



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
2011





**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET
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(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 RMB105.6 million for the six months ended 30 June 2011, representing an increase of 134.1% as compared with corresponding period in 2010.
- Profit attributable to owners of the Company for the six months ended 30 June 2011 amounted to approximately RMB58.5 million, representing an increase of 127.1% as compared with corresponding period in 2010.
- Basic earnings per share for the six months ended 30 June 2011 amounted to RMB3.50 cents (2010: RMB2.15 cents).
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011.

The board (the “Board”) of directors (the “Directors”) of Credit China Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2011 together with the comparative unaudited figures for the corresponding periods in 2010, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2011

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Turnover	3	55,099	25,277	105,601	45,113
Interest income	3	21,908	13,726	44,769	20,569
Interest expenses	6	-	(901)	-	(1,816)
Net interest income		21,908	12,825	44,769	18,753
Financial consultancy fee income	3	33,191	11,551	60,832	24,544
		55,099	24,376	105,601	43,297
Other income	5	3,471	770	3,887	900
Administrative and other operating expenses		(10,421)	(6,502)	(18,564)	(8,901)
Share-based payment expenses		(5,498)	-	(12,878)	-
Profit before tax	7	42,651	18,644	78,046	35,296
Income tax	8	(12,329)	(5,549)	(19,531)	(9,530)
Profit for the period		30,322	13,095	58,515	25,766
Other comprehensive income:					
Exchange differences on translating foreign operations		569	32	806	32
Total comprehensive income for the period		30,891	13,127	59,321	25,798

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and six months ended 30 June 2011

	For the three months ended 30 June		For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Profit for the period attributable to				
Owners of the Company	30,329	13,095	58,522	25,766
Non-controlling interests	(7)	–	(7)	–
	30,322	13,095	58,515	25,766
Total comprehensive income attributable to				
Owners of the Company	30,898	13,127	59,328	25,798
Non-controlling interests	(7)	–	(7)	–
	30,891	13,127	59,321	25,798
Earnings per share				
Basic	1.80 cents	1.09 cents	3.50 cents	2.15 cents
Diluted	1.73 cents	1.09 cents	3.38 cents	2.15 cents

Notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Audited) RMB'000
Non-current assets			
Plant and equipment	11	1,593	875
Loan receivables	12	33,361	–
		34,954	875
Current assets			
Other assets		106	139
Loan receivables	12	718,091	303,845
Prepayments and other receivables	12	2,835	3,694
Property held for sale		2,996	2,996
Bank balances and cash		47,294	303,828
		771,322	614,502
Current liabilities			
Accruals and other payables	13	25,052	11,632
Deposits received	14	197,000	193,500
Income tax payables		16,292	17,993
		238,344	223,125
Net current assets		532,978	391,377
Total assets less current liabilities		567,932	392,252
Non-current liabilities			
Deferred tax liabilities	15	1,890	1,511
Net assets		566,042	390,741

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2011

	<i>Notes</i>	As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Audited) RMB'000
Capital and reserves			
Share capital	16	149,870	142,363
Reserves		415,431	248,378
Total attributable to equity holders		565,301	390,741
Non-controlling interests		741	–
Total equity		566,042	390,741

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company										
	(Accumulated								Non-		
	Share capital	Share premium	Statutory reserve	(losses)/ retained profits	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Total equity	controlling interests	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2011	142,363	161,475	8,494	40,722	1,728	4,620	(8,661)	40,000	390,741	-	390,741
Payment of dividend	-	(26,106)	-	-	-	-	-	-	(26,106)	-	(26,106)
Issue of shares by placing	7,507	120,953	-	-	-	-	-	-	128,460	-	128,460
Total comprehensive income for the period	-	-	-	58,522	806	-	-	-	59,328	741	60,069
Recognition of equity-settled share base payments	-	-	-	-	-	12,878	-	-	12,878	-	12,878
At 30 June 2011	149,870	256,322	8,494	99,244	2,534	17,698	(8,661)	40,000	565,301	741	566,042
At 1 January 2010	40,000	-	1,610	(4,688)	1,438	-	(8,661)	-	29,499	-	29,499
Total comprehensive income for the period	-	-	-	25,766	32	-	-	-	25,798	-	25,798
Issue of shares by placing	-	23,581	-	-	-	-	-	-	23,581	-	23,581
Arising on the Reorganisation	(40,000)	-	-	-	-	-	-	40,000	-	-	-
At 30 June 2010	-	23,581	1,610	21,078	1,470	-	(8,661)	40,000	78,878	-	78,878

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

INTERIM REPORT 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH USED IN OPERATING ACTIVITIES	(359,264)	(6,124)
NET CASH USED IN INVESTING ACTIVITIES	(430)	(85)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	102,354	(7,766)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(257,340)	(13,975)
Effect of foreign exchange rate changes	806	32
CASH AND CASH EQUIVALENTS AT 1 JANUARY	303,828	43,499
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	47,294	29,556

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, finance lease service, other collateral-backed loan 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 statements 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").

The accounting policies used in the preparation of these results are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the following new HKFRSs (which include all HKFRSs, HKASs and Interpretations) that affect the Group and are adopted by the Group for the first time for the current period's financial statements:

HKFRSs (Amendments)	Improvements to HKFRS issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Fundings Requirement

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 27 (2011)	Separate Financial Statements ³
HKAS 28 (2011)	Investments in Associates and Joint Ventures ³
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ *Effective for annual periods beginning on or after 1 July 2011.*

² *Effective for annual periods beginning on or after 1 January 2012.*

³ *Effective for annual periods beginning on or after 1 January 2013.*

3. TURNOVER

The principal activities of the Group are provision of pawn loan service, entrusted loan service, finance lease service, other collateral-backed loan service and financial consultancy service.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Interest income				
Real estate pawn loan service income				
– Administration fee income (Note a)	3,202	1,894	5,766	3,751
– Interest income	750	256	1,015	470
Other collateral-backed pawn loan service income				
– Administration fee income (Note b)	950	–	1,093	–
– Interest income	158	–	182	–
Entrusted loan service income				
– Interest income	14,635	11,470	25,053	16,149
Personal property pawn loan service income				
– Administration fee income (Note c)	81	103	190	193
– Interest income	3	3	7	6
Other collateral-backed loan service income				
– Interest income	–	–	9,334	–
Finance lease service income				
– Administration fee income (Note d)	1,606	–	1,606	–
– Lease income	523	–	523	–
	21,908	13,726	44,769	20,569
Financial consultancy service income	33,191	11,551	60,832	24,544
Turnover	55,099	25,277	105,601	45,113

3. TURNOVER (Continued)

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

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

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

Note d: The balance represents administration fee income received in relation to the finance lease service provided.

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision makers, who are the most senior executive management, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the provision of financing services in the PRC and Hong Kong.

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Sub-leased rental income	74	49	139	98
Bank interest income	288	52	523	104
Government grants	2,800	630	2,800	630
Others	309	39	425	68
	3,471	770	3,887	900

6. INTEREST EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Interest on borrowings wholly repayable within five years	-	901	-	1,816

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	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	2,928	1,592	5,457	2,705
Contribution to defined contribution retirement benefits	18	6	35	11
Share-based payment expenses	5,498	-	12,878	-
	8,444	1,598	18,370	2,716
(b) Other items				
Auditors' remuneration	18	1,303	39	1,316
Depreciation	111	38	218	74
Exchange loss	1,839	(11)	4,839	(11)
Operating lease charges in respect of properties	619	365	1,160	876

8. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Current income tax				
– PRC	12,082	5,318	17,849	9,299
– Hong Kong	(132)	–	1,303	–
Deferred tax (<i>Note 15</i>)	379	231	379	231
	12,329	5,549	19,531	9,530

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2011.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: 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 2011 is based on the profit attributable to owners of the Company of RMB30,329,000 and RMB58,522,000 respectively (three months and six months ended 30 June 2010: RMB13,095,000 and RMB25,766,000 respectively) and the weighted average of 1,682,747,253 and 1,671,436,464 ordinary shares in issue respectively during the three months and six months ended 30 June 2011.

The weighted average number of shares in issue during the three months and six months ended 30 June 2010 represents the 1,200,000,000 shares in issue before the listing of shares of the Company on the GEM of the Stock Exchange, as if such shares had been outstanding during the entire period of 2010.

10. EARNINGS PER SHARE (Continued)**Diluted earnings per share**

The calculation of diluted earnings per share for the three months and six months ended 30 June 2011 is based on the profit attributable to owners of the Company of RMB30,329,000 and RMB58,522,000 respectively and the weighted average of 1,754,767,830 and 1,732,820,146 respectively in issue during the periods.

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

11. PLANT AND EQUIPMENT

During the period under review, the Group spent approximately RMB1.0 million (six months ended 30 June 2010: approximately RMB0.2 million) on acquisition of plant and equipment.

12. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Loan receivables (Current)		
Pawn loans to customers	43,262	33,238
Entrusted loans to customers	404,715	270,880
Others	270,114	–
Less: Impairment loss	–	(273)
	718,091	303,845
Loan receivables (Non-current)		
Others	33,361	–
Prepayments and other receivables		
Non-trade nature prepayments and other receivables	2,835	3,694
	754,287	307,539

13. ACCRUALS AND OTHER PAYABLES

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Other payables and accrued expenses	15,738	7,410
Financing services income receipts in advance	9,314	4,222
	25,052	11,632

14. DEPOSITS RECEIVED

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Xinrong Asset Management Limited 新融資產管理有限公司 ("Xinrong Asset")	197,000	193,500

15. DEFERRED TAX LIABILITIES

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

	Withholding tax on undistributed profit of subsidiaries in PRC RMB'000
At 1 January 2011	1,511
Charge to profit or loss	379
	<hr/>
At 30 June 2011	1,890

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

16. SHARE CAPITAL

	Number of Shares	HK\$'000
<i>Authorised:</i>		
At 1 January 2011 and 30 June 2011, Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000
<i>Issued and fully paid:</i>		
At 1 January 2011, ordinary shares of HK\$0.1 each	1,660,000,000	166,000
Issue of shares by placing (<i>Note</i>)	90,000,000	9,000
At 30 June 2011, ordinary shares of HK\$0.1 each	1,750,000,000	175,000

Note:

On 24 May 2011, Kaiser Capital Holdings Limited ("Kaiser Capital"), the Company and China International Capital Corporation Hong Kong Securities Limited (the "Placing Agent") entered into a placing agreement pursuant to which the Placing Agent has agreed, as agent of Kaiser Capital, on a fully written basis, to procure not less than six placees to purchase, failing which itself as principal to purchase, 90,000,000 placing shares at the placing price of HK\$1.75 per placing share. At the same time, Kaiser Capital also entered into a subscription agreement with the Company pursuant to which Kaiser Capital has agreed to subscribe for, and the Company has agreed to allot and issue to Kaiser Capital, the subscription shares at the subscription price of HK\$1.75 per subscription share. The placing and the subscription were completed on 27 May 2011 and 7 June 2011 respectively, and 90,000,000 ordinary shares of HK\$0.1 each were issued on 7 June 2011.

17. COMMITMENT

Operating lease arrangement

As at 30 June 2011 and 30 June 2010, the Group was both the lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating lease are set out as follow:

(i) *Lessee*

The Group leases certain of its premises and offices under operating lease arrangements. The leases typically run for an initial period of three months to two 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.

17. COMMITMENT (Continued)

Operating lease arrangement (Continued)

(i) *Lessee* (Continued)

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

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 1 year	2,775	2,813
In the second to fifth years inclusive	-	242
	2,775	3,055

(ii) *Lessor*

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

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

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 1 year	277	263

Capital commitments

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Capital expenditures contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of plant and equipment	3,488	-

18. RELATED PARTIES 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 2011 (Unaudited) RMB'000	30 June 2010 (Unaudited) RMB'000
Jinhan Investment	120	355

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

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

	30 June 2011 (Unaudited) RMB'000	30 June 2010 (Unaudited) RMB'000
Interest expense on entrusted loan and deposit received from Xinrong Asset	-	1,816

- (iii) Key management personnel remuneration

	30 June 2011 (Unaudited) RMB'000	30 June 2010 (Unaudited) RMB'000
Basic salaries, allowances and other benefits	2,016	1,173
Contribution to retirement benefit scheme	18	12
Share-based payment expenses	11,967	-
	14,001	1,185

MANAGEMENT DISCUSSION AND ANALYSIS

The Group offers a spectrum of financing services to accommodate the varying needs of its customers. During the six months ended 30 June 2011, the Group's turnover was mainly derived from the provision of real estate pawn loan service, entrusted loan and financial consultancy service. The Group also offers short-term personal property pawn loans to individuals with personal property as collateral. Following the commencement of its money lending service in Hong Kong and other collateral-backed pawn loan service in the first quarter of 2011, the Group had also started its finance lease service in the second quarter of this year.

Business review

During the period under review, the PRC government stepped up measures to curb prices by increasing banks' reserve requirements three times and raising benchmark lending and deposit rates twice in the last six months, suggesting a glimmer of chance for individuals and companies to obtain bank financing. However, many business owners in the PRC still required capital to fuel their business development in the growing economy. As a result, the Group continued to see an overwhelming demand for its financing services in the second quarter of 2011. To keep up with the demand, the Company further strengthened its capital base by a top-up placing arrangement in May 2011.

Financial review

Revenue

For the six months ended 30 June 2011, the Group's revenue rose approximately 134.1% to RMB105.6 million from approximately RMB45.1 million for the corresponding period last year. This significant growth was driven by introduction of new financing services such as finance lease and other collateral-backed loan, and successful expansion of its loan portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Real estate pawn loan service income

For the six months ended 30 June 2011, the Group recorded revenue of approximately RMB6.8 million from provision of real estate pawn loan service, representing an increase of 60.6% as compared to the revenue of approximately RMB4.2 million for the corresponding period last year.

Other collateral-backed pawn loan service income

Since the first quarter of this financial year, the Group diversified its loan portfolio and also granted collateral-backed pawn loans in respect of assets other than real estate. The Group recorded revenue of approximately RMB1.3 million during the six months ended 30 June 2011.

Entrusted loan service income

Owing to the more established market position and stronger capital base, the Group recorded a surge in its revenue from the provision of entrusted loan service, up by 55.1% to RMB25.1 million against approximately RMB16.1 million for the corresponding period last year.

Finance lease income

The Group commenced its finance lease operation in the second quarter of this year. During the period, the Group's revenue from finance lease was approximately RMB2.1 million.

Personal property pawn loan service income

For the six months ended 30 June 2011, the Group's revenue from provision of personal pawn loan service was approximately RMB0.2 million, which was approximately the same as the revenue in the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial review *(Continued)*

Financial consultancy fee income

For the six months ended 30 June 2011, the Group's revenue from provision of financial consultancy service increased substantially by approximately 147.8% from approximately RMB24.5 million for the corresponding period last year to approximately RMB60.8 million. The more than double growth rate indicates the Group's ability to help its customers with different financing solutions and also confirms the Group's expertise in the industry.

Other collateral-backed loan

For the six months ended 30 June 2011, the Group recorded revenue of approximately RMB9.3 million from the provision of money lending service through Vigo Hong Kong Investment Limited, an indirectly wholly-owned subsidiary of the Company.

Interest expenses

The Group's interest expenses decreased from approximately RMB1.8 million for the corresponding period last year to nil for the six months ended 30 June 2011. Such a decrease in interest expenses was mainly because the loan of RMB40 million obtained by the Group in June 2009 had been fully repaid before 31 December 2010.

Other income

The Group's other income comprises sub-leased rental income, bank interest income, government grant and written back of bad debt. The Group's other income for the six months ended 30 June 2010 and 2011 was approximately RMB0.9 million and RMB3.9 million respectively. The increase of 331.9% was mainly attributable to the government grants of RMB2.8 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong") and Lucky Target Property Consultants (Shanghai) Company Limited for the encouragement of expansion of enterprise and written back of bad debt of RMB0.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial review *(Continued)*

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised of salaries and staff welfare, rental expenses, marketing and advertising expenses. The Group's administrative and other operating expenses for the six months ended 30 June 2010 and 2011 were approximately RMB8.9 million and RMB18.6 million respectively. The increase of approximately 108.6% was mainly attributed to the increase of Directors' emoluments, sales commissions and total staff costs, other operating costs which were increased in line with the business growth and an exchange loss of approximately RMB4.8 million due to appreciation of Renminbi.

Profit for the period

Since the strong growth in revenue more than offset the increase in cost and expenses, the profit attributable to owners of the Company for the six months ended 30 June 2011 rose to approximately RMB58.5 million, up 127.1% from approximately RMB25.8 million for the six months ended 30 June 2010.

OUTLOOK

It is expected that the PRC's policymakers would continue to take a tough stance on lending to cool the overheated economy, and individuals and companies may find it increasingly difficult to obtain bank financing. On the other hand, the Directors consider there are ever-increasing business opportunities for the Group in times like this. In order to accommodate the strong demand for financing services and to sustain revenue growth, the Group would continue to seek opportunities, including via mergers and acquisitions, to further diversify its business streams. With continuous effort exerted on enhancing its position in the market, extending services to cover a broader spectrum of clients, and improving the in-house workflow and risk controls, the Group has built a solid foundation and framework on which to move forward. The Directors strongly believe that the Group's complementary role in the market will grow in importance, and a much enhanced shareholders' value will soon materialize.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2011, the Group had bank balances and cash of approximately RMB47.3 million (31 December 2010: approximately RMB303.8 million) and did not have bank and other loans (31 December 2010: Nil). 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 Nil as at 30 June 2011 (31 December 2010: Nil).

On 7 June 2011, 90,000,000 ordinary shares of the Company of HK\$0.1 each were issued by way of top-up placing. Details of change in capital structure of the Company are disclosed in Note 16 to the financial statements.

SIGNIFICANT INVESTMENT

As at 30 June 2011, there was no significant investment held by the Group (31 December 2010: Nil).

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 2011.

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

Save as disclosed under “Comparison of Business Objectives with Actual Business Progress” in this report, there was no specific plan for material investments or capital assets as at 30 June 2011.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group has no significant contingent liabilities (31 December 2010: Nil).

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 2011, the Group had a total of 46 staff (31 December 2010: 40). Total staff costs (including Directors’ emoluments) were approximately RMB18.4 million for the six months ended 30 June 2011 (six months ended 30 June 2010: approximately RMB2.7 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 contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.



COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 15 November 2010 (the "Prospectus") with the Group's actual business progress for the period from 1 January 2011 to 30 June 2011 is set out below:

Business objectives for the period from 1 January 2011 to 30 June 2011 as stated in the Prospectus	Actual business progress for the period from 1 January 2011 to 30 June 2011
---	--

1. Expand our secured financing sales network and develop our businesses in Shanghai, Zhejiang and Jiangsu Provinces and Hong Kong

- | | |
|---|---|
| <ul style="list-style-type: none"> - Expand the geographical coverage of our secured financing network, establish or acquire one or two mid-size secured financing companies in Zhejiang and/or Jiangsu Provinces through structure contracts arrangement through internal resources | <ul style="list-style-type: none"> - The Group is in the course of assessing different expansion alternatives, including mergers and acquisition opportunities and establishment of new financing companies. |
| <ul style="list-style-type: none"> - Further expand the business portfolio of our secured financing operation | <ul style="list-style-type: none"> - The Group has expanded the business portfolio by providing finance lease service, other collateral-backed (other than real estate) pawn loan service and money lending service. |
| <ul style="list-style-type: none"> - Commence our money lending business in Hong Kong | <ul style="list-style-type: none"> - The Group has commenced money lending business in Hong Kong. |



COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS *(Continued)*

2. Fulfil share capital requirement of Bao Kang Investment and Guarantee (Suzhou) Limited (“Baokang Guarantee”) and to support our Group’s short-term financing business

- | | |
|--|---|
| <ul style="list-style-type: none">- Establish cooperation relationship with more banks and potential customers | <ul style="list-style-type: none">- The Group has secured cooperation relationship with more banks and is in discussion with some potential customers for long-term collaborative arrangements. |
| <ul style="list-style-type: none">- Establish strategic alliance relationship via other channels such as SME Association | <ul style="list-style-type: none">- The Group has established cooperation relationship with some SME communities in Shanghai. |
| <ul style="list-style-type: none">- Complete and satisfy the registered capital requirement of Shanghai Yintong | <ul style="list-style-type: none">- The Group has postponed the capital injection to Shanghai Yintong, and is evaluating its resources allocation plan to ensure more effective use of fund. |

3. Repay the RMB29 million entrusted loan to Xinrong Asset

- | | |
|---|---|
| <ul style="list-style-type: none">- Nil | <ul style="list-style-type: none">- N/A |
|---|---|

USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the listing date on 19 November 2010 (the "Listing Date") to 30 June 2011, the net proceeds from issuance of new shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 June 2011	Actual use of proceeds from the Listing Date to 30 June 2011
	<i>HK\$</i>	<i>HK\$</i>
Expand our secured financing sales network and develop our business in Shanghai, Zhejiang and Jiangsu Provinces and Hong Kong	122,600,000	264,500,000
Fulfil share capital requirement of Baokang Guarantee and to support our Group's short-term financing business	115,000,000	–
Repay the RMB29 million loan to Xinrong Asset	33,300,000	33,300,000
Net proceeds reserved for general working capital for our Group	57,000,000	30,100,000
	<hr/>	<hr/>
Total net proceeds	<u>327,900,000</u>	<u>327,900,000</u>

Although there was a change in the proportion of the net proceeds applied to the business objectives as stated in the Prospectus, all the proceeds had been utilized for the intended usage of the proceeds as disclosed in the Prospectus.

EQUITY FUND-RAISING CONDUCTED DURING THE PERIOD UNDER REVIEW

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this report
25 May 2011	Issue 90,000,000 shares at HK\$1.75 per share by way of top-up placing	HK\$153.7 million	Provision of secured financing services of the Company	HK\$112 million

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

As at 30 June 2011, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in shares of the Company

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Interest in a controlled corporation	594,000,000 (L) ⁽²⁾	33.94%

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

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

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These shares were held by Kaiser Capital, 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 2011.

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

Name of Director	Capacity	Number of underlying shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Beneficial owner	16,000,000 (L)	0.91%
Mr. Ji Zu Guang	Beneficial owner	16,000,000 (L)	0.91%
Ms. Shen Li	Beneficial owner	16,000,000 (L)	0.91%
Mr. Neo Poh Kiat	Beneficial owner	500,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	500,000 (L)	0.03%
Mr. Lee Sze Wai	Beneficial owner	500,000 (L)	0.03%

Note: The letter "L" denotes the entity/person's long position in the securities.

- * The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2011.

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

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

(iii) Interests in the associated corporation – Shanghai Yintong

Name of Director	Capacity	Equity interests in Shanghai Yintong	Approximate percentage of Shanghai Yintong's equity interests*
Mr. Shi Zhi Jun	Interest in a controlled corporation	RMB22 million (L) ⁽²⁾	55%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These equity interests were held by 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 2011.*

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests in 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	594,000,000 (L) ⁽²⁾	33.94%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	486,000,000 (L) ⁽³⁾	27.77%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	486,000,000 (L) ⁽³⁾	27.77%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	486,000,000 (L) ⁽³⁾	27.77%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	486,000,000 (L) ⁽³⁾	27.77%



**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 2011.*

Save as disclosed above, as at 30 June 2011, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

(a) Pre-IPO Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 4 November 2010, the Company has adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") for the purpose of recognising the contribution of certain executive directors and employees of the Group to the growth of the Group and/or to the listing of the Company's shares on the Stock Exchange.

The Board confirmed that no further options will be granted under the Pre-IPO Scheme. The Pre-IPO Scheme was expired on 9 November 2010.

Details of movements of the share options granted under the Pre-IPO Scheme during the six months ended 30 June 2011 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options				
				As at 1 January 2011	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 June 2011	
Director								
Mr. Shi Zhi Jun	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000	
				16,000,000	-	-	16,000,000	
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000	
				16,000,000	-	-	16,000,000	

SHARE OPTION SCHEME (Continued)

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

Category	Date of grant	Exercise period	Exercise price per share	Number of share options				
				As at 1 January 2011	Granted during the period	Exercised/Cancelled/ Lapsed during the period	As at 30 June 2011	
Ms. Shen Li	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000	
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>	
Employee								
Mr. Ding Lu	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	5,600,000	-	-	5,600,000	
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	4,800,000	-	-	4,800,000	
				<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>	
Total				<u>64,000,000</u>	<u>-</u>	<u>-</u>	<u>64,000,000</u>	

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

SHARE OPTION SCHEME (Continued)

(b) Share Option Scheme

The Company has also adopted a Share Option Scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders on 4 November 2010 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the Directors, including independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entity that provides research, development or other technological support to the Group.

Details of movements of the share options granted under the Share Option Scheme during the six months ended 30 June 2011 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2011	Granted during the period	Exercised/ Cancelled/ Lapsed during the period	As at 30 June 2011
Director							
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	500,000	-	500,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	500,000	-	500,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	500,000	-	500,000
				-	1,500,000	-	1,500,000
Employee							
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	3,960,000	-	3,960,000
				-	3,960,000	-	3,960,000

SHARE OPTION SCHEME (Continued)

(b) Share Option Scheme (Continued)

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2011	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 June 2011
Consultant	4 April 2011	4 October 2011 to 3 April 2016	HK\$1.206	-	8,300,000	-	8,300,000
	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.206	-	49,800,000	-	49,800,000
	4 April 2011	4 April 2012 to 3 April 2016	HK\$1.206	-	8,300,000	-	8,300,000
				-	66,400,000	-	66,400,000
Total				-	71,860,000	-	71,860,000

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$1.21.

SHARE OPTION SCHEME *(Continued)*

(b) Share Option Scheme *(Continued)*

The estimated fair value of the options granted is HK\$3,755,822 in aggregate at the date of grant.

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:

Inputs into the model

Exercise price	HK\$1.206
Expected volatility	44.614
Expected life	2.875 years
Expected dividend yield	1.558
Risk-free rate	1.123

Expected volatility was determined by using the historical volatility of the share price of comparable companies 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.

The Group recognized the total expenses of approximately RMB912,000 for the period ended 30 June 2011 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 2011.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transaction by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the six months ended 30 June 2011.

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.

INTEREST OF COMPLIANCE ADVISER

As notified by China Everbright Capital Limited (“China Everbright”), the Company’s compliance adviser, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2011.

AUDIT COMMITTEE

The Audit Committee comprises a total of three members, namely, Mr. Lee Sze Wai (Chairperson), Mr. Neo Poh Kiat and Dr. Lau Reimer Mary Jean, all of whom are independent non-executive Directors. The Group’s unaudited results for the six months ended 30 June 2011 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

Credit China Holdings Limited

Shi Zhi Jun

Chairman

Hong Kong, 8 August 2011

As at the date of this report, the executive Directors are Mr. Shi Zhi Jun, Mr. Ji Zu Guang and Ms. Shen Li; and the independent non-executive Directors are Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai.