Chan Sook Jin, Mary-ann	Beneficial owner	1,146,832	0.06
	Held by spouse (<i>Note 3</i>)	3,416,000	0.20
		4,562,832	0.26
Fong Kwok Jen	Beneficial owner	3,828,000	0.22
Chan Tong Wan	Beneficial owner	5,423,837	0.31
Wong Dor Luk, Peter	Beneficial owner	280,000	0.02
Da Roza Joao Paulo	Beneficial owner	4,800	0.00
	Held by spouse (<i>Note 4</i>)	460,000	0.03
		464,800	0.03
		953,117,425	54.65

(b) *Share options*

Name of director	Capacity	Number of options held	Number of underlying shares	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	282,000,000	282,000,000	16.16
Chan Yoke Keow	Beneficial owner	50,000,000	50,000,000	2.87
Chan Tong Wan	Beneficial owner	20,000,000	20,000,000	1.15
Chan Sook Jin, Mary-ann	Beneficial owner	5,000,000	5,000,000	0.29
Fong Kwok Jen	Beneficial owner	8,000,000	8,000,000	0.46
Wong Dor Luk, Peter	Beneficial owner	3,000,000	3,000,000	0.17
Da Roza Joao Paulo	Beneficial owner	2,000,000	2,000,000	0.11
		<u>370,000,000</u>	<u>370,000,000</u>	<u>21.21</u>

(c) *Warrants*

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	14,344,622	14,344,622	0.82
Chan Yoke Keow	Beneficial owner	3,222,727	3,222,727	0.19
	Held by trust (<i>Note 1</i>)	5,973,360	5,973,360	0.34
	Held by controlled corporations (<i>Note 2</i>)	56,336,460	56,336,460	3.23
		<u>65,532,547</u>	<u>65,532,547</u>	<u>3.76</u>
Chan Sook Jin, Mary-ann	Beneficial owner	2,564	2,564	0.00
	Held by spouse (<i>Note 3</i>)	341,600	341,600	0.02
		<u>344,164</u>	<u>344,164</u>	<u>0.02</u>
Fong Kwok Jen	Beneficial owner	382,800	382,800	0.02
Chan Tong Wan	Beneficial owner	525,214	525,214	0.03
Wong Dor Luk, Peter	Beneficial owner	28,000	28,000	0.00
Da Roza Joao Paulo	Beneficial owner	480	480	0.00
	Held by spouse (<i>Note 4</i>)	46,000	46,000	0.00
		<u>46,480</u>	<u>46,480</u>	<u>0.00</u>
		<u>81,203,827</u>	<u>81,203,827</u>	<u>4.66</u>

Notes:

1. These shares/warrants are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow (“Mrs. Chan”) is one of the discretionary objects. Mrs. Chan is the spouse of Mr. Chan Heng Fai.
2. These shares/warrants are owned by First Pacific International Limited and Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.
3. These shares/warrants are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Mary-ann.
4. These shares/warrants are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

(d) Options

The following table discloses details of the Company’s share options in issue during the period:

Name of director	Date granted	Exercisable period	Exercise price per share HK\$	Outstanding at 4.1.2006	Granted during the period	Outstanding at 9.30.2006
Category 1: Directors						
Chan Heng Fai	11.1.2004	11.1.2004 – 5.8.2013	0.16	15,000,000	–	15,000,000
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	147,000,000	–	147,000,000
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	–	120,000,000	120,000,000
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.16	15,000,000	–	15,000,000
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	35,000,000	–	35,000,000
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1616	15,000,000	–	15,000,000
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	–	5,000,000	5,000,000
Chan Sook Jin, Mary-ann	11.15.2004	11.20.2004 – 5.8.2013	0.1616	5,000,000	–	5,000,000
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1616	8,000,000	–	8,000,000
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1616	3,000,000	–	3,000,000
Da Roza Joao Paulo	5.27.2005	5.28.2005 – 5.8.2013	0.15	2,000,000	–	2,000,000
Total for directors				245,000,000	125,000,000	370,000,000
Category 2: Others						
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	37,200,000	–	37,200,000
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	–	23,000,000	23,000,000
Total for all categories				<u>282,200,000</u>	<u>148,000,000</u>	<u>430,200,000</u>

The closing price of the Company's shares immediately before May 22, 2006, the date on which the share options were granted, were HK\$0.155.

At September 30, 2006, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 430,200,000, representing 24.67% of the share of the Company in issue at that date.

In addition, the following outstanding options to subscribe for shares in the capital of a subsidiary of the Company, granted to certain directors of the Company under the share option schemes of this subsidiary were as follows:

eBanker USA.Com, Inc. (“eBanker”)

The following table presents details of share options in issue during the period.

	Exercise price per share <i>US\$</i>	Number of share options at 9.30.2006
Category 1: Directors		
Chan Heng Fai	3.00	500,000
Fong Kwok Jen	3.00	100,000
Total held by directors		<u>600,000</u>
Category 2: Others		
Total held by others	3.00	<u>20,000</u>
Total		<u><u>620,000</u></u>

There was no movement in the share options granted by eBanker during the period.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at September 30, 2006, according to the register of interest in shares and underlying shares and short positions kept by the Company pursuant to Section 336 of the SFO and so far as is known to or can be ascertained after reasonable enquiries by the directors, the persons (other than the Directors of the Company or their respective associate) who were interested in 5% or more in the issued share capital of the Company are as follows:

Name	Number of shares and underlying shares held	%
Prime Star Group Co., Ltd.	518,195,207	29.71
First Pacific International Limited	114,546,800	6.57

Save as disclosed above, as at September 30, 2006, no person other than the directors of the Company whose interests are set out in the section headed “Directors’ and chief executives’ interests in the company and its associate corporations” above, had registered an interest of 5% or more in the issued share capital of the Company, and short positions in the shares and underlying shares that was required to be recorded in the register of interest pursuant to Section 336 of the SFO.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by directors (the “Code of Conduct”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry, all Directors have confirmed compliance with the Code of Conduct throughout the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements. The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Ms. Chian Yat Ping.

By order of the Board

Chan Tong Wan

Managing Director

Hong Kong, December 21, 2006

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