



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



Interim Report

2013

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

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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 RMB134.6 million for the six months ended 30 June 2013, representing a decrease of 1.1% as compared with corresponding period in 2012.
- Profit attributable to owners of the Company for the six months ended 30 June 2013 amounted to approximately RMB61.4 million, representing a decrease of 10.6% as compared with corresponding period in 2012.
- Basic earnings per share for the six months ended 30 June 2013 amounted to RMB2.61 cents (2012: RMB3.24 cents).
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013.

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 six months ended 30 June 2013 together with the comparative unaudited figures for the corresponding periods in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2013

		For the three months ended 30 June		For the six months ended 30 June	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
	Notes				
Turnover	3	76,809	78,342	134,585	136,096
Interest income	3	25,727	34,291	68,650	61,690
Interest expenses	6	(8,083)	(5,200)	(15,529)	(9,516)
Net interest income		17,644	29,091	53,121	52,174
Financial consultancy service income	3	51,082	44,051	65,935	74,406
		68,726	73,142	119,056	126,580
Other income	5	3,262	1,569	11,912	9,384
Administrative and other operating expenses		(35,744)	(13,860)	(50,318)	(26,477)
Change in fair value of derivative financial instruments		(1,434)	(2,580)	(1,290)	(2,580)
Share-based payment expenses		-	(858)	-	(2,718)
Share of results of associates		(545)	(5)	(1,081)	(5)
Share of results of jointly- controlled entities		1,194	(198)	1,756	(71)
Profit before tax	7	35,459	57,210	80,035	104,113
Income tax	8	(3,658)	(16,772)	(14,377)	(30,036)
Profit for the period		31,801	40,438	65,658	74,077

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and six months ended 30 June 2013

	For the three months ended 30 June		For the six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
<i>Notes</i>				
Other comprehensive income (expense) for the period				
Exchange differences on translating foreign operations	(3,611)	(118)	(3,274)	940
Fair value adjustment for available-for-sale investments	(137)	1,103	(137)	1,103
Other comprehensive income (expense) for the period, net of income tax	(3,748)	985	(3,411)	2,043
Total comprehensive income for the period	28,053	41,423	62,247	76,120
Profit for the period attributable to:				
Owners of the Company	29,882	37,599	61,369	68,658
Non-controlling interests	1,919	2,839	4,289	5,419
	31,801	40,438	65,658	74,077
Total comprehensive income for the period attributable to:				
Owners of the Company	26,134	38,592	57,836	70,544
Non-controlling interests	1,919	2,831	4,411	5,576
	28,053	41,423	62,247	76,120
	RMB	RMB	RMB	RMB
Earnings per share	<i>10</i>			
Basic	1.25 cents	1.77 cents	2.61 cents	3.24 cents
Diluted	1.22 cents	1.71 cents	2.54 cents	3.13 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
Non-current assets			
Plant and equipment	11	5,444	5,533
Available-for-sale investments		34,842	34,054
Goodwill	12	1	–
Derivative embedded in a convertible bond		–	28
Interests in associates		1,904	2,985
Interests in jointly-controlled entities		3,051	1,295
		45,242	43,895
Current assets			
Loan receivables	13	853,902	979,997
Prepayments and other receivables	13	19,868	17,153
Amount due from jointly-controlled entities		66,242	67,437
Held to maturity investments		15,000	–
Bank balances and cash		393,098	212,558
		1,348,110	1,277,145
Current liabilities			
Accruals and other payables	14	40,636	116,068
Deposits received	15	–	15,878
Amounts due to jointly-controlled entities		15,700	–
Amounts due to non-controlling shareholders		1,125	76,597
Borrowings	16	38,765	48,834
Income tax payables		10,433	49,408
		106,659	306,785
Net current assets		1,241,451	970,360
Total assets less current liabilities		1,286,693	1,014,255

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2013

	Notes	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
Non-current liabilities			
Corporate bonds		254,139	252,776
Deferred tax liabilities	17	6,036	4,448
Derivatives embedded in a convertible bond		1,263	–
		261,438	257,224
Net assets			
		1,025,255	757,031
Capital and reserves			
Share capital	18	201,895	180,649
Reserves		730,544	563,213
Equity attributable to owners of the Company		932,439	743,862
Non-controlling interests		92,816	13,169
Total equity			
		1,025,255	757,031

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013 (audited)	180,649	206,702	14,470	327,244	2,156	(1,071)	25,968	(52,256)	40,000	743,862	13,169	757,031
Profit for the period	-	-	-	61,369	-	-	-	-	-	61,369	4,289	65,658
Other comprehensive income (expense)												
- exchange differences on translating foreign operations	-	-	-	-	-	(3,396)	-	-	-	(3,396)	122	(3,274)
- fair value adjustment for available-for-sale investments	-	-	-	-	(137)	-	-	-	-	(137)	-	(137)
Total comprehensive income (expense) for the period	-	-	-	61,369	(137)	(3,396)	-	-	-	57,836	4,411	62,247
Issue of shares by placing	19,462	132,949	-	-	-	-	-	-	-	152,411	-	152,411
Issue of shares upon exercise of share options	1,784	7,072	-	-	-	-	(425)	-	-	8,431	-	8,431
Dividend recognised as distribution	-	(30,101)	-	-	-	-	-	-	-	(30,101)	-	(30,101)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	75,236	75,236
At 30 June 2013 (unaudited)	201,895	316,622	14,470	388,613	2,019	(4,467)	25,543	(52,256)	40,000	932,439	92,816	1,025,255
At 1 January 2012 (audited)	149,870	256,200	8,494	183,555	-	766	23,733	(8,861)	40,000	653,757	3,763	657,520
Profit for the period	-	-	-	66,658	-	-	-	-	-	66,658	5,419	74,077
Other comprehensive income												
- exchange differences on translating foreign operations	-	-	-	-	-	783	-	-	-	783	157	940
- fair value adjustment for available-for-sale investments	-	-	-	-	1,103	-	-	-	-	1,103	-	1,103
Total comprehensive income for the period	-	-	-	66,658	1,103	783	-	-	-	70,544	5,576	76,120
Issue of shares upon exercise of share options	1,827	9,055	-	-	-	-	(520)	-	-	10,359	-	10,359
Dividend recognised as distribution	-	(29,601)	-	-	-	-	-	-	-	(29,601)	-	(29,601)
Issue of bonus shares	28,952	(28,952)	-	-	-	-	-	-	-	-	-	-
Lapsed of share options	-	-	-	131	-	-	(131)	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,718	-	-	2,718	-	2,718
Appropriation to statutory reserve funds	-	-	616	(616)	-	-	-	-	-	-	-	-
At 30 June 2012 (unaudited)	180,649	206,702	9,110	251,728	1,103	1,549	25,797	(8,861)	40,000	707,777	9,339	717,116

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	60,661	(278,816)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	16,079	(4,772)
NET CASH FROM FINANCING ACTIVITIES	107,300	24,954
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	184,040	(258,634)
Effect of foreign exchange rate changes	(3,500)	862
CASH AND CASH EQUIVALENTS AT 1 JANUARY	212,558	348,620
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	393,098	90,848

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the GEM of the Stock Exchange on 19 November 2010.

The principal activities of the Group are provision of pawn loan service, entrusted loan service, other loan service, microfinance service and financial consultancy service.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited condensed consolidated results have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The unaudited condensed consolidated financial information has not been audited by the Company's auditors, but has been reviewed by the Company's audit committee ("Audit Committee").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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 2012, except for the following new HKFRSs (which include all HKFRSs, HKASs and Interpretations) that are effective for the Group's accounting period beginning on 1 January 2013. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior period.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
HKFRS 9	Financial Instruments ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 January 2015.

3. TURNOVER

The principal activities of the Group are provision of pawn loan service, entrusted loan service, other loan service, microfinance service and financial consultancy service.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Interest income				
Real estate pawn loan service income				
– Administration fee income	457	1,153	836	4,342
– Interest income	68	277	184	908
Other collateral-backed pawn loan service income				
– Administration fee income	–	528	516	1,135
– Interest income	–	133	129	281
Entrusted loan service income				
– Interest income	17,638	22,964	51,004	44,821
Personal property pawn loan service income				
– Administration fee income	–	6	–	22
– Interest income	–	1	–	3
Other loan service income				
– Interest income	3,269	1,216	5,258	1,704
Real estate-backed loan service income				
– Interest income	3,954	8,013	10,338	8,474
Microfinance service income				
– Interest income	341	–	385	–
	25,727	34,291	68,650	61,690
Financial consultancy service income	51,082	44,051	65,935	74,406
Turnover	76,809	78,342	134,585	136,096

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 June		For the six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Bank interest income	656	446	1,142	828
Government grants (<i>Note</i>)	248	–	7,507	6,350
Interest income on a convertible bond	828	1,088	1,657	2,171
Realised gains on settlement of derivative financial instruments	1,528	–	1,585	–
Others	2	35	21	35
	3,262	1,569	11,912	9,384

Note: Government grants in respect of encouragement of expansion of enterprise were recognized at the time the Group fulfilled the relevant granting criteria.

6. INTEREST EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Interest on borrowings wholly repayable within five years	523	724	523	724
Interest on an exchangeable bond	-	1,424	-	2,840
Interest on corporate bonds	7,560	2,900	15,002	5,800
Interest on deposits received	-	152	4	152
	<u>8,083</u>	<u>5,200</u>	<u>15,529</u>	<u>9,516</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	9,635	3,598	14,961	6,064
Contribution to defined contribution retirement benefits scheme	483	217	893	356
Share-based payment expenses	-	858	-	2,718
	<u>10,118</u>	<u>4,673</u>	<u>15,854</u>	<u>9,138</u>
(b) Other items				
Auditors' remuneration	534	4	709	51
Depreciation	663	522	1,300	994
Net exchange (gain) loss	617	(39)	59	1,936
Operating lease charges in respect of properties	1,809	1,309	3,484	2,349
	<u>1,809</u>	<u>1,309</u>	<u>3,484</u>	<u>2,349</u>

8. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Current tax				
Provision for PRC Enterprise Income Tax (the "EIT")	3,231	16,225	13,582	29,083
Provision for Hong Kong Profits Tax	-	119	-	119
Deferred tax (<i>Note 17</i>)	427	428	795	834
	3,658	16,772	14,377	30,036

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No Hong Kong Profits Tax has been provided for the three months and six months ended 30 June 2013 as the Group has no assessable profit for Hong Kong Profits Tax purposes for the periods. Hong Kong Profits Tax was calculated at the rate of 16.5% on the assessable profits for the three months and six months ended 30 June 2012.

Profits of the subsidiaries established in the PRC are subject to PRC EIT. Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

9. DIVIDENDS

A dividend of RMB30,101,000 that relates to the period to 31 December 2012 was paid in May 2013 (six months ended 30 June 2012: RMB29,601,000).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and six months ended 30 June 2013 is based on the profit attributable to owners of the Company of RMB29,882,000 and RMB61,369,000 respectively (three months and six months ended 30 June 2012: RMB37,599,000 and RMB68,658,000 respectively) and the weighted average of 2,389,000,000 and 2,349,895,028 ordinary shares in issue respectively during the three months and six months ended 30 June 2013 (three months and six months ended 30 June 2012: 2,126,406,593 and 2,116,318,681 ordinary shares respectively).

Diluted earnings per share

The calculation of diluted earnings per share for the three months and six months ended 30 June 2013 is based on the profit attributable to owners of the Company of RMB29,882,000 and RMB61,369,000 respectively (three months and six months ended 30 June 2012: RMB37,599,000 and RMB68,658,000 respectively) and the weighted average of 2,441,848,644 and 2,413,206,767 ordinary shares in issue respectively during the periods (three months and six months ended 30 June 2012: 2,193,387,557 and 2,193,088,752 ordinary shares respectively).

11. PLANT AND EQUIPMENT

During the period under review, the Group spent approximately RMB1,282,000 (six months ended 30 June 2012: approximately RMB1,679,000) on acquisition of plant and equipment.

12. GOODWILL

Goodwill represents the value of the entire equity interest of one acquired company less the fair value of all identifiable assets and liabilities on the date of acquisition of equity interest.

13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Loan receivables		
Secured loans		
Pawn loans to customers	13,500	81,999
Real estate-backed loans to customers	114,500	181,000
Entrusted loans to customers	595,430	634,750
Other loans to customers	92,269	81,390
	815,699	979,139
Unsecured loans		
Other loans to customers	3,984	–
Micro loans	34,219	858
	38,203	858
	853,902	979,997
Prepayments and other receivables		
Non-trade nature prepayments and other receivables	19,868	17,153
	873,770	997,150

The Group normally allows credit terms to customers ranging from 90 days to up to 1 year, depending on the types of loan.

13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within 90 days	422,128	634,541
91 to 180 days	248,469	187,056
181 to 365 days	114,122	108,400
Over 365 days	69,183	50,000
	<hr/> 853,902 <hr/>	<hr/> 979,997 <hr/>

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements.

(b) Loan receivables that are not impaired

Included in the Group's loan receivable balances were debtors with aggregate carrying amount of approximately RMB74,083,000 (31 December 2012: RMB100,100,000) from certain real estate-backed loan, entrusted loan and pawn loan customers, which were past due as at the reporting date, for which the Group has not provided for impairment loss as the Group holds collaterals amounting to approximately RMB631,630,000 (31 December 2012: RMB213,416,000) in respect of the past due loan receivables of RMB74,083,000.

The aging of loan receivables which were past due but not impaired is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within 90 days	5,500	–
91 to 180 days	18,483	49,500
181 to 365 days	50,100	50,600
	<hr/> 74,083 <hr/>	<hr/> 100,100 <hr/>

14. ACCRUALS AND OTHER PAYABLES

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Other payables and accrued expenses	16,430	16,675
Refundable deposit received from customers	-	40,000
Secured deposit received	-	26,350
Consideration payable for acquisition of remaining interests in a subsidiary	6,954	7,084
Financing services income receipts in advance	17,252	25,959
	40,636	116,068

15. DEPOSITS RECEIVED

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Xinrong Asset	-	15,878

16. BORROWINGS

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Unsecured other loan, repayable within one year	38,765	48,834

The borrowings are denominated in HK\$, and was unsecured, interest bearing at a fixed rate of 12% as at 30 June 2013 (as at 31 December 2012: nil) per annum and repayable on 20 October 2013. During the six months ended 30 June 2013, the Group had repaid borrowings of RMB10,069,000.

17. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the period are as follows:

	Withholding tax on undistributed profit of subsidiaries in PRC
	<i>RMB '000</i>
At 1 January 2013	4,448
Charged to profit or loss	1,588
	<hr/>
At 30 June 2013	6,036
	<hr/> <hr/>

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

18. SHARE CAPITAL

	Number of shares	Share capital presented as	
		<i>HK\$'000</i>	<i>RMB'000</i>
<i>Authorised:</i>			
At 1 January 2013 and 30 June 2013, ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000	
	<hr/> <hr/>	<hr/> <hr/>	
<i>Issued and fully paid:</i>			
At 1 January 2013, ordinary shares of HK\$0.1 each	2,127,000,000	212,700	180,649
Issue of shares upon exercise of share options	22,000,000	2,200	1,784
Issue of shares by placing (<i>Note</i>)	240,000,000	24,000	19,462
	<hr/>	<hr/>	<hr/>
At 30 June 2013, ordinary shares of HK\$0.1 each	2,389,000,000	238,900	201,895
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2012, ordinary share of HK\$0.1 each	1,750,000,000	175,000	149,870
Issue of shares upon exercise of share options	22,500,000	2,250	1,827
Issue of bonus shares	354,500,000	35,450	28,952
	<hr/>	<hr/>	<hr/>
At 30 June 2012, ordinary shares of HK\$0.1 each	2,127,000,000	212,700	180,649
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18. SHARE CAPITAL *(Continued)*

Note:

On 18 January 2013, Kaiser Capital Holdings Limited ("Kaiser Capital"), the Company and VMS Securities Limited ("VMS Securities") entered into a placing agreement pursuant to which VMS Securities has agreed, as the agent of Kaiser Capital, to procure not less than six places to purchase up to 240,000,000 placing shares at the placing price of HK\$0.80 per placing share. At the same time, Kaiser Capital has agreed to subscribe for, and the Company has agreed to allot and issue to Kaiser Capital up to 240,000,000 subscription shares at the subscription price of HK\$0.80 per subscription share. The placing and the subscription were completed on 23 January 2013 and 28 January 2013, respectively, and 240,000,000 ordinary shares of HK\$0.10 each were issued on 28 January 2013.

19. COMMITMENT

Capital expenditure commitment

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment	1,363	453

Operating lease arrangement

Details of the Group's commitments under non-cancellable operating lease as at 30 June 2013 and 31 December 2012 are set out as follow:

The Group leases certain of its staff quarters and offices under operating lease arrangements. The leases typically run for an initial period of three months to three years. Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

19. COMMITMENT (Continued)

Operating lease arrangement (Continued)

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	5,169	5,108
In the second to fifth years inclusive	2,516	4,494
	7,685	9,602

20. RELATED PARTY TRANSACTIONS

Significant related party transactions

- (i) The Group paid rental expenses to 上海錦翰投資發展有限公司 (Shanghai Jinhan Investment Development Limited) ("Jinhan Investment") as follows:

	30 June 2013 (Unaudited) RMB'000	30 June 2012 (Unaudited) RMB'000
Jinhan Investment	315	315

Mr. Shi Zhi Jun, a director of the Company has beneficial interest in Jinhan Investment.

20. RELATED PARTY TRANSACTIONS (Continued)

Significant related party transactions (Continued)

(ii) The Group paid interest expense to Xinrong Asset as follows:

	30 June 2013 (Unaudited) RMB'000	30 June 2012 (Unaudited) RMB'000
Interest expense on deposit received from Xinrong Asset	4	152

(iii) Key management personnel remuneration

	30 June 2013 (Unaudited) RMB'000	30 June 2012 (Unaudited) RMB'000
Basic salaries, allowances and other benefits	2,366	2,859
Contribution to retirement benefit scheme	18	16
Share-based payment expenses	-	1,772
	2,384	4,647

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group specializes in the business of financing services for small and medium enterprises and individuals in the PRC and Hong Kong. Through its multi-platforms, the Group offers wide spectrum of financing services including entrusted loan service, real estate-backed loan service, micro loan service, pawn loan service and other loan service. To complement its core business of financing services, the Group also provides related financial consultancy services to assist customers on various financing issues and solutions.

The Group reported a slight decrease in its revenue in the first half of this year because considerable amount of resources was retained to fund its on-going development plans in relation to microfinance businesses and thus affecting its revenue and profit temporarily. Due to the expansion plans to be implemented, there were significant increases in general and administrative expenses such as rental, staff costs and travelling expenses which resulted in a decrease in profit during the period under review as compared to the same period last year.

As mentioned in our previous financial reports, the Group decided to expand its microfinance platforms. The Group has made steady progress and is reviewing the feasibilities of establishing microfinance platforms in certain major cities of the PRC. In order to accelerate the development of the microfinance businesses, the Group is devoting its effort to teaming up with strategic partners. On 5 June 2013, the Group entered into a letter of intent with a financial institution established in Japan in relation to mid-to long-term cooperation in microfinance businesses in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business review *(Continued)*

The Group is also actively seeking for other business opportunities which would complement its core business as well as expanding its income sources. On 27 June 2013, the Group entered into a cooperation term sheet with Chow Tai Fook Nominee Limited and VMS Investment Group Limited to cooperate in a fund which is a private, closed-ended RMB qualified limited partnership established in the PRC, with the primary objective of achieving high return through low risk investments in lending businesses or other special opportunities in the PRC.

The Group believes that it is well on track to create a strong business model which expects to deliver strong, stable and sustainable returns to the shareholders of the Company.

Financial review

Revenue

For the six months ended 30 June 2013, the Group reported revenue of approximately RMB134.6 million, a slight decrease of 1.1% as compared to RMB136.1 million in the corresponding period last year. The reduction in revenue was mainly because the Group had set aside resources for development of microfinance businesses, which caused a temporary drop in its revenue.

Entrusted loan service income

The Group's entrusted loan service continued to generate majority of the Group's total revenue and recorded growth of 13.8% to RMB51.0 million during the period under review as compared to RMB44.8 million for the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Real estate-backed loan service income

The Group's microfinance platform in Chongqing has two business segments: small loan service and microfinance service. The Group's real estate-backed loan service income, which was mainly generated from the provision of small loan service, continued to deliver profitable growth. The interest income generated from this business segment amounted to approximately RMB10.3 million as compared to approximately RMB8.5 million over the same period last year.

Microfinance service income

In late 2012, the Group also started to provide microfinance service through its microfinance subsidiary in Chongqing. For the six months ended 30 June 2013, the Group recorded interest income of approximately RMB385,000.

Other loan service income

Other loan service income was derived from the money lending service in Hong Kong. For the six months ended 30 June 2013, the revenue from provision of money lending service was approximately RMB5.3 million, which was increased by 208.6% versus approximately RMB1.7 million in the corresponding period last year.

Real estate pawn loan service income

The Group has been reducing the proportion of its loans with smaller sums such as pawn loans. In this relation, the Group's revenue from the provision of real estate pawn loan service decreased by 80.6% to approximately RMB1.0 million from approximately RMB5.3 million in the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other collateral-backed pawn loan service income

For the six months ended 30 June 2013, the Group recorded revenue of approximately RMB0.6 million from the provision of other collateral-backed pawn loan service, a decrease of 54.4% as compared to the revenue of approximately RMB1.4 million in the corresponding period last year.

Financial consultancy service income

Revenue from the provision of financial consultancy service still represented a significant portion of the Group's total revenue. However, due to the reduction in the referral fees from introduction of borrowers to other financing service providers, the financial consultancy service income decreased by 11.4% to approximately RMB65.9 million for the period under review from approximately RMB74.4 million for the same period last year.

Interest expenses

The Group recorded interest expenses of approximately RMB15.5 million for the six months ended 30 June 2013, as compared to approximately RMB9.5 million for the same period last year. The increase of interest expenses by 63.2% was mainly due to increased interests on the RMB-denominated corporate bonds.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Other income

The Group's other income mainly comprised convertible bond interest income, bank interest income, government grants and realised gains on settlement of derivative financial instruments. The Group's other income for the six months ended 30 June 2012 and 2013 was approximately RMB9.4 million and RMB11.9 million respectively. The increase of 26.9% was mainly attributable to the realised gains on settlement of derivative financial instruments of approximately RMB1.6 million and government grants of approximately RMB7.5 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong") and other subsidiaries of the Group in Shanghai for the encouragement of expansion of enterprise.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and sales and marketing related expenses. The Group's administrative and other operating expenses for the six months ended 30 June 2012 and 2013 were approximately RMB26.5 million and RMB50.3 million respectively. The increase of 90.0% in administrative and other operating expenses was mainly attributable to the increase of salaries as additional management and staff was recruited for microfinance businesses, direct expenses of loan transactions such as consultancy fees and other operating costs which were increased in line with the business development.

Profit for the period

The profit attributable to owners of the Company for the six months ended 30 June 2013 was approximately RMB61.4 million, a decrease of approximately 10.6% as compared to approximately RMB68.7 million in the same period last year.

OUTLOOK

The Directors believe that the Group's outlook remains promising. The Directors expect further positive moves on the development of microfinance businesses in the rest of this year, which would be key driver of future revenue growth. The Group will continue to pursue its strategies of partnerships, and will reinforce its strategic relationships with its business partners and finalize as soon as possible its commercial arrangements in relation to microfinance businesses and the fund. In parallel, developing a sturdy business foundation is also the priority of the Group. It will continue to review and streamline its operational structure to ensure cost optimization and effective working capital management.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2013, the Group had bank balances and cash of approximately RMB393.1 million (31 December 2012: approximately RMB212.6 million) and had interest-bearing borrowings, which mainly comprised RMB-denominated corporate bonds and other borrowings, amounted to approximately RMB292.9 million (31 December 2012: approximately RMB301.6 million). During the period under review, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowings to the total assets of the Group, was 0.21 as at 30 June 2013 (31 December 2012: 0.23).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the period ended 30 June 2013.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

Save as disclosed under “Business Review” and “Outlook” in this report, there was no specific plan for material investments or capital assets as at 30 June 2013.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group had no significant contingent liabilities (31 December 2012: Nil).

CAPITAL COMMITMENTS

As at 30 June 2013, the Group had capital expenditure contracted for but not provided in the financial statements of approximately RMB1.4 million (31 December 2012: RMB453,000).

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollar (“HK\$”) against RMB as its certain bank balances are denominated in HK\$ which is not the functional currency of the Group. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had a total of 179 staff (31 December 2012: 150). Total staff costs (including Directors’ emoluments) were approximately RMB15.9 million for the six months ended 30 June 2013 (six months ended 30 June 2012: approximately RMB9.1 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, contributions to statutory mandatory provident fund scheme and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

ADVANCE TO ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises where an advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 30 June 2013, the Company's total assets were approximately RMB1.39 billion. Pursuant to Rule 17.22 of the GEM Listing Rules, details of advance as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 30 June 2013 was as follow:

Entrusted loan agreement effective 29 May 2013 (the “Entrusted Loan Agreement”)

On 29 May 2013, Shanghai Junyi Business Consultancy Limited (“Junyi”), an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with a borrower (the “Borrower”) and Shanghai Branch of Industrial Bank Co., Ltd. as the lending agent (the “Lending Agent”), pursuant to which, Junyi had agreed to entrust a fund in the amount of RMB120 million (the “Entrusted Fund”) to the Lending Agent, for on-lending to the Borrower for a term of eight months subject to and upon the terms and conditions therein. The Borrower is a limited liability company established in the PRC and its principal business activities include real estate development and investment, sales of construction materials and asset management. The Borrower had no default record with the Group in the past. The obligations of the Borrower under the Entrusted Loan Agreement will be secured by share charge over 80% of the issued share capital of the Borrower in favour of the Lending Agent.

ADVANCE TO ENTITY *(Continued)*

Entrusted loan agreement effective 29 May 2013 (the “Entrusted Loan Agreement”) *(Continued)*

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and their ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

The principal terms of Entrusted Loan Agreement are set out below:

Loan amount:

RMB120 million (the “Entrusted Loan”) represents approximately 8.61% of the total assets of the Group of approximately RMB1.39 billion as at 30 June 2013, approximately 11.70% to the net assets of the Group of approximately RMB1.03 billion as at 30 June 2013 and approximately 14.05% to the total loan portfolio of the Group of approximately RMB853.9 million as at 30 June 2013 (all based on the unaudited consolidated accounts of the Group for the six months ended 30 June 2013).

Interest:

Interest rate on the amount of the Entrusted Loan is in the range of 12%-14% per annum.

Service fee:

Shenjing Business Consultancy (Shanghai) Limited (“Shenjing”) and Shanghai Yintong entered into service agreements with the Borrower pursuant to which Shenjing and Shanghai Yintong charged the Borrower an aggregate service fee in a range of 3%-5% per month for assisting the Borrower in securing the Entrusted Loan through the Entrusted Fund on 29 May 2013.

ADVANCE TO ENTITY (Continued)

Entrusted loan agreement effective 29 May 2013 (the “Entrusted Loan Agreement”) (Continued)

Term of the Loan:

8 months from the effective date of the Entrusted Loan Agreement on 29 May 2013.

Security:

The obligations of the Borrower under the Entrusted Loan Agreement is secured by share charge over 80% of the issued share capital of the Borrower created by the beneficial owners of the Borrower in favour of the Lending Agent. According to the audited financial statements of the Borrower for the year ended 31 December 2012, the net asset value of the Borrower was approximately RMB236.2 million. According to the unaudited financial statements of the Borrower for the period ended 30 April 2013, the unaudited net asset value of the Borrower was approximately RMB311.9 million (“NAV”), of which assets primarily comprised of Construction in Progress, cash, investments, accounts receivable and the liabilities primarily comprised of accounts payable. When estimating the loan-to-value ratio set out in the paragraph headed “Credit Risks” below, 80% of the NAV as at 30 April 2013, which is equivalent to RMB249.5 million is used.

Repayment:

Pursuant to the Entrusted Loan Agreement, monthly interest at a rate which was agreed by the parties after arm’s length negotiation shall be paid by the Borrower to the Lending Agent. The Entrusted Loan and other monies outstanding (including the interest and penalty fee (if any, when the Borrower fails to repay the Entrusted Loan when it falls due)) in connection to the Entrusted Loan Agreement are repayable by the Borrower to the Lending Agent upon the expiry of the term of the Entrusted Loan and the Lending Agent shall transfer the repaid amount together with all the interest received from the Borrower to the account of Junyi maintained with the Lending Agent.

ADVANCE TO ENTITY *(Continued)*

Entrusted loan agreement effective 29 May 2013 (the “Entrusted Loan Agreement”) *(Continued)*

Prepayment:

Upon obtaining consent from Junyi, the Borrower has the rights to prepay the Entrusted Loan before the maturity date or extend the repayment of the Entrusted Loan.

Credit Risks

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

The Entrusted Loan was granted based on the internal credit assessment conducted by the Group made on the security provided under the Entrusted Loan Agreement, with reference to the financial position of the Borrower including the NAV of the Borrower as at 30 April 2013.

The Company considers that the collateral provided by the Borrower is sufficient for the current amount of the Entrusted Loan for the reasons that the Entrusted Loan is about 48.09% of the 80% of the NAV of approximately RMB311.9 million which is in line with the Company's credit policy.

For further details, please refer to the announcement of the Company dated 29 May 2013.

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

As at 30 June 2013, 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	671,000,000 (L) ⁽²⁾	28.09%
Mr. Ting Pang Wan, Raymond	Beneficial owner	6,000,000 (L)	0.25%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These shares were held by 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 June 2013.

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

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

Name of Director	Capacity	Number of underlying shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Beneficial owner	19,200,000 (L)	0.80%
Mr. Ji Zu Guang	Beneficial owner	19,200,000 (L)	0.80%
Ms. Shen Li	Beneficial owner	19,200,000 (L)	0.80%
Mr. Neo Poh Kiat	Beneficial owner	600,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	600,000 (L)	0.03%
Mr. Lee Sze Wai	Beneficial owner	600,000 (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 June 2013.*

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 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 30 June 2013.

Save as disclosed above, as at 30 June 2013, 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 June 2013, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests in shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Kaiser Capital	Beneficial owner	671,000,000 (L) ⁽²⁾	28.09%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	636,222,400 (L) ⁽²⁾	26.63%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	636,222,400 (L) ⁽²⁾	26.63%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	636,222,400 (L) ⁽²⁾	26.63%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	636,222,400 (L) ⁽²⁾	26.63%
Mutual Funds Populus & Elite	Custodian corporation	120,408,000 (L)	5.04%

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

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.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30 June 2013.*

Save as disclosed above, as at 30 June 2013, 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 six months ended 30 June 2013 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			As at 30 June 2013
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	
Director							
Mr. Shi Zhi Jun	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.2604	5,760,000	-	-	5,760,000
				<hr/>	<hr/>	<hr/>	<hr/>
				19,200,000	-	-	19,200,000
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.2604	5,760,000	-	-	5,760,000
				<hr/>	<hr/>	<hr/>	<hr/>
				19,200,000	-	-	19,200,000

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 30 June 2013
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	
Ms. Shen Li	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.2604	5,760,000	-	-	5,760,000
				19,200,000	-	-	19,200,000
Employee							
Mr. Ding Lu	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.2604	6,720,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.2604	5,760,000	-	-	5,760,000
				19,200,000	-	-	19,200,000
Total				76,800,000	-	-	76,800,000

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The exercise price of the outstanding options and the number of shares of the Company to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding options were adjusted with effect from 30 May 2012 as a result of the bonus issue.

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 six months ended 30 June 2013 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 June 2013
Director							
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050	600,000 ⁽²⁾	-	-	600,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050	600,000 ⁽²⁾	-	-	600,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050	600,000 ⁽²⁾	-	-	600,000
				1,800,000	-	-	1,800,000
Employee							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050	2,484,000 ⁽²⁾	-	-	2,484,000
				2,484,000	-	-	2,484,000
Consultant							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050	39,840,000 ⁽²⁾	-	-	39,840,000
	27 September 2011	27 March 2012 to 26 September 2016	HK\$0.4725	36,000,000 ⁽²⁾	-	(22,000,000)	14,000,000
				75,840,000	-	(22,000,000)	53,840,000
Total				80,124,000	-	(22,000,000)	58,124,000

SHARE OPTION SCHEME (Continued)

(b) Share Option Scheme (Continued)

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$1.21.
- (3) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.485.
- (4) The exercise price of the outstanding options and the number of shares of the Company to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding options were adjusted with effect from 30 May 2012 as a result of the bonus issue.

These fair values for options granted to Directors and employees were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	4 November 2010	4 April 2011
Inputs into the model		
Exercise price	HK\$0.3125	HK\$1.206
Expected volatility	49.36%	44.61%
Expected life	5 years	2.875 years
Expected dividend yield	2.32%	1.56%
Risk-free rate	1.02%	1.12%

SHARE OPTION SCHEME *(Continued)*

(b) Share Option Scheme *(Continued)*

Expected volatility was determined by using the historical volatility of the share price of comparable companies and the Company over the expected option period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

No expenses were recognized for the period ended 30 June 2013 (six months ended 30 June 2012: RMB2,718,000) in relation to share options granted by the Company.

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 six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2013.

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 six months ended 30 June 2013.

COMPETING INTEREST

Xinhua Publishing, a substantial shareholder of the Company and Xinrong Asset, 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.

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 six months ended 30 June 2013 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

Credit China Holdings Limited

Ting Pang Wan, Raymond

Chairman

Hong Kong, 12 August 2013

As at the date of this report, the executive Directors are Mr. Ting Pang Wan Raymond, 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.