中国信贷
CREDIT CHINA

Credit China Holdings Limited
中國信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8207

ANNUAL REPORT 2011

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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.

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Shi Zhi Jun *(Chairman)*
Mr. Ji Zu Guang
Ms. Shen Li *(Chief Executive Officer)*

Independent Non-executive Directors
Mr. Neo Poh Kiat
Dr. Lau Reimer Mary Jean
Mr. Lee Sze Wai

COMPANY SECRETARY

Ms. Kuo Kwan

COMPLIANCE OFFICER

Ms. Shen Li

AUTHORIZED REPRESENTATIVES

Ms. Shen Li
Ms. Kuo Kwan

AUDIT COMMITTEE

Mr. Lee Sze Wai *(Chairperson)*
Mr. Neo Poh Kiat
Dr. Lau Reimer Mary Jean

REMUNERATION COMMITTEE

Mr. Neo Poh Kiat *(Chairperson)*
Mr. Lee Sze Wai
Dr. Lau Reimer Mary Jean

NOMINATION COMMITTEE

Dr. Lau Reimer Mary Jean *(Chairperson)*
Mr. Lee Sze Wai
Mr. Neo Poh Kiat

PRINCIPAL BANKERS

China Merchants Bank
21/F Bank of America Tower
12 Harcourt Road
Central, Hong Kong

China Construction Bank Corporation
(Shanghai Nanjing West Road Sub-branch)
No. 585, Nanjing West Road
Shanghai, The PRC

COMPLIANCE ADVISOR

China Everbright Capital Limited
17/F, Far East Finance Centre
16 Harcourt Road
Central, Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units C&D, 17th Floor
China Overseas Building
139 Hennessy Road
Wanchai, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

PH Floor, Lucky Target Square
No. 500 Chengdu Road North, Huangpu District
Shanghai, the PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 609
Grand Cayman, KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.creditchina.hk

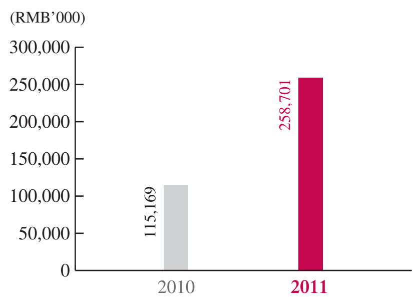
STOCK CODE

08207

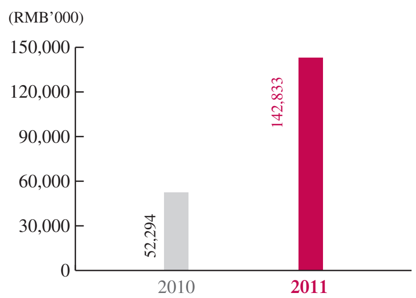
Financial Highlights

	2011 RMB'000	2010 RMB'000	Changes
OPERATING RESULTS			
Turnover	**258,701**	115,169	124.6%
Profit for the year attributable to owners of the Company	**142,833**	52,294	173.1%
Basic earnings per share	**RMB8.35 cents**	RMB4.18 cents	99.8%
Dividend for the year per share	**HK2.06 cents**	HK1.87 cents	10.2%
FINANCIAL POSITION			
Total assets	**1,024,609**	615,377	66.5%
Bank balances and cash	**348,620**	303,828	14.7%
Net assets	**657,520**	390,741	68.3%

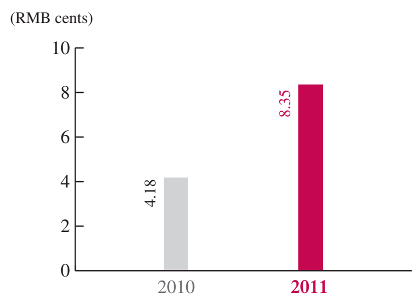
Turnover



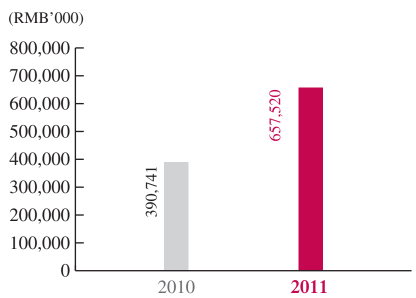
Profit for the year attributable to owners of the Company



Basic earnings per share



Net assets



Chairman's Statement

On behalf of the board of Directors (the "Board") of Credit China Holdings Limited, I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

The tight monetary condition in 2011 was especially burdensome for small and medium sized enterprises ("SMEs") in the PRC. Unlike large, state-owned enterprises, SMEs did not have easy access to credit from banks. As such, the Group experienced a stronger than ever demand for its financing services. The listing in November 2010 and various fund-raising activities such as placing, and issuance of RMB-denominated corporate bonds and exchangeable bond provided the Group additional capital to tap into the lucrative PRC market. The Group tried every endeavor to mobilize its resources to achieve business growth and diversification. As a result, the Group posted a satisfactory financial result in 2011.

However the year 2011 was not without challenges. The euro-zone debt crisis and first-ever downgrade of the US treasury securities caused turbulence and seriously affected confidence in the global financial market. China's economy was also experiencing a slowdown as a result of the combined impacts of monetary tightening, and external economic and financial stress. In this respect, the Group had to response promptly by adopting new policies and business strategies to maintain an optimum balance between business growth and risk management. With the establishment of an indirect 85%-owned subsidiary in Chongqing in November 2011, the Group successfully diversifies its services geographically to further reach out the vast PRC market. In December 2011, the Group introduced strategic investors to supplement its finance lease operation with leverage the strength and resources of its alliances. In parallel, the Group put more emphasis on its credit risk management by refining and expansion its risk control department and improving its operational procedures.

It is widely expected that the China economic growth will slow down in 2012. However, China's GDP growth target rate of 7.5% for 2012 is still remarkable by global standard. On the other side, the banks' required reserve ratio still remains relatively high, despite the fact that the People's Bank of China cut the reserve ratio twice in November 2011 and February 2012. This implies that the PRC government will adopt a rather prudent monetary policy in 2012, which would not do much help in boosting credit availability for SMEs. Therefore, the Directors believe that the financing needs in the PRC market will continue to be strong. In the coming year, the Group will continue to explore business diversification opportunities to maintain a reasonable growth rate and to strengthen its existing businesses in order to maximize shareholders' value.

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the shareholders and business partners for their invaluable continuous support. I would also like to express our sincere appreciation to all the employees of the Group for their commitment and contribution.

Shi Zhi Jun
Chairman and Executive Director

Hong Kong, 5 March 2012

Management Discussion and Analysis

BUSINESS REVIEW

The Group offers a spectrum of financing services to accommodate the varying needs of its customers. For the year ended 31 December 2011, the turnover was mainly derived from the provision of real estate pawn loan service, entrusted loan service and financial consultancy service. The Group also offers short-term personal property pawn loans to individuals with personal property as collateral. In this year, the Group has also further diversified its business by provision of money lending service, other collateral-backed loan service and other collateral-backed pawn loan service. In November 2011, the Group set up a 85%-owned subsidiary principally engaged in provision of small loan financing in Chongqing, which will start to contribute to the Group's revenue in 2012. In December 2011, the Group disposed of 65% equity interest in its finance lease operation as disclosed under "Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies" in order to develop a stronger future development prospects for the finance lease business through the cooperative arrangement with its strategic alliances.

FINANCIAL REVIEW

Revenue

The Group's performance was satisfactory under the year under review with total revenue soared 124.6% to approximately RMB258.7 million from approximately RMB115.2 million for the year ended 31 December 2010. Such significant increase was attributable to the strong demand in the Group's entrusted loan service and financial consultancy service, and successful diversification of the Group's business.

Real estate pawn loan service income

For the year ended 31 December 2011, the Group recorded revenue of approximately RMB19.2 million from provision of real estate pawn loan service, representing an increase of 113.6% as compared to the revenue of approximately RMB9.0 million last year.

Other collateral-backed pawn loan service income

During the year under review, the Group has diversified its loan portfolio and also granted collateral-backed pawn loans in respect of assets other than real restate. The Group recorded revenue of approximately RMB2.7 million for the year ended 31 December 2011.

Entrusted loan service income

Provision of entrusted loan service remained one of the Group's core businesses during the year ended 31 December 2011. The revenue from provision of entrusted loan service totaled approximately RMB67.5 million, a rapid growth of 86.2% over approximately RMB36.2 million of the prior year.

Personal property pawn loan service income

For the year ended 31 December 2011, the Group's revenue from provision of personal property pawn loan service was approximately RMB0.3 million, representing an increase of 117.3% as compared to approximately RMB0.2 million last year.

Financial consultancy service income

With developed experience and expertise, the Group has successfully assisted many customers in obtaining satisfactory financing service provided by the Group or other financial institutions. For the year ended 31 December 2011, the Group's revenue from provision of financial consultancy service increased substantially by 103.5% from approximately RMB69.8 million for last year to approximately RMB142.0 million.

Other collateral-backed loan service income

For the year ended 31 December 2011, the Group recorded revenue of approximately RMB15.6 million from provision of other collateral-backed loans in the PRC and money lending service in Hong Kong.

Finance lease service income

The Group disposed of 65% interest of its finance lease operation in December 2011 as the Directors considered the introduction of strategic investors would enhance the development of its finance lease business. During the year ended 31 December 2011, approximately RMB11.4 million of revenue was attributed from provision of finance lease service.

Interest expenses

The Group recorded an increase in its interest expenses to approximately RMB5.2 million during the year ended 31 December 2011, up 42.7% from approximately RMB3.6 million for last year. The interest expenses incurred in the current year were mainly the interest of the RMB-denominated corporate bonds and the exchangeable bond.

Other income and gain on disposal of subsidiaries

The Group's other income comprised sub-leased rental income, bank interest income, government grants and written back of bad debt. The Group's other income for the years ended 31 December 2010 and 2011 was approximately RMB2.6 million and approximately RMB6.2 million respectively. The increase of 143.5% was mainly attributable to the government grant of approximately RMB2.8 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong") and Lucky Target Property Consultants (Shanghai) Company Limited ("Lucky Consultants") for the encouragement of expansion of enterprise, increase in bank interest income and written back of bad debt of approximately RMB0.3 million.

The Group also recorded a gain of approximately RMB12.8 million on disposal of 65% equity interest in Rongtong Finance Lease (Shanghai) Company Limited ("Rongtong") which is principally engaged in finance lease service.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and marketing and advertising expenses. The Group's administrative and other operating expenses for the years ended 31 December 2010 and 2011 were approximately RMB31.2 million and approximately RMB54.6 million respectively. The increase of 75.1% 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 RMB6.3 million due to the appreciation of Renminbi.

Profit for the year attributable to owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2011 climbed to approximately RMB142.8 million, a significant increase of 173.1% as compared to approximately RMB52.3 million in the year ended 31 December 2010.

OUTLOOK

Although the PRC economy is slowing after last year's austerity measures and dampening external demand, the outlook of PRC remains favorable with GDP growth targeted at 7.5% in 2012. The PRC is still seen by the Group with vast opportunities and potential, though the market is also facing considerable downside risks such as falling property prices and potential defaults risk by public-sector borrowers. In view of prevailing market condition, the Group's focus in 2012 is to maintain growth momentum while strengthening its existing business foundation and newly established small loan financing platform in Chongqing. Hence, the Group will place more emphasis on networking its sale channels and collaborating with its business contacts in the PRC. More importantly, the Group will devote more resources to improve and enhance its core aspects of business such as business strategies, organizational structure, and organizational processes and policies etc, to enhance business stability and future development prospects.

FINAL DIVIDEND AND BONUS ISSUE

In view of the Group's favorable operating results for the year ended 31 December 2011 and having taken into consideration its long-term development, the Board recommends payment of a final dividend of HK2.06 cents (or equivalent to RMB1.67 cents) per ordinary share of the Company for the financial year ended 31 December 2011 (2010: HK1.87 cents), and a bonus issue of shares on the basis of two new ordinary shares for every ten existing ordinary shares held to the shareholders of the Company whose names are on the register of members on Wednesday, 23 May 2012, subject to the approval by the Company's shareholders at the forthcoming annual general meeting of the Company ("Annual General Meeting") to be held on Friday, 27 April 2012 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

Subject to the approval of the aforesaid proposed final dividend and bonus issue, the payment of final dividend and the share certificates for bonus shares will be made and despatched on or about Wednesday, 30 May 2012 and the dividend payout ratio for the year under review will be 20.5%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2011, the Group had bank balances and cash of approximately RMB348.6 million (2010: approximately RMB303.8 million) and had interest-bearing borrowings, which mainly comprised RMB-denominated corporate bonds and exchangeable bond, amounted to approximately RMB147.3 million (2010: nil). During the year 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 0.14 as at 31 December 2011 (2010: nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group contributed US$25.5 million by way of shareholder's loan to Media Eagle Limited ("Media Eagle") pursuant to the shareholders' agreement entered into with Full Plus Group Limited ("Full Plus") and Profounders Project I Limited on 14 November 2011. The total contribution of US$30 million from all the shareholders of Media Eagle was used to pay up the registered capital of Chongqing Liangjiang New Area Run Tong Small Loan Business Limited ("Run Tong"). Details of which were published in the Company's announcement dated 14 November 2011.

On 21 December 2011, the Group disposed of 65% equity interest of Measure Up International Limited ("Measure Up"), an indirect holding company of Rongtong, and an interest-free on demand loan of HK$60 million due from Measure Up to the Group at a consideration of HK$75 million. Details of which were published in the Company's announcement dated 21 December 2011.

Other than disclosed above, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 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 31 December 2011.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 31 December 2011, the Group had no capital expenditure contracted for but not provided in the financial statements (2010: nil).

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollars ("HK$") and United Stated dollars ("US$") against RMB as its certain bank balances are denominated in HK$ and US$ which is not the functional currency of the relevant group entities. 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 31 December 2011, the Group had a total of 51 staff (2010: 40). Total staff costs (including Directors' emoluments) were approximately RMB34.1 million for the year ended 31 December 2011 (2010: RMB14.2 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, and 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.

The emoluments of the Directors are reviewed by the remuneration committee of the company, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Group's operating results and comparable market statistics.

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 31 December 2011 is set out below:

Business objectives for the year ended 31 December 2011 as stated in the Prospectus	Actual business progress for the year ended 31 December 2011

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

Business objectives	Actual business progress
– 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	– The Group has expanded geographically to Chongqing through its indirect 85%-owned subsidiary in Chongqing. The Group is in the course of assessing other expansion opportunities, including mergers and acquisition opportunities and establishment of new financing companies.
– Further expand the business portfolio of our secured financing companies through internal resources	– The Group has expanded the business portfolio by providing other collateral-backed (other than real estate) pawn loan service, money lending service and small loan financing service.
– Commence our money lending business in Hong Kong	– The Group has commenced money lending business in Hong Kong.

Comparison of Business Objectives with Actual Business Progress

Business objectives for the year ended 31 December 2011 as stated in the Prospectus	Actual business progress for the year ended 31 December 2011

2. Fulfill share capital requirement of Baokang Investment and Guarantee (Suzhou) Limited ("Baokang Guarantee") and to support our Group's short-term financing business

Business objectives	Actual business progress
– Establish cooperation relationship with more banks, industry associations and potential customers	– The Group has secured cooperation relationship with more banks and set up long-term collaborative arrangements with some strategic partners such as the establishment of small loan financing company in Chongqing.
– Establish strategic alliance relationship via other channels such as SME Association	– The Group has established cooperation relationship with some SME communities in Shanghai.
– Complete and satisfy the registered capital requirement of Shanghai Yintong	– The Group has postponed the capital injection to Shanghai Yintong, and is evaluating its resources allocation plan to ensure more effective use of fund.

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 31 December 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 31 December 2011	Actual use of proceeds from the Listing Date to 31 December 2011
	HKD	HKD
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 Management Limited (“Xinrong Asset”)	33,300,000	33,300,000
Net proceeds reserved for general working capital for our Group	57,000,000	30,100,000
Total net proceeds	327,900,000	327,900,000

The Company is still in the course of reviewing and reassessing loan guarantee business proposed to be carried out through Baokang Guarantee and thus the planned use of proceeds has been used for expansion of sales network and development of business in Shanghai including set up of finance lease operation. 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.

Use of Proceeds

EQUITY FUND-RAISING CONDUCTED DURING THE YEAR UNDER REVIEW

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds up to 31 December 2011
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 Group	HK$153.7 million
1 September 2011	Issue RMB100 million 9% bonds due 1 September 2013 at 100% of its principal amount	HK$122.1 million	Provision of secured financing services of the Group	HK$122.1 million
15 November 2011	Issue an exchangeable bond at nominal value of US$7.5 million due 15 November 2012	HK$58.5 million	To pay up registered capital of Run Tong	HK$58.5 million

DIRECTORS

Executive Directors

Mr. Shi Zhi Jun (石志軍), aged 55, is one of the founders of the Group and the Chairman of the Company. He was appointed as an executive Director on 4 January 2010 and is also a director of various companies in the Group. Besides, he is a director and owner of Kaiser Capital Holdings Limited, the controlling shareholder of the Company. Mr. Shi was trained in the Senior Doctor-in-charge Advanced Studies in Shanghai TV University (上海電視大學) and Shanghai Jiao Tong University (上海交通大學) (formerly known as Shanghai No. 2 Medicine University (上海第二醫科大學)). In 2007, Mr. Shi received his Master's degree in Advanced Business Management from the Nanyang Technological University of Singapore. Mr. Shi became a surgeon when he was at the age of 20 and practised as a surgeon until 1998. In 1998, in order to achieve a better income, he pursued his career in property financing and provided combined financing consultancy and property agency services where he gained over 13 years of experience in the industry. In 2003, Mr. Shi established Shanghai Yintong and was appointed as its chairman in July 2004. Under the leadership of the management team of Shanghai Yintong with Mr. Shi as the core member, Shanghai Yintong extended its business and became a provider of unique short-term financing services targeting the Zhejiang and Jiangsu Provinces with a focus in Shanghai, the PRC. From 1992 to 1996, Mr. Shi was accredited as "Shanghai Outstanding Young Doctor" (上海市優秀青年醫師獎), "Top Ten in Science" (十佳科技獎) and "Spiritual Civilization Model (精神文明標兵獎) "Top Ten Young Person in Science" (十佳科技青年) for two years consecutively by Xuhui District, Shanghai, the PRC.

Mr. Ji Zu Guang (計祖光), aged 54, is one of the founders of the Group. He was appointed as an executive Director on 4 January 2010 and is also a director of various companies in the Group. Mr. Ji is currently responsible for human resources management and legal compliance aspects of the Group. Mr. Ji participated in the establishment of Jinhan Investment (through which the Group was formed in 2003) in 2000. Mr. Ji graduated from the Party School of the Central Committee of C.P.C (中共中央黨校) in 1992 majoring in Economic Management. In 2006, Mr. Ji received his Master's degree in Advanced Business Management from the Nanyang Technological University of Singapore. From 1992 to 2000, he served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau (上海市郵電管理局) respectively. Since 2000, Mr. Ji served as the Deputy General Manager of LT International Holdings Ltd. (峻岭國際集團有限公司) where he was mainly responsible for the overall operation of property development projects and well-experienced in the property development industry. In 2003, he participated in the establishment of Shanghai Yintong and has since gained around 7 years of experience in the secured financing industry.

Ms. Shen Li (沈勵), aged 38, was appointed as an executive Director on 4 January 2010. Ms. Shen is the Chief Executive Officer of the Company and a director of various companies in the Group. Ms. Shen is responsible for the operation and management of the Group. She joined the Group in January 2009 as our Deputy General Manager. Ms. Shen obtained her Bachelor's degree in Computer and Finance from International Business School of Shanghai University (上海大學國際商學院) in 1995. She possessed the qualification of registered accountant of the PRC and is a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Ms. Shen had worked at Price Waterhouse Da Hua CPAs, General Motors (China) Investment Co. Ltd. and had been the controller of Asia Operation of Chrysler Asia Operations. She has about 16 years of experience in finance.

Independent Non-executive Directors

Mr. Neo Poh Kiat (梁宝吉), aged 61, was appointed as an independent non-executive Director on 4 November 2010. He is also the chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company. Mr. Neo obtained a Bachelor of Commerce (Honours) degree from Nanyang University, Singapore in 1973. Mr. Neo has extensive experience in the banking and finance industry for over 30 years. He is currently a managing director of Octagon Advisors Pte. Ltd., a financial advisory firm in Singapore. Between 1976 and 1994, Mr. Neo took up various positions in DBS Bank Group including executive director of DBS Securities Hong Kong Limited and director of DBS Securities Holding Pte Ltd. During 1994 to 1996, he took up the position of general manager (Leasing and Corporate Services) in Sino Land Company Limited. During 1996 to 2001, he returned to DBS Bank Group and held senior management positions including managing director at DBS Asia Capital Limited, and general manager at DBS Hong Kong Branch. During 2001 to 2004, Mr. Neo served as the Country Officer, China and Head, Corporate Banking, Greater China in United Overseas Bank. Since 2005, he has also held the office of an independent director of China Yuchai International Limited, common stocks of which are listed on the New York Stock Exchange.

Dr. Lau Reimer Mary Jean (劉翁靜晶), aged 47, was appointed as an independent non-executive Director on 4 November 2010. She is also the chairman of the Nomination Committee and a member of both the Audit Committee and Remuneration Committee of the Company. Dr. Lau received her Master of Laws from the University of Hong Kong in 2001 and her Doctorate degree in Civil and Commercial Law from The China University of Political Science and Law in 2006. Dr. Lau is admitted as solicitor in Hong Kong and England and Wales and has over 9 years of post-qualification legal experience. She is currently a partner of Reimer & Partners. Dr. Lau is the Honourable Treasurer of The University of Hong Kong SPACE Alumni Association, committee member of Youth Criminal Study Trust and legal adviser of a number of organizations and associations.

Mr. Lee Sze Wai (李思衛), aged 43, was appointed as an independent non-executive Director on 4 November 2010. He is also the chairman of the Audit Committee and a member of both the Remuneration Committee and Nomination Committee of the Company. Mr. Lee received his Bachelor of Commence degree from University of Wollongong majoring in Accountancy in Australia in 1992. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia, and has more than 19 years of experience in accounting and finance. Mr. Lee worked at Ernst & Young from 1992 to 2000 specializing in assurance and business advisory services and was the chief financial officer of various companies from 2000 to 2006. Since 2006 he has been the director of a CPA firm specializing in assurance and business advisory services. In October 2010, Mr. Lee joined Fornton Group Limited (Stock Code: 1152) as chief financial officer and company secretary and is responsible for finance management, taxation and compliance.

SENIOR MANAGEMENT

Mr. Leung Man Chun, Ivan (梁文俊), aged 49, our Chief Operating Officer, joined the Group in December 2011 and is responsible for the overall business operations of the Group. Prior to joining our Group, Mr. Leung worked for various foreign banks in different cities in China including Shanghai, Shenzhen, Guangzhou and Hong Kong for 27 years. Mr. Leung holds a Master's Degree of Business Administration from Murdoch University.

Ms. Kuo Kwan Belinda (郭群), aged 41, our Chief Financial Officer and Company Secretary of the Company, is responsible for the overall accounting and finance and company secretarial functions of the Group. Ms. Kuo joined the Group in December 2010. She holds a Bachelor's Degree in Commerce from the University of Melbourne. Prior to joining the Group, she worked for various listed companies in Hong Kong and an international accounting firm. She is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ding Lu (丁璐), aged 39, is a director of Shanghai Yintong and a member of its loan approval committee. Mr. Ding is responsible for the government related affairs, including coordination among various government authorities, and the assessment and approval of loans of Shanghai Yintong. Mr. Ding graduated from the Beijing University of Aeronautics and Astronautics (北京航空航天大學) with a major in management engineering in 1995. From 1995 to 2000, he worked as an assistant to chairman at the Shanghai International Art Centre Co., Ltd. (上海國際藝術中心有限公司) where he was mainly responsible for its daily operations. From 2001 to 2003, he was employed by Jinhan Investment as an assistant to director. Mr. Ding joined the Group in 2003 as a director of Shanghai Yintong and has since gained over 7 years of experience in the secured financing industry.

Corporate Governance Report

The Board of Directors (the "Board") hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2011.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provision set out in the CG Code. Key corporate governance principles and practices of the Company are summarized below.

A. THE BOARD

A.1 RESPONSIBILITIES AND DELEGATION

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. All directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the senior management, with a view to ensuring the Board procedures and all applicable laws and regulations are followed. Each director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

The Board has delegated a schedule of responsibilities to the Chief Executive Officer and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the foregoing officers and senior management.

A.2 BOARD COMPOSITION

The Board currently comprises the following directors:–

Executive directors:–

Mr. Shi Zhi Jun	*(Chairman of the Board)*
Mr. Ji Zu Guang	
Ms. Shen Li	*(Chief Executive Officer)*

Independent non-executive directors:–

Mr. Neo Poh Kiat	*(Chairperson of the Remuneration Committee and member of both the Audit Committee and Nomination Committee)*
Dr. Lau Reimer Mary Jean	*(Chairperson of the Nomination Committee and member of the Audit Committee and Remuneration Committee)*
Mr. Lee Sze Wai	*(Chairperson of the Audit Committee and member of both the Nomination Committee and Remuneration Committee)*

The list of all directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company. The biographical details of the directors of the Company are set out under the section headed "Biographical Details of Directors and Senior Management" in this annual report. None of the members of the Board is related to one another.

During the period from 1 January 2011 to 31 December 2011, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules. The Company has also adopted the recommended best practice under the CG Code for having at least one-third of its Board members being independent non-executive directors.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each executive director supervises areas of the Group's business in accordance with his/her expertise. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company has received a written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

A.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals.

The Chairman of the Board is Mr. Shi Zhi Jun, who provides leadership for the Board and ensures its effectiveness in all aspects. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer is Ms. Shen Li, who is in charge of the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

A.4 APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive directors of the Company is engaged on a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the independent non-executive directors for a term of one year.

In accordance with the Company's Articles of Association, one-third of the directors for the time being shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. All of the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to the aforesaid provisions of the Articles of Association, two directors of the Company shall retire at the forthcoming 2012 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company's circular, sent together with this annual report, contains detailed information of the retiring directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Company has established a Nomination Committee which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Details of the Nomination Committee and its work performed as set out in the "Board Committees" section below.

A.5 TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All directors of the Company received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for directors will be arranged where necessary.

A.6 BOARD MEETINGS

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board Meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman, the Chief Executive Officer and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 December 2011, the Board held four full Board meetings which were the regular ones held at approximately quarterly intervals. The attendance of each director is as follows:

	Number of meetings attended/ Eligible to attend
Mr. Shi Zhi Jun	4/4
Mr. Ji Zu Guang	4/4
Ms. Shen Li	4/4
Mr. Neo Poh Kiat	4/4
Dr. Lau Reimer Mary Jean	4/4
Mr. Lee Sze Wai	4/4

There were 17 additional Board meetings held and attended by certain executive directors for normal course of business during the year. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company Secretary and are available to all directors.

A.7 REQUIRED STANDARD OF DEALINGS

The Company has adopted its securities dealing code (the "Own Code") regarding directors' dealings in the Company's securities by the directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities) 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 "Required Standard of Dealings"). Specific enquiry has been made of the Company's directors and all of them have confirmed that they have complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the period from 1 January 2011 to 31 December 2011.

No incident of non-compliance of the Required Standard of Dealings and the Own Code by the directors and relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.1 EXECUTIVE COMMITTEE

The Executive Committee comprises all the executive directors of the Company with Mr. Shi Zhi Jun acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 REMUNERATION COMMITTEE

The Remuneration Committee comprises a total of three members, namely, Mr. Neo Poh Kiat (Chairperson), Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai, all of whom are independent non-executive directors of the Company.

The principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) make recommendations on the remuneration packages of executive directors and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Details of the remuneration of each director of the Company for the year ended 31 December 2011 are set out in note 13 to the financial statements contained in this annual report.

Up to the date of this annual report, the Remuneration Committee met once with the presence of Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai and performed the following major tasks:

– To review and make recommendation on the payment of a year-end bonus and special bonus to the employees of the Group; and

– To review and make recommendation on the current remuneration package of directors and senior management of the Group.

B.3 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 of the Company. The Chairman of the Audit Committee also possesses the appropriate accounting and financial management expertise as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors before submission to the Board; (ii) review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the financial year ended 31 December 2011 and up to the date of this annual report, the Audit Committee met four times with the presence of Mr. Lee Sze Wai, Mr. Neo Poh Kiat and Dr. Lau Reimer Mary Jean, of which one of the meetings was also with the presence of the external auditor and the senior management of the Company and performed the following major tasks:

– Review and discussion of the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the internal control system of the Group;

– Discussion and recommendation of the re-appointment of external auditor; and

– Review of the Company's continuing connected transactions for the year ended 31 December 2011 pursuant to the GEM Listing Rules.

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

B.4 NOMINATION COMMITTEE

Pursuant to the recommended best practice of the CG Code, the Company has established the Nomination Committee. The Nomination Committee comprises a total of three members, namely, Dr. Lau Reimer Mary Jean (Chairperson), Mr. Neo Poh Kiat and Mr. Lee Sze Wai, all of whom are independent non-executive directors of the Company.

The principal duties of the Nomination Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of independent non-executive directors.

Up to the date of this annual report, the Nomination Committee met once with the presence of Dr. Lau Reimer Mary Jean, Mr. Neo Poh Kiat and Mr. Lee Sze Wai and performed the following major tasks:

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing independent non-executive directors; and

– Recommendation on the re-appointment of retiring directors at the 2012 annual general meeting of the Company pursuant to the Articles of Association.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2011.

The Board is responsible for presenting a balanced, clear and understandable assessment of quarterly, interim and annual reports, price sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of the Company's shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2011. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 December 2011 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to SHINEWING (HK) CPA Limited, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2011 are analyzed below:–

Type of services provided by the external auditor	**Fees paid/payable**
Audit services	HK$1,000,000
Non-audit services (in relation to issue of RMB-denominated corporate bond)	HK$200,000
TOTAL:	HK$1,200,000

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.creditchina.hk" as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Units C&D, 17th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong or via email to "info@creditchina.hk" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

G. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Articles of Association.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the GEM website "www.hkgem.com" and the Company's website "www.creditchina.hk" after the relevant shareholders' meetings.

The Board of Directors is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group are provision of pawn loans, entrusted loan and financing consultancy services.

RESULTS, DIVIDENDS AND BONUS ISSUE

The Group's results for the year ended 31 December 2011 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 49 to 130.

The Board recommends payment of a final dividend of HK2.06 cents (or equivalent to RMB1.67 cents) per ordinary share of the Company for the financial year ended 31 December 2011 (2010: HK1.87 cents), and a bonus issue of shares on the basis of two new ordinary shares for every ten existing ordinary shares held to the shareholders of the Company whose names are on the register of members on Wednesday, 23 May 2012, subject to the approval by the Company's shareholders at the Annual General Meeting and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2011.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting is scheduled on 27 April 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 25 April 2012 to Friday, 27 April 2012 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 April 2012.

The proposed final dividend and the bonus issue of shares are subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend and the bonus issue of shares is Wednesday, 23 May 2012. For determining the entitlement to the proposed final dividend and the bonus issue of shares, the register of members of the Company will be closed from Monday, 21 May 2012 to Wednesday, 23 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the bonus issue of shares, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Friday, 18 May 2012. The payment of final dividend and the share certificates for the bonus shares will be made and despatched on or about Wednesday, 30 May 2012.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past three years is set out in the financial summary on page 131 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statement.

RESERVE

Details of movements in the reserves of the Company and the Group during the year are set out in note 36(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2011, the Company's reserves available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately RMB219.9 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue	
– The largest customer	14.4%
– The total of five largest customers	47.7%

As far as the Directors aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors:
Mr. Shi Zhi Jun
Mr. Ji Zu Guang
Ms. Shen Li

Independent Non-executive Directors
Mr. Neo Poh Kiat
Dr. Lau Reimer Mary Jean
Mr. Lee Sze Wai

In accordance with Article 83(3) of the Company's Article of Association, Mr. Ji Zu Guang and Ms. Shen Li shall retire from office and being eligible, offer themselves for re-election, at the forthcoming annual general meeting of the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical information of the Directors and senior management of the Group are set out on pages 14 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the executive Director not being re-elected as a Director or being removed by shareholders at general meeting of the Company in accordance with the Articles of Association of the Company.

Each of the independent non-executive Directors ("INEDs") was appointed for a fixed term of one year and shall be subject to retirement, re-election and removal in accordance with the Articles of Association of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in notes 13 and 14 to the consolidated financial statements, respectively.

COMPETING INTEREST

Shanghai Xinhua Publishing Group Limited, 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 year, as the interest income derived therefrom could allow them to have a 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 our Group's business.

In addition, the controlling shareholder of the Company had made an annual declaration on compliance with the non-competition undertaking in favour of the Company. The INEDs have reviewed and confirmed the compliance and enforcement of the non-competition undertaking of the controlling shareholder of the Company.

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

As at 31 December 2011, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in shares of the Company

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Interest in a controlled corporation	595,000,000 (L)[(2)]	34.00%

Notes:

(1) The letter "L" denotes the entity/person's long position in the securities.

(2) These shares were held by Kaiser Capital Holdings Limited ("Kaiser Capital") the entire issued share capital of which was owned by Mr. Shi Zhi Jun.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2011.*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION 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	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 31 December 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 POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(iii) Interests in the associated corporation – Shanghai Yintong

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

Notes:

(1) The letter "L" denotes the entity/person's long position in the securities.

(2) These equity interests were held by Shanghai Jinhan Investment Development Limited, the entire equity interests of which were owned by Mr. Shi Zhi Jun.

* *The percentage represents the amount of equity interests interested divided by Shanghai Yintong's equity interests as at 31 December 2011.*

Save as disclosed above, as at 31 December 2011, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2011, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Interests in shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Kaiser Capital	Beneficial owner	595,000,000 (L)[(2)]	34.00%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	490,972,000 (L)[(3)]	28.06%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	490,972,000 (L)[(3)]	28.06%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	490,972,000 (L)[(3)]	28.06%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	490,972,000 (L)[(3)]	28.06%
Mr. Yam Tak Cheung	Interest in a controlled corporation	79,328,000 (L)[(4)]	4.53%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	79,328,000 (L)[(4)]	4.53%

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".

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

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

Notes: (continued)

(3) These shares were held by Jiefang Media. Jiefang Media is wholly-owned by Xinhua Publishing, which is in turn owned by Jiefang Group and its associates as to approximately 50.8% and Greenland Group as to approximately 39%. Therefore, under the SFO, Xinhua Publishing is deemed to be interested in all the shares held by Jiefang Media, and each of Jiefang Group and Greenland Group is deemed to be interested in all the shares held by Jiefang Media through Xinhua Publishing.

(4) These shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam Tak Cheung.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2011.*

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

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

Notes:

(1) The letter "L" denotes the entity/person's long position in the securities.

(2) These underlying shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam Tak Cheung.

* *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2011.*

Save as disclosed above, as at 31 December 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 year ended 31 December 2011 were as follows:

				Number of share options			
Category	Date of grant	Exercise period	Exercise price per share	As at 1 January 2011	Granted during the year	Exercised/ Cancelled/ Lapsed during the year	As at 31 December 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

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 year	Exercised/ Cancelled/ Lapsed during the year	As at 31 December 2011
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK$0.3125	5,600,000	–	–	5,600,000
	4 November 2010	4 November 2011 to 18 November 2015	HK$0.3125	5,600,000	–	–	5,600,000
	4 November 2010	4 May 2012 to 18 November 2015	HK$0.3125	4,800,000	–	–	4,800,000
				16,000,000	–	–	16,000,000
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
				16,000,000	–	–	16,000,000
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
				16,000,000	–	–	16,000,000
Total				**64,000,000**	**–**	**–**	**64,000,000**

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 year ended 31 December 2011 were as follows:

				Number of share options			
Category	Date of grant	Exercise period	Exercise price per share	As at 1 January 2011	Granted during the year	Exercised/ Cancelled/ Forfeited during the year	As at 31 December 2011
Director							
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK$1.206	–	500,000[2]	–	500,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK$1.206	–	500,000[2]	–	500,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK$1.206	–	500,000[2]	–	500,000
				–	1,500,000	–	1,500,000
Employee	4 April 2011	4 January 2012 to 3 April 2016	HK$1.206	–	3,960,000[2]	(1,390,000)	2,570,000
				–	3,960,000	(1,390,000)	2,570,000

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 year	Exercised/ Cancelled/ Forfeited during the year	As at 31 December 2011
Consultant	4 April 2011	4 October 2011 to 3 April 2016	HK$1.206	–	8,300,000[2]	(8,300,000)	–
	4 April 2011	4 January 2012 to 3 April 2016	HK$1.206	–	49,800,000[2]	(16,600,000)	33,200,000
	4 April 2011	4 April 2012 to 3 April 2016	HK$1.206	–	8,300,000[2]	(8,300,000)	–
	27 September 2011	27 September 2011 to 26 September 2016	HK$0.567	–	17,500,000[3]	–	17,500,000
	27 September 2011	27 March 2012 to 26 September 2016	HK$0.567	–	35,000,000[3]	–	35,000,000
				–	118,900,000	(33,200,000)	85,700,000
Total				**–**	**124,360,000**	**(34,590,000)**	**89,770,000**

Notes:

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

(2) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$1.21.

(3) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$0.485.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year, the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the year was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year, the Group had the following continuing connected transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

1. **Structure Contracts**

   Shanghai Yintong has entered into the Structure Contracts with Lucky Consultants and its equity holders, namely, Jinhan Investment and Xinrong Asset, pursuant to which all the business activities of Shanghai Yintong are managed by Lucky Consultants and all economic benefits and risks arising from the business of Shanghai Yintong are transferred to Lucky Consultants.

   Jinhan Investment was wholly beneficially owned by Mr. Shi Zhi Jun (the controlling shareholder of the Company) and Xinrong Asset was wholly-owned by Xinhua Publishing (a substantial shareholder of the Company). As Jinhan Investment and Xinrong Asset are connected persons of the Company within the meaning of the GEM Listing Rules, the transactions contemplated under the Structure Contracts are continuing connected transactions of the Company under the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

1. Structure Contracts (continued)

The following is a summary of the principal terms of the Structure Contracts:

(1) Management Agreement

On 25 February 2010, Jinhan Investment, Xinrong Asset, Shanghai Yintong and Lucky Consultants entered into the Management Agreement, pursuant to which Lucky Consultants agreed to manage and operate the secured financing business of Shanghai Yintong. Under the Management Agreement, Lucky Consultants is responsible for the management and operation of Shanghai Yintong.

Under the Management Agreement, Lucky Consultants shall assume all economic benefits and risks arising from the business of Shanghai Yintong. The revenue of Shanghai Yintong, after deducting all relevant costs and expenses (including taxes) shall be paid to Lucky Consultants after the accounts of Shanghai Yintong have been audited.

The term of the Management Agreement is 10 years commencing on 25 February 2010, and renewable at the request of Lucky Consultants.

(2) Pledge Agreement

On 25 February 2010, Jinhan Investment, Xinrong Asset, Shanghai Yintong and Lucky Consultants entered into the Pledge Agreement, pursuant to which Jinhan Investment and Xinrong Asset granted to Lucky Consultants a continuing first priority security interest over their respective equity interests in the registered capital of Shanghai Yintong (the "Pledged Securities"). The Pledged Securities represent the entire equity interests in the registered capital of Shanghai Yintong, and the entering into of the Pledge Agreement secures due performance of the contractual obligations by Jinhan Investment, Xinrong Asset and Shanghai Yintong under the Structure Contracts.

The Pledge Agreement is for a term commencing on 25 February 2010 and ending on the date of termination of the Management Agreement.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

2. Cooperation Framework Agreement

Shanghai Yintong and Xinrong Asset have entered into the Cooperation Framework Agreement, pursuant to which each of Shanghai Yintong, as lender of pawn loans, and other members of the Group, as lenders of entrusted loans (the "Relevant Lender") may, at its sole discretion upon it agreeing to grant a loan of not less than RMB5 million to a customer, request Xinrong Asset to pay an amount equal to or less than the principal amount of the loan to be advanced to the customer as deposit (the "Deposit"). Payment of the Deposit entitles Xinrong Asset a priority right to purchase all or part of the relevant creditor's rights over collateral pledged or mortgaged to the Relevant Lender (the "Forfeited Collateral") if the customer is in default of repayment of the loan. The term of the Cooperation Framework Agreement is three years commencing from 1 January 2010 to 31 December 2012.

Xinrong Asset was wholly-owned by Xinhua Publishing and a connected person of the Company within the meaning of the GEM Listing Rules. Any sale and purchase of the creditor's rights over the Forfeited Collateral under the Cooperation Framework Agreement constitutes continuing connected transactions for the Company under the GEM Listing Rules.

The interest incurred by the Group to Xinrong Asset during the year ended 31 December 2011 in respect of the Deposit paid amounted to approximately RMB630,000.

For the year ended 31 December 2011, the Group disposed creditor's right over Forfeited Collateral in respect of 2 entrusted loans, at consideration of approximately RMB86,879,000.

The INEDs have reviewed the above continuing connected transactions and confirmed that:

i) in respect of the Structure Contracts, a) the transactions carried out during the year ended 31 December 2011 have been entered into in accordance with the relevant provisions of the Structure Contracts and have been operated so that all revenue generated by Shanghai Yintong has been retained as management and operation fee by Lucky Consultants; b) no dividends or other distributions have been made by Shanghai Yintong to its equity interest holders; and c) any new contracts or renewed contracts have been entered into on the same terms as the existing Structure Contracts and are fair and reasonable so far as the Group is concerned and in the interest of the Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

ii) in respect of the Cooperation Framework Agreement, the transactions carried out during the year ended 31 December 2011 have been entered into a) in the ordinary and usual course of business of the Group; b) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The INEDs have further confirmed that the values of continuing connected transactions entered into between the Group and its connected persons which are subject to annual caps had not exceeded their respective amounts as stated in the Prospectus.

With respect to the Structure Contracts, the INEDs do not have any present intention to exercise the option to acquire any or all of the equity interests in and/or assets of Shanghai Yintong from Jinhan Investment and/or Xinrong Asset.

The auditor of the Company have performed procedures on the continuing connected transactions and issued a letter to the Board to confirm that:

i) the disclosed continuing connected transactions have been approved by the Company's board of directors;

ii) for transactions involving the provisions of goods or services by the Group, they have not found that the transactions were not in accordance with the pricing policies of the Company;

iii) they have not found that the transactions were not entered into in accordance with the relevant agreements governing such transactions; and

iv) with respect to the aggregate amount of each of the continuing connected transactions, they have not found that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed under "Non-exempt Continuing Connected Transactions", details of the related party transactions entered into by the Group are set out in note 34 to the consolidated financial statements which do not constitute notifiable connected transactions under the GEM Listing Rules.

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 year.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

INTEREST OF COMPLIANCE ADVISER

As notified by China Everbright Capital Limited ("China Everbright"), the Company's compliance adviser, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2011.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out on pages 17 to 27 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2011 have been audited by SHINEWING (HK) CPA Limited, who will retire and a resolution to re-appoint SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Shi Zhi Jun
Chairman

Hong Kong, 5 March 2012

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CREDIT CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Credit China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 130, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
5 March 2012

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Turnover	7	**258,701**	115,169
Interest income	7	**116,706**	45,383
Interest expenses	10	**(5,194)**	(3,641)
Net interest income		**111,512**	41,742
Financial consultancy fee income	7	**141,995**	69,786
		253,507	111,528
Other income	9	**6,241**	2,563
Gain on disposal of subsidiaries	33	**12,823**	–
Administrative and other operating expenses		**(54,606)**	(31,178)
Change in fair value of derivative and embedded derivative components of convertible bonds and exchangeable bond		**(364)**	–
Share-based payment expenses		**(18,913)**	(4,820)
Profit before tax	11	**198,688**	78,093
Income tax	12	**(53,417)**	(25,799)
Profit for the year		**145,271**	52,294
Other comprehensive (expense) income for the year:			
Exchange differences on translating foreign operations		**(1,110)**	290
Total comprehensive income for the year		**144,161**	52,584

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Profit for the year attributable to:			
Owners of the Company		**142,833**	52,294
Non-controlling interests		**2,438**	–
		145,271	52,294
Total comprehensive income for the year attributable to:			
Owners of the Company		**141,871**	52,584
Non-controlling interests		**2,290**	–
		144,161	52,584
		RMB	RMB
Earnings per share	16		
Basic		**8.35 cents**	4.18 cents
Diluted		**8.05 cents**	4.15 cents

Consolidated Statement of Financial Position

As At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Plant and equipment	17	**5,562**	875
Available-for-sale investments	18	**31,683**	–
Derivative embedded in convertible bonds	18	**2,805**	–
Interests in jointly-controlled entities	19	**846**	–
		40,896	875
Current assets			
Other assets	20	**82**	139
Loan receivables	21	**561,067**	303,845
Prepayments and other receivables	21	**1,815**	3,694
Amounts due from jointly-controlled entities	19	**43,758**	–
Early redemption option of an exchangeable bond	27	**38**	–
Promissory notes	33	**28,333**	–
Property held for sale	22	**–**	2,996
Bank balances and cash	23	**348,620**	303,828
		983,713	614,502
Current liabilities			
Accruals and other payables	24	**17,094**	11,632
Deposits received	25	**130,121**	193,500
Amounts due to non-controlling shareholders	26	**28,739**	–
Exchangeable bond	27	**48,654**	–
Corporate bonds	29	**98,622**	–
Income tax payables		**41,055**	17,993
		364,285	223,125
Net current assets		**619,428**	391,377
Total assets less current liabilities		**660,324**	392,252
Non-current liability			
Deferred tax liabilities	28	**2,804**	1,511
Net assets		**657,520**	390,741

Consolidated Statement of Financial Position

As At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Capital and reserves			
Share capital	30	**149,870**	142,363
Reserves		**503,887**	248,378
Equity attributable to owners of the Company		**653,757**	390,741
Non-controlling interests		**3,763**	–
Total equity		**657,520**	390,741

The consolidated financial statements on pages 49 to 130 were approved and authorised for issue by the board of directors on 5 March 2012 and are signed on its behalf by:

Mr. Shi Zhi Jun *Director*	**Ms. Shen Li** *Director*

Consolidated Statement of Changes In Equity

For The Year Ended 31 December 2011

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 *(Note (a))*	Statutory reserve RMB'000 *(Note (b))*	(Accumulated losses)/ retained profits RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Capital reserve RMB'000	Special reserve RMB'000 *(Note (c))*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	40,000	–	1,610	(4,688)	1,438	–	(8,861)	–	29,499	–	29,499
Profit for the year	–	–	–	52,294	–	–	–	–	52,294	–	52,294
Other comprehensive income – exchange differences on translation foreign operations	–	–	–	–	290	–	–	–	290	–	290
Total comprehensive income for the year	–	–	–	52,294	290	–	–	–	52,584	–	52,584
Arising on the Reorganisation	(40,000)	–	–	–	–	–	–	40,000	–	–	–
Recognition of equity-settled share based payments	–	–	–	–	–	4,820	–	–	4,820	–	4,820
Issue of subscribed shares to a new shareholder, net of share issue expenses *(Note 30(e))*	–	22,762	–	–	–	–	–	–	22,762	–	22,762
Capitalisation issue *(Note 30(f))*	102,936	(102,936)	–	–	–	–	–	–	–	–	–
Issue of shares by placing *(Note 30(g))*	34,272	210,074	–	–	–	–	–	–	244,346	–	244,346
Issue of shares under the over-allotment option related to the placing *(Note 30(h))*	5,155	31,575	–	–	–	–	–	–	36,730	–	36,730
Appropriation to statutory reserve funds	–	–	6,884	(6,884)	–	–	–	–	–	–	–
At 31 December 2010	142,363	161,475	8,494	40,722	1,728	4,820	(8,861)	40,000	390,741	–	390,741
At 1 January 2011	**142,363**	**161,475**	**8,494**	**40,722**	**1,728**	**4,820**	**(8,861)**	**40,000**	**390,741**	**–**	**390,741**
Profit for the year	**–**	**–**	**–**	**142,833**	**–**	**–**	**–**	**–**	**142,833**	**2,438**	**145,271**
Other comprehensive income – exchange differences on translation foreign operations	**–**	**–**	**–**	**–**	**(962)**	**–**	**–**	**–**	**(962)**	**(148)**	**(1,110)**
Total comprehensive income (expenses) for the year	**–**	**–**	**–**	**142,833**	**(962)**	**–**	**–**	**–**	**141,871**	**2,290**	**144,161**
Capital contribution by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,473**	**1,473**
Issue of shares by placing *(Note 30(i))*	**7,507**	**120,953**	**–**	**–**	**–**	**–**	**–**	**–**	**128,460**	**–**	**128,460**
Dividend recognised as distribution	**–**	**(26,228)**	**–**	**–**	**–**	**–**	**–**	**–**	**(26,228)**	**–**	**(26,228)**
Equity-settled share based transaction											
Recognition of equity-settled share based payments	**–**	**–**	**–**	**–**	**–**	**18,913**	**–**	**–**	**18,913**	**–**	**18,913**
At 31 December 2011	**149,870**	**256,200**	**8,494**	**183,555**	**766**	**23,733**	**(8,861)**	**40,000**	**653,757**	**3,763**	**657,520**

(a) Share premium

Under the Companies Law of the Cayman Islands (2009 Revision), the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay debts as they fall due in the ordinary course of business. During the year ended 31 December 2011, dividends were funded out of its share premium.

(b) Statutory reserve

In accordance with the relevant regulations applicable in the People's Republic of China (the "PRC"), companies established in the PRC are required to transfer at least 10% of their statutory annual profits after tax in accordance with the relevant statutory rules and regulations applicable to enterprises in the PRC to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses of the respective PRC companies. The amount of the transfer is subject to the approval of the board of directors of the respective PRC companies.

(c) Special reserve

The amount represents the difference between the aggregate amount of paid-in capital of Ever Step Holdings Limited ("Ever Step") and 上海銀通典當有限公司 ("Shanghai Yintong") and the amount of share capital of the Company issued to Kaiser Capital Holdings Limited ("Kaiser Capital") and Jiefang Media (UK) Co. Limited ("Jiefang Media"), which are 100% owned by the controlling shareholders, in 2010 in exchange for the entire equity interests in the above companies as part of the reorganisation as further details in note 1 to the consolidated financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2011

	2011 RMB'000	2010 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**198,688**	78,093
Adjustments for:		
Depreciation	**1,344**	408
Interest expenses	**5,194**	3,641
Interest income	**(1,400)**	(284)
Reversal of impairment loss on loan receivables previously recognised	**(273)**	–
Gain on disposal of property held for sale	**(42)**	–
Gain on disposal of subsidiaries	**(12,823)**	–
Share-based payment expense	**18,913**	4,820
Change in fair value of derivative and embedded derivative components of convertible bonds and exchangeable bond	**364**	–
Loss on disposal of/written off of plant and equipment	**36**	26
Operating cash inflows before movements in working capital	**210,001**	86,704
Decrease (increase) in other assets	**57**	(1)
Increase in loan receivables	**(352,515)**	(172,152)
Decrease (increase) in prepayments and other receivables	**1,810**	(792)
Increase (decrease) in accruals and other payables	**15,598**	(351)
(Decrease) increase in deposits received	**(63,379)**	116,500
Cash (used in) generated from operations	**(188,428)**	29,908
Income tax paid	**(26,708)**	(11,104)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(215,136)**	18,804

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(13,501)**	(700)
Net cash outflow from disposal of subsidiaries	33	**(4,476)**	–
Net proceed from disposal of property held for sale		**3,038**	–
Bank interest income received		**1,381**	284
NET CASH USED IN INVESTING ACTIVITIES		**(13,558)**	(416)
FINANCING ACTIVITIES			
Proceeds from issue of shares by placing		**128,460**	244,346
Proceeds from issuance of corporate bonds		**100,000**	–
Proceeds from issuance of exchangeable bonds		**47,882**	–
Advance from non-controlling shareholders		**28,739**	–
Capital injection from non-controlling shareholders		**1,473**	–
Dividends paid		**(26,228)**	–
Transaction costs directly attributable to the issuance of corporate bonds		**(5,170)**	–
Interest paid		**(630)**	(3,641)
Proceeds from issue of shares under the over-allotment option related to the placing		**–**	36,730
Proceeds from issue of shares, net of share issue expenses		**–**	22,762
Repayment of borrowings		**–**	(40,000)
Repayment to a controlling shareholder		**–**	(18,546)
NET CASH FROM FINANCING ACTIVITIES		**274,526**	241,651
NET INCREASE IN CASH AND CASH EQUIVALENTS		**45,832**	260,039
Effect of foreign exchange rate changes		**(1,040)**	290
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**303,828**	43,499
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**348,620**	303,828

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

Pursuant to a group reorganisation and structure contracts (the "Reorganisation") entered into by the Company, Shanghai Yintong and its subsidiaries (collectively referred to as the "Group") which was completed on 25 February 2010 to rationalise the Group's structure in preparation for the listing (as defined in the prospectus of the Company dated 15 November 2010 (the "Prospectus")) of the Company's shares on the Growth Enterprises Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries now comprising the Group and the pawn loans business of Shanghai Yintong had been transferred to the companies now comprising the Group. Details of the Reorganisation are set out in the Prospectus. The Company's shares have been listed on the GEM of the Stock Exchange since 19 November 2010.

Since all entities which took part in the Reorganisation were under common control of a group of ultimate equity shareholders, the Group is regarded as a continuing entity resulting from the reorganisation of entities under common control. These financial statements have been prepared on the basis that the current group structure had been in existence at the beginning of the earliest year presented. Accordingly, the consolidated results of the Group for the year ended 31 December 2010 include the results of the Company and its subsidiaries with effect from 1 January 2010 or, if later, since their respective dates of incorporation, as if the current group structure had been in existence throughout the year presented. All material intra-group transactions and balances have been eliminated on consolidation.

The Company's principal activity during the year was investment holding. The principal activities of the subsidiaries are set out in note 36(a).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standards ("HKAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and 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]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the group's disclosure regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the application of the new standard will have no significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these fives standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the invests to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joints arrangements: jointly-controlled entities, jointly-controlled assets and jointly-controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly-controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in HKRFS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries disposed of during the year are included in the consolidated statements of comprehensive income up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in the Group's ownership interests in existing subsidiaries

When the Group loses control of subsidiaries, it (i) derecognises the assets and liabilities of the subsidiaries at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiaries at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in jointly-controlled entities.

Business combinations under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholders.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint ventures (continued)

Jointly-controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly-controlled entities.

The results and assets and liabilities of jointly-controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly-controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly-controlled entities. When the Group's share of losses of a jointly-controlled entity equals or exceeds its interest in that jointly-controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly-controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly-controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly-controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly-controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly-controlled entity, profits and losses resulting from the transactions with the jointly-controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly-controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Repossessed assets

Repossessed assets are initially recognised at the lower of their fair value less costs to sell and the amortised cost of the related outstanding loans on the date of repossession, and the related loans and advances together with the related impairment allowances are derecognised from the statement of financial position. Subsequently, repossessed assets are measured at the lower of their cost and fair values less costs to sell and are reported as "Other assets".

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL including financial assets designated as at FVTPL on initial recognition.

A financial asset may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other gains and losses line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 18.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, other receivables, promissory notes and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group has designated the debt element of an investment in convertible bonds as an available-for-sale investment.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form as integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities, including accruals and other payables, deposits received, amounts due to non-controlling shareholders, exchangeable bond and corporate bonds, are subsequently measured at the amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Exchangeable bond contains liability component, conversion option derivative and early redemption option derivatives

Exchangeable bond issued by the Group that contains liability, embedded derivatives (conversion option and early redemption options which are not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of an entity's own equity instruments is a conversion option derivative. At the date of issue, both the liability component and embedded derivatives are measured at fair value.

In subsequent periods, the liability component of the exchangeable bond is carried at amortised cost using the effective interest method. The embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the exchangeable bond are allocated to the liability and embedded derivatives in proportion to their relative fair values. Transaction costs relating to the embedded derivatives are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the exchangeable bonds using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties held for sale

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the properties are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Properties held for sale are measured at the lower of cost and fair value less costs to sell.

Retirement benefit costs

Payments to the PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and the Mandatory Provident Fund Scheme in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probably that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business net of sale related taxes.

Financing consultancy service fee income is recognised when the services are provided (for example, financial advisory and service fees).

Rental income is recognised in accordance with the Group's accounting policy for operating leases (see the accounting policy below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income, including administrative fee income, from financing service and a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from financing service and a financial asset (including the interest-bearing convertible bonds designated as an available-for-sale investment) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into presentation currency of the Group (i.e. Renminbi) at the rate of exchange prevailing at the end of the reporting period, and their income and expense are translated at the average rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (under the heading of exchange reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over subsidiaries that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are cancelled and forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses on loan receivables

The provisioning policy for impairment of loan receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgements. A considerable amount of judgement is required in assessing the ultimate realisation of loan receivables from these customers, if applicable, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required. No impairment loss had been provided for the year ended 31 December 2011 (2010: nil).

Loan receivables mainly include financing advances provided to customers which are secured by real estate and other collaterals. Apart from assessing the financial positions of customers, the management further reviews value of the pledged real estate by reference to recent market transactions in comparable properties. If the market value of secured real estate is deteriorated and is below the carrying amount of the corresponding financing advances, provision on impairment may be required.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value of embedded conversion option and early redemption option of an exchangeable bond

The directors of the Company use their judgment in selecting an appropriate valuation technique to determine fair value of the embedded conversion option and early redemption option of the exchangeable bond which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of these derivative financial instruments are reassessed at the end of each reporting period with movement to the consolidated statement of comprehensive income. In estimating the fair values of these derivative financial instruments, the Group uses independent valuations which are based on various inputs and estimates with reference to quoted market rates and adjusted for specific features of the instrument. If the inputs and estimates applied in the model are different, the carrying amounts of these derivative financial instruments will change. The carrying value of the embedded conversion option and early redemption option of the exchangeable bond at 31 December 2011 were nil and RMB38,000 respectively. Details of the assumptions used are disclosed in note 27.

Share-based payment expenses

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payment reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, net debt is defined as all borrowings, less bank balance and cash and capital comprises all components of equity.

	2011 **RMB'000**	2010 RMB'000
Borrowing	**147,276**	–
Less: Bank balances and cash	**(348,620)**	(303,828)
Net debt	**N/A**	N/A
Equity attributable to owners of the Company	**653,757**	390,741
Net debt-to-capital ratio	**N/A**	N/A

The directors of the Company review the capital structure regularly. As part of the review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the raising of new debts, the repayment of existing debts, payment of dividend and issuance of new shares. The Group's overall strategy remains unchanged from prior year.

6. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2011 RMB'000	2010 RMB'000
Financial assets		
Financial assets at fair value through profit or loss	**2,843**	–
Available-for sale financial assets	**31,683**	–
Loans and receivables (including bank balances and cash)	**982,701**	610,973
	1,017,227	610,973
Financial liabilities		
At amortised costs	**314,094**	200,910

The Group's major financial instruments include available-for-sale financial assets, derivative embedded in convertible bonds, loan receivables, other receivables, early redemption option of an exchangeable bond, promissory notes, bank balances and cash, accruals and other payables, deposits received, amounts due to non-controlling shareholders, liabilities component of exchangeable bond and corporate bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (including interest risk and foreign currency risk). The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

b) Credit risk

The Group's credit risk is primarily attributable to loan receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.

In respect of loan receivables, representing financing advances to customers under the Group's pawn loans business and entrusted loan business, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

6. FINANCIAL INSTRUMENTS (continued)

b) Credit risk (continued)

90% (31 December 2010: 99%) of all financing advances given out as at 31 December 2011 are backed by real estate situated in Shanghai, the PRC, as security. The Group also focuses on identifying legal ownership and the valuation of the real estate collaterals. An advance given out is based on the value of collaterals and is in general approximately 30% – 50% (2010: 40% – 60%) of the estimated value of the collaterals. The Group closely monitors the ownership and value of the collaterals throughout the loan period. Advances to customers are due by the date as specified in the corresponding loan agreement.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. 14% (31 December 2010: 18%) of the total loan receivables as at 31 December 2011 was due from the Group's largest customer and 50% (31 December 2010: 68%) of the total loan receivables as at 31 December 2011 was due from the Group's five largest customers for the Group's pawn loans business and entrusted loan business.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, including Hong Kong, which accounted for 100% (31 December 2010: 100%) of the total loan receivables as at 31 December 2011.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk without taking account of the collateral held is represented by the carrying amount of loan receivables as at the end of the reporting period. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan receivables is set out in note 21.

6. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and other source of funding and considers the risk is minimal.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial instruments, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group will be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk tables

	Weighted average interest rate %	On demand or within one year RMB'000	More than one year but not exceeding two years RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2011					
Accruals and other payables	–	7,958	–	7,958	7,958
Deposit received	0.29% – 0.4%	130,641	–	130,641	130,121
Amounts due to non-controlling interests	–	28,739	–	28,739	28,739
Exchangeable bond	12%	52,909	–	52,909	48,654
Corporate bonds	9%	115,000	–	115,000	98,622
		335,247	–	335,247	314,094

6. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk (continued)

Liquidity risk tables (continued)

	Weighted average interest rate %	On demand or within one year RMB'000	More than one year but not exceeding two years RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2010					
Accruals and other payables	–	7,410	–	7,410	7,410
Deposits received	0.29%	193,776	–	193,776	193,500
		201,186	–	201,186	200,910

d) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its loan receivables, bank balances, deposits received and liabilities portion arising from exchangeable bond and corporate bonds. Bank balances and deposits received at variable rates expose the Group to cash flow interest-rate risk, while loan receivable, liabilities portion arising from exchangeable bond and corporate bonds at fixed rates expose the Group to fair value interest-rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS (continued)

d) Interest rate risk (continued)

The Group's loan receivables, bank balances, deposits received, liabilities portion arising from exchangeable bond and corporate bonds at and interest rates as at 31 December 2011 and 2010 are set as below:

	Interest rate	2011 RMB'000	2010 RMB'000
Fixed rate loan receivables	3.00% – 5.00% per month	**561,067**	303,845
Fixed rate exchangeable bond	12% p.a.	**48,654**	–
Fixed rate corporate bonds	9.00% p.a.	**98,622**	–
Variable rate bank balances	0.01% – 0.50% p.a.	**348,620**	303,828
Variable rate deposits received	0.29% – 0.40 % p.a.	**130,121**	193,500

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate bank balances and deposits received, the analysis is prepared assuming the bank balances were netted to borrowings at the end of each reporting period and net balance was outstanding for the whole year. The basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

50 basis points have been used for variable rate bank balances and variable rate deposits received.

For variable rate bank balances, if the interest rates had been 50 basis points (2010: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax and retained profits would increase/decrease by approximately RMB1,274,000 (2010: RMB1,017,000).

6. FINANCIAL INSTRUMENTS (continued)

d) Interest rate risk (continued)

For variable rate deposits received, if the interest rates had been 50 basis points (2010: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax and retained profits would decrease/increase by approximately RMB476,000 as of 31 December 2011 (2010: RMB648,000).

This sensitivity analysis has been determined assuming that the change in interest rates had occurred at 31 December 2011 and 2010 and had been applied to the exposure to interest risk for financial investments in existence at those dates. The analysis has been performed on the same basis throughout the two years ended 31 December 2011 and 2010.

e) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Available-for-sale financial assets and their derivative portions are denominated in Hong Kong dollars ("HK$") and certain bank balances are denominated in HK$ and United Stated dollars ("US$"), which are currencies other than the functional currency of the relevant group entities.

The following table shows the Group's exposure at the end of the reporting period to currency risk arising from transactions or recognised assets denominated in a currency other than the functional currency of the entity to which they relate.

	Liabilities		**Assets**	
	2011 RMB'000	2010 RMB'000	**2011 RMB'000**	2010 RMB'000
HK$	**–**	–	**70,424**	282,219
US$	**48,654**	–	**189,221**	–

6. FINANCIAL INSTRUMENTS (continued)

e) Foreign currency risk (continued)

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

If a 5% (2010: 0.5%) increase/decrease in HK$ against the RMB and all other variables were held constant, the Group's profit after tax for the year would increase/decrease by approximately RMB2,575,000 (2010: RMB945,000). As a result of the volatile financial market in 2011, the management adjusted the sensitivity rate from 0.5% to 5% for the purpose of assessing foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is HK$ other than the functional currency.

If a 5% increase/decrease in US$ against the RMB and all other variables were held constant, the Group's profit after tax for the year would increase/decrease by approximately RMB5,139,000 (2010: nil). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is US$ other than the functional currency.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values due to their short-term maturities.

6. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2011, the debt component of the convertible bonds, derivative embedded in convertible bonds and early redemption option of an exchangeable bond were financial instruments that are measured subsequent to initial recognition at fair value under Level 3. As at 31 December 2010, there were no financial instruments classified as Level 3 financial instruments.

Reconciliation of Level 3 fair value measurements of financial assets

	Early redemption option of an exchangeable bond RMB'000	**Debt component of the convertible bonds** RMB'000	**Derivative embedded in convertible bonds** RMB'000
At 1 January 2011	–	–	–
Issued during the year	38	31,664	3,207
Interest income	–	19	–
Decrease in fair value			
– in profit or loss	–	–	(402)
At 31 December 2011	38	31,683	2,805

There were no transfer into or out of Level 3 during the reporting period.

7. TURNOVER

The principal activities of the Group are provision of pawn loans services, entrusted loan services, financing consultancy services and finance lease services.

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

	2011 **RMB'000**	2010 RMB'000
Interest income		
Real estate pawn loan service income		
– Administration fee income	**16,479**	7,650
– Interest income	**2,719**	1,337
Other collateral-backed pawn loan service income		
– Administration fee income	**2,320**	–
– Interest income	**360**	–
Entrusted loan service income		
– Administration fee income	**–**	6,728
– Interest income	**67,499**	29,518
Personal property pawn loan service income		
– Administration fee income	**314**	137
– Interest income	**12**	13
Other collateral-backed loan service income		
– Interest income	**15,596**	–
Finance lease service income		
– Administration fee income	**6,241**	–
– Interest income	**5,166**	–
	116,706	45,383
Financial consultancy service income	**141,995**	69,786
Turnover	**258,701**	115,169

8. 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 maker, which 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.

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**228,486**	115,169	**2,007**	643
Hong Kong	**30,215**	–	**4,401**	232
	258,701	115,169	**6,408**	875

Details of the customers accounting for 10% or more of aggregate revenue of the Group during the year are as follows:

	2011	2010
	RMB'000	RMB'000
Customer A	**37,379**	19,693
Customer B	**34,534**	*
Customer C	**25,900**	*

* *Less than 10%*

9. OTHER INCOME

	2011 RMB'000	2010 RMB'000
Government grants *(Note)*	**2,800**	630
Sub-leased rental income	**1,575**	1,594
Net gain on disposal of other assets	**55**	55
Gain on disposal of property held for sale	**42**	–
Bank interest income	**1,381**	284
Interest income on convertible bonds	**19**	–
Reversal of impairment loss on loan receivables previously recognised	**273**	–
Others	**96**	–
	6,241	2,563

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

10. INTEREST EXPENSES

	2011 RMB'000	2010 RMB'000
Interest on exchangeable bond	**772**	–
Interest on borrowings wholly repayable within five years	**–**	3,429
Interest on corporate bonds	**3,792**	–
Interest on deposits received	**630**	212
	5,194	3,641

11. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2011 RMB'000	2010 RMB'000
(a) Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**15,602**	9,127
Contribution to defined contribution retirement benefits scheme *(Note 32)*	**516**	258
Share-based payment expenses	**17,979**	4,820
	34,097	14,205
(b) Other items		
Auditors' remuneration	**886**	1,689
Depreciation	**1,344**	408
Exchange loss	**6,292**	2,890
Operating lease charges in respect of properties	**4,318**	3,142
Disposal of/written off of plant and equipment	**36**	26

12. INCOME TAX

(a) Taxation in the consolidated statement of comprehensive income represented:

	2011 **RMB'000**	2010 RMB'000
Current tax:		
Provision for PRC income tax	**48,957**	24,288
Provision for Hong Kong Profits Tax	**3,167**	–
	52,124	24,288
Deferred tax *(Note 28)*	**1,293**	1,511
	53,417	25,799

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

(ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2011. No provision for Hong Kong Profits Tax has been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax during the year ended 31 December 2010.

(iii) Profits of the subsidiaries established in the PRC are subject to PRC income tax.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

12. INCOME TAX (continued)

(b) The tax charge for the year can be reconciled to profit per the consolidated statement of comprehensive income as follows:

	2011 RMB'000	2010 RMB'000
Profit before tax	**198,688**	78,093
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**49,706**	21,206
Tax effect of expenses not deductible for tax purpose	**4,151**	3,082
Tax effect of incomes not taxable for tax purpose	**(2,116)**	–
Tax effect of tax losses not recognised	**383**	–
Tax effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**1,293**	1,511
Income tax expense for the year	**53,417**	25,799

13. DIRECTORS' REMUNERATION

	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Contribution to retirement benefits scheme RMB'000	Discretionary bonuses RMB'000	Share-based payment transaction expenses RMB'000	Total RMB'000
Year ended 31 December 2011						
Executive directors:						
Mr. Shi Zhi Jun	**–**	**983**	**10**	**1,731**	**4,223**	**6,947**
Mr. Ji Zu Guang	**–**	**1,016**	**66**	**359**	**4,223**	**5,664**
Ms. Shen Li	**–**	**1,400**	**70**	**537**	**4,223**	**6,230**
Independent non-executive directors						
Mr. Neo Poh Kiat	**100**	**–**	**–**	**–**	**134**	**234**
Dr. Lau Reimer Mary Jean	**100**	**–**	**–**	**–**	**134**	**234**
Mr. Lee Sze Wai	**100**	**–**	**–**	**–**	**134**	**234**
Total	**300**	**3,399**	**146**	**2,627**	**13,071**	**19,543**
Year ended 31 December 2010						
Executive directors:						
Mr. Shi Zhi Jun	–	506	9	1,274	1,205	2,994
Mr. Ji Zu Guang	–	513	32	160	1,205	1,910
Ms. Shen Li	–	1,041	50	1,593	1,205	3,889
Independent non-executive directors:						
Mr. Neo Poh Kiat	17	–	–	–	–	17
Dr. Lau Reimer Mary Jean	17	–	–	–	–	17
Mr. Lee Sze Wai	17	–	–	–	–	17
Total	51	2,060	91	3,027	3,615	8,844

Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai were appointed as independent non-executive directors of the Company on 19 November 2010.

The discretionary bonuses are determined with reference to the operating results and individual performance.

During both years ended 31 December 2011 and 2010, no directors of the Company waived any emoluments.

14. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group include three directors (2010: three), whose remuneration are set out in note 13. Details of remuneration paid to the remaining two (2010: two) highest paid individuals of the Group are as follows:

	2011 RMB'000	2010 RMB'000
Salaries, allowance, and other benefits	**1,153**	1,898
Contribution to defined contribution retirement scheme	**10**	16
Discretionary bonuses	**269**	354
Share-based payment expenses	**4,490**	1,205
	5,922	3,473

Their emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
HK$ nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$ 4,000,000	**–**	–
HK$4,000,001 to HK$ 5,000,000	**1**	–
	2	2

No emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the two years ended 31 December 2011 and 2010.

15. DIVIDENDS

	2011 RMB'000	2010 RMB'000
Dividends recognised as distribution during the year:		
2010 Final – HK1.87 cents (2010: nil) per share	**26,228**	–

Final dividend for 2011

The final dividend of HK2.06 cents (or equivalent to RMB1.67 cents) per ordinary share in respect of the year ended 31 December 2011 has been proposed by the directors.

In addition, the directors further proposed a bonus issue to the shareholders on the basis of two bonus shares for every ten existing shares held by the shareholders whose name appear on the register on 23 May 2012.

Both the final dividend for 2011 and bonus issue are subject to approval by the Company's shareholders in the forthcoming annual general meeting.

Final dividend for 2010

On 1 March 2011, the Board resolved to propose a final dividend of HK1.87 cents (equivalent to RMB1.58 cents) per ordinary share for the year ended 31 December 2010. The final dividend had been approved by the Company's shareholders in the annual general meeting on 19 April 2011.

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2011 is based on the profit attributable to owners of the Company of RMB142,833,000 (2010: RMB52,294,000) and the weighted average of 1,711,287,671 ordinary shares (2010: 1,251,890,411 ordinary shares) in issue during the year.

Diluted earnings per share

The calculation of diluted profit per share for the year ended 31 December 2011 does not take into account the outstanding exchangeable bond of a wholly-owned subsidiary, Jovial Lead Limited ("Jovial Lead"), as the exercise of the exchangeable bond would result in an increase in earnings per share.

16. EARNINGS PER SHARE (continued)

Diluted earnings per share (continued)

The calculation of diluted earnings per share for the year ended 31 December 2011 and 2010 is based on the profit attributable to owners of the Company of RMB142,833,000 (2010: RMB52,294,000) and the weighted average of 1,773,826,236 (2010: 1,259,439,037) ordinary shares in issue during the year, calculated as follows:

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,711,287,671**	1,251,890,411
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**62,538,565**	7,548,626
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,773,826,236**	1,259,439,037

17. PLANT AND EQUIPMENT

	Office equipments RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2010	1,100	1,220	411	2,731
Additions	349	351	–	700
Written off	(88)	–	(411)	(499)
At 31 December 2010 and 1 January 2011	1,361	1,571	–	2,932
Exchange realignment	(7)	(3)	(62)	(72)
Additions	1,210	2,388	9,903	13,501
Written off/disposal	(160)	(250)	–	(410)
Eliminated on disposal of subsidiaries	(822)	(1,658)	(5,511)	(7,991)
At 31 December 2011	1,582	2,048	4,330	7,960
ACCUMULATED DEPRECIATION				
At 1 January 2010	837	896	389	2,122
Charge for the year	81	327	–	408
Eliminated on written off/disposal	(84)	–	(389)	(473)
At 31 December 2010 and 1 January 2011	834	1,223	–	2,057
Exchange realignment	(2)	(2)	–	(4)
Charge for the year	170	563	611	1,344
Eliminated on written off/disposal	(124)	(250)	–	(374)
Eliminated on disposal of subsidiaries	(14)	(92)	(519)	(625)
At 31 December 2011	864	1,442	92	2,398
NET BOOK VALUE				
At 31 December 2011	718	606	4,238	5,562
At 31 December 2010	527	348	–	875

17. PLANT AND EQUIPMENT (continued)

Depreciation is recognised so as to write off the cost of plant and equipment less their residual value, if any, using the straight line method over their estimated useful lives as follows:

Office equipments	3 – 10 years
Leasehold improvements	over the lease term
Motor vehicles	4 years

18. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVES EMBEDDED IN CONVERTIBLE BONDS

	2011 **RMB'000**	2010 RMB'000
Available-for-sale investments comprise:		
Unlisted investments		
Debt component of convertible bonds classified as non-current asset *(Note)*	**31,683**	–
Derivatives embedded in convertible bonds, at fair value *(Note)*	**2,805**	–

Note:

The above represent a 12% coupon convertible bonds ("Convertible Bonds") issued by China Fortune Financial Group Limited ("China Fortune") with principal amount of approximately HK$40,385,000 (equivalent to approximately RMB33,055,000) received as the consideration to dispose of 35% of the equity interest in Measure Up International Limited ("Measure up"), a wholly owned subsidiary, and an interest-free on-demand loan of approximately HK$32,308,000 (equivalent to approximately RMB26,334,000) due from Measure Up to the Group. China Fortune is a public limited company with its shares listed on the Stock Exchange. The Convertible Bonds bear 12% interest per annum with maturity on 28 December 2014. The Group can exercise the conversion option at anytime from the date of issue up to the maturity date. The conversion price is HK$0.20 per share (subject to adjustments). From the day immediately after the expiry of one year from the issue date, China Fortune may redeem all the outstanding Convertible Bonds in whole at par. Unless previously redeemed or converted, China Fortune shall redeem the Convertible Bonds at 100% of the principal amount at maturity date.

18. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVES EMBEDDED IN CONVERTIBLE BONDS (continued)

The Group has designated the debt component of the Convertible Bonds as available-for-sale investments on initial recognition.

	Debt component RMB'000	Derivative components RMB'000	Total RMB'000
Fair value at date of issue *(Note 33)*	31,664	3,207	34,871
Interest income credited to profit or loss	19	–	19
Decrease in fair value	–	(402)	(402)
As at 31 December 2011	31,683	2,805	34,488

The fair value of debt component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the Convertible Bonds issuer and remaining time to maturity. The effective interest rate of the debt element of the Convertible Bonds as at 29 December 2011 and 31 December 2011 are ranging from 13.27% to 13.83% and from 13.54% to 13.81% respectively.

The Black-Scholes option pricing model is used for the valuation of derivative components of the Convertible Bonds. The inputs into the model for the derivative components of the Convertible Bonds as at 29 December 2011 and 31 December 2011 are as follows:

	As at 29 December 2011	As at 31 December 2011
Conversion price	HK$0.200	HK$0.200
Stock price	HK$0.149	HK$0.146
Volatility	62.20%	62.49%
Dividend yield	0.00%	0.00%
Option life (years)	3.000	2.995
Risk free rate	0.57%	0.54%

The fair value of each of the debt and derivative components of the Convertible Bonds on initial recognition and at the end of the reporting period are determined by the directors of the Company with reference to the valuation performed by Roma Appraisals Limited ("Roma Appraisals"), an independent valuer not connected with the Group.

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

Details of the jointly-controlled entities as at 31 December 2011 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group		Principal activity
				2011	2010	
Measure Up	Limited liability company	BVI	Ordinary shares	35%	–	Investment holding
Lucky Target Property Agency Limited	Limited liability company	Hong Kong	Ordinary shares	35%	–	Investment holding
融通融資租賃(上海)有限公司	Limited liability company	PRC	Registered share capital	35%	–	Provision of finance lease service

	2011 RMB'000	2010 RMB'000
Cost of unlisted investments in jointly-controlled entities	846	–
Amounts due from jointly-controlled entities	43,758	–

The above unlisted investments in jointly-controlled entities represented the 35% equity interest in Measure Up. As set out in note 33, during the year ended 31 December 2011, the Group had partially disposed of 65% of its interests in Measure Up held by the Group. The directors of the Company are of the opinion that upon the completion of disposal of the 65% equity interests in Measure Up, the Group had no longer had control over the financing and operating policy decision of Measure Up. Immediately after the disposal, the Group's remaining 35% equity interests in Measure Up with a fair value of approximately RMB846,000 is reclassified as interest in jointly-controlled entities.

The Group holds 35% of the ordinary shares of Measure Up and controls 35% of the voting power in the general meeting. However, under a shareholders' agreement, the major financing and operational decisions of Measure Up should be unanimously approved by the Group and another venture. Therefore, Measure Up and its subsidiaries are regarded as jointly-controlled entities of the Group.

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

The amounts due from jointly-controlled entities are unsecured, interest-free and repayable on demand.

The summary financial information in respect of the Group's interests in the jointly-controlled entities which are accounted for using the equity method is set out below:

	2011 RMB'000	2010 RMB'000
Current assets	40,063	–
Non-current assets	67,510	–
Total assets	107,573	–
Current liabilities and total liabilities	(105,156)	–
Net assets	2,417	–
Group's share of net assets of associates	846	–

	2011 RMB'000	2010 RMB'000
Income recognised in profit or loss	–	–
Expenses recognised in profit or loss	–	–
Other comprehensive income	–	–

20. OTHER ASSETS

	2011 RMB'000	2010 RMB'000
Reprocessed assets	**82**	139

Reprocessed assets represent collaterals – personal property, being forfeited by the Group's pawn loan services customers, which are carried at the lower of cost and net realisable value.

21. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2011 RMB'000	2010 RMB'000
Loan receivables		
Pawn loans to customers	**63,841**	33,238
Entrusted loans to customers	**464,486**	270,880
Other collateral-backed loan to customers	**32,740**	–
Less: Impairment loss *(Note 21(c))*	**–**	(273)
	561,067	303,845
Prepayments and other receivables		
Non-trade nature prepayments and other receivables	**1,815**	3,694
	562,882	307,539

The pawn loans to customers arising under the Group's pawn loans business had an average loan period of 90 days (2010: 90 days). The entrusted loans to customers arising from the Group's entrusted loan business had an average loan period of 90 days to 1 year (2010: 90 days). The other collateral-backed loan to customers arising from the Group's other collateral-backed loan business had an average loan period of 1 year (2010: nil). The loans provided to customers bore fixed interest rate ranging from 0.5% to 3.2% per month (2010: 2% to 6.8% per month) and were repayable according to the loan agreements. Included in the gross balances are loans of approximately RMB502,701,000 (2010: RMB303,804,000) secured by real estates in the PRC, RMB58,366,000 (2010: RMB314,000) secured by other assets.

21. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Included in the loan receivables were balances of approximately RMB464,486,000 (2010: RMB270,880,000) which represented entrusted loans to customers through licensed bank in the PRC.

As at 31 December 2011, the Group held collaterals with value of approximately RMB4,840,000,000 (2010: RMB1,617,965,000) in total over the financing advances to customers.

(a) Ageing analysis

	2011 **RMB'000**	2010 RMB'000
Within 90 days	**351,218**	303,845
91 to 180 days	**164,849**	–
181 to 365 days	**45,000**	–
	561,067	303,845

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements. Further details on the Group's credit policy are set out in note 6.

(b) Loan receivables that are not impaired

Included in the Group's loan receivable balances were debtors with aggregate carrying amount of approximately RMB22,243,000 (31 December 2010: nil) 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 RMB474,788,000 (31 December 2010: nil) in respect of loan receivables as at 31 December 2011.

21. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

(b) Loan receivables that are not impaired (continued)

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

	2011 **RMB'000**	2010 RMB'000
Within 90 days	**12,243**	–
91 to 180 days	**10,000**	–
	22,243	–

The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default.

The creditor's right over the loan receivables of approximately RMB12,243,000 was subsequently disposed of to Xinrong Asset as detail set out in Note 37.

(c) Impairment of loan receivables

The movement of impairment loss of loan receivables during the year is as follows:

	RMB'000
At 1 January 2010 and 31 December 2010	273
Recovery of amount previously impaired	(273)
At 31 December 2011	–

No impairment of loan receivables is individually impaired loan receivable as at 31 December 2011 (31 December 2010: RMB273,000). The individually impaired receivable as at 31 December 2010 related to a deceased customer and management assessed that the entire receivable was expected to be non-recoverable. The amount was recovered during the year ended 31 December 2011.

22. PROPERTY HELD FOR SALE

	2011 RMB'000	2010 RMB'000
Property held for sale, at cost	–	2,996

The property held for sale as at 31 December 2010 represents an office premises situated in Shanghai, the PRC. The property held for sale was disposed of during the year ended 31 December 2011.

23. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less and carry interest at market rates ranging from 0.01% to 0.5% (2010: 0.01% to 0.36%) per annum.

The Group's bank balance and cash denominated in currencies other than functional currency of the relevant group entities are set out as follows:

	2011 RMB'000	2010 RMB'000
HK$	7,571	282,219
US$	189,221	–
	196,792	282,219

24. ACCRUALS AND OTHER PAYABLES

	2011 RMB'000	2010 RMB'000
Other payables and accrued expenses	**7,958**	7,410
Financing service income receipts in advance	**9,136**	4,222
	17,094	11,632

Financing service income receipts in advance represents the deferred income arose from the difference between loan receivables and the actual fund transferred to the customers at the inception of loan granted in accordance with the respective loan agreements and the deferred income will be recognised as interest income over the loan period.

25. DEPOSITS RECEIVED

	2011 RMB'000	2010 RMB'000
Xinrong Asset	**130,121**	193,500

The balance represents the deposits received for acquisition of real estate situated in Shanghai, the PRC, on behalf of Xinrong Asset, the equity holder of Shanghai Yintong.

The deposits would be the payment for a priority right to purchase Shanghai Yintong's right over forfeited collateral. If Xinrong Asset is deemed to have renounced its right to purchase the relevant forfeited collateral, the Group otherwise has to refund the entire amount of deposits to Xinrong Asset together with interest calculated at a rate equal to 80% of the interest rate for RMB saving accounts prescribed by the People's Bank of China during the year.

26. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amount was unsecured, interest-free and repayable on demand.

27. EXCHANGEABLE BOND

On 15 November 2011, Jovial Lead, a wholly-owned subsidiary of the Group, issued to an independent third party an exchangeable bond at a nominal value of US$7,500,000 (approximately RMB47,882,000) ("Exchangeable Bond"). The Exchangeable Bond is denominated in US$. The Exchangeable Bond entitles the holder to exchange it into ordinary shares of Media Eagle Limited ("Media Eagle") held by the Group, a 85% owned subsidiary of the Group at any time between the date of issue of the Exchangeable Bond and its maturity date on 15 November 2012 at an initial conversion price of US$300,000 per share, subject to adjustments. If the Exchangeable Bond has not been converted, it would be redeemed on 15 November 2012 at the nominal value. Interest of 12% per annum will be paid on the maturity date. Upon the exercise of conversion option of the Exchangeable Bond by the Exchangeable Bond holder, the Group's interest in Media Eagle will be decreased from 85% to 60%.

Jovial Lead can early redeem the Exchangeable Bond after six months from the issue date up to the date falling ten business days prior to the maturity date at a redemption price equal to the applicable early redemption amount predetermined in the Exchangeable Bond agreement, which is an amount equal to the principal amount of the Exchangeable Bond plus any accrued and unpaid interest. The Exchangeable Bond holder can request Jovial Lead to early redeem the Exchangeable Bond after six months from the issue date up to the date falling ten business days prior to the maturity date, at a redemption price equal to the applicable early redemption amount predetermined in the Exchangeable Bond agreement.

The Exchangeable Bond contains three components, liability component, conversion option derivative and early redemption option. The conversion option derivative and early redemption option are measured at fair value with changes in fair value recognised in profit or loss.

27. EXCHANGEABLE BOND (continued)

The fair value of the liability component was calculated as the present value of the coupon interest payments and the redemption amount. The effective interest rate of the liability component is 11.9%. The embedded conversion option represents the fair value of the Exchangeable Bond holders' option to convert the Exchangeable Bond into equity of Media Eagle, but the conversion will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of Media Eagle's own equity instruments. The Group had assessed the fair value of the embedded conversion option and Jovial Lead and Exchangeable Bond holder's early redemption option with reference to an independent valuation provided by Roma Appraisals, an independent firm of registered professional valuer not connected with the Group. The fair value of the embedded conversion option and Jovial Lead and Exchangeable Bond holder's early redemption option were determined using Black-Scholes Option Pricing Model and the inputs into the model at each respective date were as follows:

Embedded conversion option	**As at 15 November 2011**	**As at 31 December 2011**
Conversion price	US$300,000	US$300,000
Stock price	US$0.128	US$0.129
Volatility	59.21%	58.85%
Dividend yield	0%	0%
Option life (years)	1	0.88
Risk free rate	0.09%	0.09%

Early redemption option	**As at 15 November 2011**	**As at 31 December 2011**
Aggregate principal amount	US$7,500,000	US$7,500,000
Exercise price	US$7,500,000	US$7,500,000
Volatility	19.46%	25.03%
Dividend yield	0%	0%
Option life (years)	0.96	0.84
Risk free rate	0.08%	0.09%

27. EXCHANGEABLE BOND (continued)

As Media Eagle has net liabilities and incurred loss for the year ended 31 December 2011, it is not optimal for the Exchangeable Bond holder to convert Media Eagle share at the conversion price of US$300,000 per share. Since the conversion option is extremely out of the money, the fair value of embedded conversion option becomes zero.

The movement of the components of the Exchangeable Bond during the year is set out below:

	Liability component	**Embedded conversion option**	**Early redemption option**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Principal amount at the date of issue	47,882	–	–	47,882
Imputed interest expense arising from initial recognition	26	–	–	26
Changes in fair value on initial recognition	–	–	(38)	(38)
Fair value at date of issue	47,908	–	(38)	47,870
Imputed interest expenses	746	–	–	746
At 31 December 2011	48,654	–	(38)	48,616

None of the Exchangeable Bond had been converted into ordinary shares of Media Eagle during the year.

28. DEFERRED TAX LIABILITIES

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

	Withholding tax on undistributed profit of subsidiaries in PRC RMB'000
At 1 January 2010	–
Charge to profit or loss	1,511
At 31 December 2010	1,511
Charge to profit or loss	1,293
At 31 December 2011	2,804

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.

At 31 December 2011, the Group has unused tax losses of approximately RMB1,532,000 (2010: nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss (2010: nil) due to the unpredictability of future profit streams. The recognised tax losses of approximately RMB1,532,000 (2010: nil) that will expire in 2016.

29. CORPORATE BONDS

The corporate bonds with principal amounts of RMB100,000,000 which are due on 1 September 2013, carry interest at fixed rate of 9% per annum and interest will be payable semi-annually in arrears on 1 March and 1 September of each year. The corporate bonds are unsecured.

According to the corporate bonds subscription agreement, the bond holders had the right to request for repayment of the corporate bonds at 100% of the principal amount and the accrued interest at any time beginning on and after the first anniversary of the issue date (i.e. 1 September 2012). In the opinion of the directors of the Company, the corporate bonds were classified as current liabilities.

30. SHARE CAPITAL

	Number of shares	Share capital
Authorised		
Ordinary shares of US$1.00 each as at 4 January 2010	50,000	US$50,000
Cancellation in the year *(Note (a))*	(50,000)	(US$50,000)
Increase in the year *(Note (b))*	3,900,000	HK$390,000
Increase in the year *(Note (f))*	19,996,100,000	HK$1,999,610,000
Ordinary shares of HK$0.1 each as at 31 December 2010 and 2011	20,000,000,000	HK$2,000,000,000
Issued and fully paid		
Ordinary shares of US$1.00 each at date of incorporation *(Note (c))*	1	US$1
Repurchase of share *(Note (d))*	(1)	(US$1)
Issue of new shares on 25 February 2010 *(Note (e))*	200	HK$20
Capitalisation issue *(Note (f))*	1,199,999,800	HK$119,999,980
Issue of shares by placing *(Note (g))*	400,000,000	HK$40,000,000
Issue of shares under the over-allotment option related to the placement *(Note (h))*	60,000,000	HK$6,000,000
Ordinary shares of HK$0.1 each as at 31 December 2010	1,660,000,000	HK$166,000,000
Issue of shares by placing *(Note (i))*	90,000,000	HK$9,000,000
Ordinary shares of HK$0.1 each as at 31 December 2011	1,750,000,000	HK$175,000,000

	2011	2010
	RMB'000	RMB'000
Presented as RMB		
Ordinary shares of HK$0.1 each as at 31 December	**149,870**	142,363

30. SHARE CAPITAL (continued)

Notes:

(a) Pursuant to an ordinary resolution passed in the meeting on 25 February 2010, the authorised share capital of the Company was decreased from US$50,000 to nil by the diminution of 50,000 ordinary shares of US$1.00 each.

(b) Pursuant to an ordinary resolution passed in the meeting on 25 February 2010, the authorised share capital of the Company was increased from nil to HK$390,000 by the creation of an additional 3,900,000 ordinary shares of HK$0.1 each which rank pari passu with the existing shares in all respects.

(c) Upon incorporation, the authorised share capital of the Company was US$50,000 divided into 50,000 ordinary shares of US$1 each, of which one subscriber share was allotted and issued at par to Codan Trust Company (Cayman) Limited as the sole subscriber. On 4 January 2010, one share was transferred from Codan Trust Company (Cayman) Limited to Mr. Shi Zhi Jun.

(d) On 25 February 2010, the Company repurchased one of its own ordinary shares for a consideration of US$1 from Mr. Shi Zhi Jun.

(e) On 25 February 2010, 99 and 81 shares of the Company of HK$0.1 each were allotted and issued to Kaiser Capital and Jiefang Media at par for cash, respectively.

On 25 February 2010, the Company allotted and issued 20 shares of the Company of HK$0.1 each to Integrated Asset Management Limited ("Integrated Asset"), a limited liability company incorporated in the BVI and independent party not connected or related to the Group, for a consideration of HK$1,600,000 per share which was mutually agreed by the Group and Integrated Asset, resulting in an aggregate amount of HK$32,000,000 (equivalent to approximately RMB27,990,000). The net proceeds after share issue expenses were approximately HK$26,023,000 (equivalent to approximately RMB22,762,000). The new shares rank pari passu with the existing shares in all respects.

(f) Pursuant to a written resolution passed on 4 November 2010, the authorised share capital of the Company was increased from HK$390,000 to HK$2,000,000,000 by the creation of an additional 19,996,100,000 ordinary shares of HK$0.10 each which rank pari passu with the existing shares in all respects.

Subject to the share premium account of the Company being credited as a result of the placing of 400,000,000 ordinary shares on 18 November 2010, the directors of the Company were authorised to capitalise HK$119,999,980 (equivalent to approximately RMB102,936,000) standing to the credit of the share premium account of the company by applying such sum in paying up in full at par allot and issue a total of 1,199,999,800 ordinary shares for allotment and issue to the shareholders of the Company on the register of the members of the Company at the close of business on 4 November 2010 in proportion to their then respective existing shareholdings in the Company and the director allotted and issued such shares as aforesaid and gave effect to the capitalisation.

(g) On 18 November 2010, 400,000,000 ordinary shares of HK$0.10 each were issued at a price of HK$0.75 per share under the placing. The proceeds of HK$40,000,000 (equivalent to approximately RMB34,272,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$245,184,000 (equivalent to approximately RMB210,074,000), after the issuing expenses, were credited to the share premium account. The new shares rank pari passu with the existing shares in all respects.

30. SHARE CAPITAL (continued)

Notes: (continued)

(h) On 2 December 2010, the underwriters of the placing exercised the over-allotment option for the issuance of 60,000,000 ordinary shares of HK$0.10 each at HK$0.75 per share. The proceeds of HK$6,000,000 (equivalent to approximately RMB5,155,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$36,750,000 (equivalent to approximately RMB31,575,000), after the issuing expenses, were credited to the share premium account. The new shares rank pari passu with the existing shares in all respects.

(i) On 24 May 2011, 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.

The proceeds of HK$9,000,000 (equivalent to approximately RMB7,507,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$145,008,000 (equivalent to approximately RMB120,953,000), after the issuing expenses, were credited to the share premium account. The new shares rank pari passu with the existing shares in all respects.

31. COMMITMENT

Operating lease arrangement

As at 31 December 2011 and 31 December 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 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.

31. COMMITMENT (continued)

Operating lease arrangement (continued)

(i) Lessee (continued)

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

	2011 RMB'000	2010 RMB'000
Within one year	**3,120**	2,813
In the second to fifth years inclusive	**1,179**	242
	4,299	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 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.

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

	2011 RMB'000	2010 RMB'000
Within one year	**957**	263
In the second to fifth years inclusive	**160**	–
	1,117	263

32. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

Employees of the subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the required contributions.

There were no forfeited contributions utilised to offset employers' contributions for the year. The employers' contributions which have been dealt with in the consolidated statements of comprehensive income were as follows:

	2011 **RMB'000**	2010 RMB'000
Employers' contributions charged to the consolidated statements of comprehensive income	**516**	258

At 31 December 2011 and 31 December 2010, there was no forfeited contribution available to reduce the contributions payable in the future years.

33. DISPOSAL OF SUBSIDIARIES

On 21 December 2011, the Group entered into a sale and purchase agreement with Goodyear International Capital Limited ("Goodyear International") and Promiseasy Limited ("Promiseasy"), independent third parties of the Group, to dispose of 65% equity interest in Measure Up and its subsidiaries (collectively referred to as the "Disposal Group") and the Measure Up Loan amounting to HK$60,000,000 (equivalent to approximately RMB48,906,000), at a consideration of HK$75,000,000 (equivalent to approximately RMB61,388,000), of which approximately HK$34,615,000 (equivalent to approximately RMB28,333,000) was satisfied by promissory note issued by Goodyear International due on 28 June 2012 and bearing no interest. The fair value of the promissory note approximate the consideration as at 29 December 2011 due to the short-term maturity. The remaining approximately HK$40,385,000 (equivalent to approximately RMB33,055,000) was satisfied by convertible bonds issued by China Fortune, the ultimate holding company of Promiseasy. The fair value of the convertible bonds was approximately RMB34,871,000 as at 29 December 2011, which was based on the professional valuation performed by Roma Appraisals.

Upon completion on 29 December 2011, the Group's interest in the Disposal Group was reduced from 100% to 35%. As a result, the Disposal Group ceased to be subsidiaries of the Group and became jointly-controlled entity of the Group. Further details are set out in the announcement dated 21 December 2011.

	RMB'000
Consideration received:	
Promissory note	28,333
Convertible bonds *(Note 18)*	34,871
Total consideration received	63,204

33. DISPOSAL OF SUBSIDIARIES (continued)

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	7,366
Finance lease receivables	95,566
Prepayments and other receivables	69
Bank balances and cash	4,310
Accruals and other payables	(10,136)
Measure Up Loan	(83,122)
Dividend payable	(9,542)
Income tax payable	(2,356)
Net assets disposed of:	2,155
Gain on disposal of a subsidiary:	
Consideration received and receivable	63,204
Net assets disposed of	(2,155)
Assignment of Measure Up Loan	(48,906)
Fair value of non-controlling interests transferred to jointly-controlled entities	846
Cost directly attributable to the disposal	(166)
Gain on disposal	12,823
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	4,310
Cost directly attributable to the disposal	166
	4,476

During the period from 1 January 2011 to 29 December 2011, the Disposal Group contributed approximately RMB17,000,000 to the Group's revenue, a profit of approximately RMB12,785,000 to the Group's profit for the year.

34. 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:

	2011 **RMB'000**	2010 RMB'000
Jinhan Investment	**630**	770

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

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

	2011 **RMB'000**	2010 RMB'000
Interest expenses on entrusted loan from Xinrong Asset	**–**	3,384
Interest expenses on deposits received	**630**	212
	630	3,596

(iii) Non-recurring transactions:

During the year ended 31 December 2011, the Group entered into certain sale and purchase agreements with Xinrong Asset, to dispose of creditor's right over forfeited collaterals in respect of financing advances provided to 2 entrusted loan customers being secured by real estate at consideration of approximately RMB86,879,000 (2010: nil), which had carrying value of approximately RMB86,879,000 as of the date of disposal with no gain or loss arose.

34. RELATED PARTIES TRANSACTIONS (continued)

Key management personnel remuneration

	2011 **RMB'000**	2010 RMB'000
Basic salaries, allowances and other benefits	**4,852**	4,009
Contribution to retirement benefit scheme	**156**	107
Discretionary bonuses	**2,896**	3,381
Share-based payment expenses	**17,561**	4,820
	25,465	12,317

35. SHARE-BASED PAYMENT TRANSACTION

(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") whereby three executive directors and a senior management of the Group were granted the rights to subscribe for shares of the Company.

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Scheme is 64,000,000 shares which were granted on 4 November 2010 with subscription price of HK$0.3125 per share.

The options granted under the Pre-IPO Scheme have vesting period ranging from six to eighteen months commencing from 4 November 2010, being the grant date of the options and the options are exercisable for a period of 5 years. The Company has no legal or contractual obligation to repurchase or settle the options in cash.

35. SHARE-BASED PAYMENT TRANSACTION (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. The Share Option Scheme will remain in force for a period of 10 years, commencing on 19 November 2010.

The maximum number of shares that may be allotted and issued upon exercise of all options which then has been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the shares in issue from time to time. Unless approved by the shareholders, no option shall be granted to any person which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to such person (including exercised and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of shares in issue as at the date of such new grant.

Share options granted to the Directors, chief executive or substantial shareholders or any of their respective associates is subject to the approval of the Independent Non Executive Directors ("INEDs"). In addition, any grant of share options to a substantial shareholder or an INED or any of their respective associates, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the approval of the shareholders of the Company in a general meeting.

The exercise price of the share options is determined by the Board, but shall not be less than whichever is the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of offer, and (iii) the nominal value of the Company's share.

The offer of a grant of share options under the Share Option Scheme may be accepted within a period as specified in the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The Board may at its discretion determine the minimum period for which the option has to be held or other restrictions before the option can be exercised.

An option under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the board of directors of the Company, which must not be more than 10 years from the date of the grant.

35. SHARE-BASED PAYMENT TRANSACTION (continued)

Details of specific categories of options granted under the Pre-IPO Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Fair value at grant date
4 November 2010	4 November 2010 to 3 May 2011	4 May 2011 to 18 November 2015	HK$0.3125	HK$9,752,000
	4 November 2010 to 3 November 2011	4 November 2011 to 18 November 2015	HK$0.3125	HK$9,829,000
	4 November 2010 to 3 May 2012	4 May 2012 to 18 November 2015	HK$0.3125	HK$8,475,000

Details of specific categories of options granted under the Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Fair value at grant date
4 April 2011	4 April 2011 to 3 January 2012	4 January 2012 to 3 April 2016	HK$1.206	HK$1,000,000
	4 April 2011 to 3 January 2012	4 January 2012 to 3 April 2016	HK$1.206	HK$1,309,000
27 September 2011	27 September 2011 to 26 March 2012	27 March 2012 to 26 September 2016	HK$0.567	HK$1,000,000
	N/A	27 September 2011 to 26 September 2016	HK$0.567	HK$500,000

35. SHARE-BASED PAYMENT TRANSACTION (continued)

The following table discloses movements of the Company's share options held by employees (including Directors) and business associates during the year:

For the year ended 31 December 2011

Date of Grant	Outstanding as at 1 January 2011	Granted during the year	Forfeited during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31 December 2011
Directors and employees						
4 November 2010	64,000,000	–	–	–	–	64,000,000
4 April 2011	–	5,460,000	(1,390,000)	–	–	4,070,000
Business associates						
4 April 2011	–	66,400,000	–	(33,200,000)	–	33,200,000
27 September 2011	–	52,500,000	–	–	–	52,500,000
	64,000,000	124,360,000	(1,390,000)	(33,200,000)	–	153,770,000
Exercisable at the end of year						62,300,000
Weighted average price	HK$0.3125	HK$0.936	HK$1.206	HK$1.206	N/A	HK$0.616

35. SHARE-BASED PAYMENT TRANSACTION (continued)

For the year ended 31 December 2010

Date of Grant	Outstanding as at 1 January 2010	Granted during the year	Forfeited during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31 December 2010
Directors and employees						
4 November 2010	–	64,000,000	–	–	–	64,000,000
Exercisable at the end of year						–
Weighted average price	N/A	HK$0.3125	N/A	N/A	N/A	HK$0.3125

The fair values of share options granted to directors and employees were calculated using the Binominal 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%

Expected volatility of the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme was determined by using the historical volatility of the share price of comparable companies and the Company respectively. 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 fair values of share options granted to business associates were measured at the fair value of the services received.

The Group recognised the total expenses of RMB18,913,000 for the year ended 31 December 2011 (2010: RMB4,820,000) in relation to share options granted by the Company.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2011 RMB'000	2010 RMB'000
Non-current asset			
Investment in a subsidiary	a	–	–
Current assets			
Prepayments and other receivables		377	2,219
Amounts due from subsidiaries		467,319	53,275
Bank balances and cash		27,485	238,636
		495,181	294,130
Current liabilities			
Accruals		972	2,816
Corporate bonds		98,622	–
Income tax payable		2,108	–
		101,702	2,816
Net current assets		393,479	291,314
Net assets		393,479	291,314
Capital and reserves			
Share Capital		149,870	142,363
Reserves	b	243,609	148,951
Total equity		393,479	291,314

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries

	2011	2010
Unlisted investments, at cost	RMB 7	RMB 7

Particulars of the Group's principal subsidiaries as at 31 December 2011 and 2010 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company Directly 2011	Directly 2010	Indirectly 2011	Indirectly 2010	Principal activities
Ever Step Holdings Limited	BVI 7 December 2009	Ordinary shares	US$1/ US$50,000	100%	100%	–	–	Investment holding
Measure Up International Limited^	BVI 25 September 2009	Ordinary shares	US$1/ US$50,000	–	–	–	100%	Investment holding
Vigo Hong Kong Investment Limited	Hong Kong 2 September 2008	Ordinary shares	HK$1/ HK$10,000	–	–	100%	100%	Money lending business
Jovial Lead Limited	BVI 10 June 2011	Ordinary shares	US$1/ US$50,000	–	–	100%	–	Investment holding
Media Eagle	Hong Kong 3 June 2011	Ordinary shares	HK$100/ HK$10,000	–	–	85%	–	Investment holding
峻岭物業顧問(上海)有限公司 (Lucky Target Property Consultants (Shanghai) Company Limited*)##	The People's Republic of China (the "PRC") 5 May 1998	Registered capital	US$1,000,000/ US$1,000,000	–	–	100%	100%	Financial consulting services and entrusted loans business
上海銀通典當有限公司 (Shanghai Yintong Dian Dang Company Limited*)#	The PRC 11 June 2003	Registered capital	RMB40,000,000/ RMB40,000,000	–	–	100%	100%	Pawn loans business
嘉頤投資咨詢(上海)有限公司##	The PRC 19 July 2011	Registered capital	RMB2,300,000/ RMB2,300,000	–	–	70%	–	Financial consulting services

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				Directly		Indirectly		
				2011	2010	**2011**	2010	
深環投資咨詢(上海)有限公司##	The PRC 10 November 2011	Registered capital	RMB500,000/ RMB500,000	**–**	–	**100%**	–	Financial consulting services
重慶市兩江新區潤通小額貸款有限公司##	The PRC 18 October 2011	Registered capital	US$30,000,000/ US$30,000,000	**–**	–	**85%**	–	Financial consulting services
深岩投資諮詢(上海)有限公司##	The PRC 15 September 2011	Registered capital	RMB2,300,000/ RMB2,300,000	**–**	–	**70%**	–	Financial consulting services
重慶峻岭投資管理有限公司#	The PRC 30 November 2011	Registered capital	RMB10,000,000/ RMB10,000,000	**–**	–	**100%**	–	Financial consulting services

^ *The subsidiary was disposed during the year and became the joint controlled entity.*

\# *These entities were established in the PRC as a domestic company.*

\## *The entity was established in the PRC as a wholly foreign-owned enterprise.*

* *English name is for identification purpose only.*

In the opinion of the directors of the Company, the subsidiaries of the Company listed in the above table principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would result in particular of excessive length.

None of the subsidiaries had any debt securities issued subsisting at the end of the year or any time during the year, except for one of the subsidiaries had issued an exchangeable bond as disclosed in note 27.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(b) Reserves of the Company

	Share premium RMB'000	Accumulated losses RMB'000	Share-based payment reserve RMB'000	Total RMB'000
Total comprehensive expenses for the period	–	(17,344)	–	(17,344)
Issue of subscribed shares to a new shareholder, net of share issue expenses *(Note 30(e))*	22,762	–	–	22,762
Recognition of equity-settled share based payments	–	–	4,820	4,820
Capitalisation issue *(Note 30(f))*	(102,936)	–	–	(102,936)
Issue of shares by placing *(Note 30(g))*	210,074	–	–	210,074
Issue of shares under the over-allotment option related to the placing *(Note 30(h))*	31,575	–	–	31,575
At 31 December 2010	161,475	(17,344)	4,820	148,951
Total comprehensive expenses for the year	–	(18,980)	–	(18,980)
Recognition of equity-settled share-based payments	–	–	18,913	18,913
Dividend recognised as distribution	(26,228)	–	–	(26,228)
Issue of shares by placing *(Note 30(i))*	120,953	–	–	120,953
At 31 December 2011	256,200	(36,324)	23,733	243,609

37. EVENT AFTER THE REPORTING PERIOD

Subsequent to the year ended 31 December 2011, the Group entered into a sale and purchase agreement with Xinrong Asset, to dispose of creditor's right over forfeited collaterals in respect of financing advances provided to an entrusted loan customer being secured by real estate at consideration of approximately RMB12,243,000, which had carrying value of approximately RMB12,243,000 as of the date of disposal with no gain or loss arose.

Financial Summary

A summary of the Group's results for the last three financial years and the assets and liabilities of the Group as at 31 December 2011, 2010 and 2009, as extracted from the published audited financial statements for the years ended 31 December 2011 and 2010, is set out below. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2011 RMB'000	2010 RMB'000	2009 RMB'000
RESULTS			
Turnover	**258,701**	115,169	30,446
Net interest income	**111,512**	41,742	26,374
Financial consultancy fee income	**141,995**	69,786	834
	253,507	111,528	27,208
Other income	**6,241**	2,563	1,829
Gain on disposal of subsidiaries	**12,823**	–	–
Administrative and other operating expenses	**(54,606)**	(31,178)	(8,605)
Change in fair value of derivative and embedded derivative components of convertible bonds and exchangeable bond	**(364)**	–	–
Share-based payment expenses	**(18,913)**	(4,820)	–
Profit before tax	**198,688**	78,093	20,432
Income tax	**(53,417)**	(25,799)	(4,880)
Profit for the year	**145,271**	52,294	15,552
Attributable to:			
Owners of the Company	**142,833**	52,294	15,552
ASSETS AND LIABILITIES			
Total assets	**1,024,609**	615,377	181,837
Total liabilities	**367,089**	(224,636)	(152,338)
Net assets	**657,520**	390,741	29,499