



中国信贷
CREDIT CHINA

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8207



**THIRD
QUARTERLY
REPORT
2012**



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

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This report, for which the directors (the "Directors") of Credit China Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



FINANCIAL HIGHLIGHTS

- The Group recorded a turnover of approximately RMB220.6 million for the nine months ended 30 September 2012, representing an increase of 13.1% as compared with the corresponding period in 2011.
- Profit attributable to owners of the Company for the nine months ended 30 September 2012 amounted to RMB108.7 million, representing an increase of 3.3% as compared with the corresponding period in 2011.
- Basic earnings per share for the nine months ended 30 September 2012 amounted to RMB5.13 cents (2011 (restated): RMB5.17 cents).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2012.

The board (the "Board") of directors (the "Directors") of Credit China Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2012 together with the comparative unaudited figures for the corresponding periods in 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2012

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Turnover	3	84,527	89,457	220,623	195,058
Interest income	3	34,638	31,329	96,328	76,098
Interest expenses	6	(1,952)	(1,259)	(11,468)	(1,259)
Net interest income		32,686	30,070	84,860	74,839
Financial consultancy service income	3	49,889	58,128	124,295	118,960
		82,575	88,198	209,155	193,799
Other income	5	2,534	648	11,918	4,535
Administrative and other operating expenses		(20,387)	(19,231)	(46,864)	(37,795)
Share of profit of jointly-controlled entities		97	–	26	–
Share of loss of associates		(432)	–	(437)	–
Change in fair value of derivative and embedded derivative components of convertible bonds and exchangeable bond		–	–	(2,580)	–
Loss on early redemption of corporate bonds		(2,289)	–	(2,289)	–
Share-based payment expenses		(173)	(3,988)	(2,891)	(16,866)
Profit before tax	7	61,925	65,627	166,038	143,673
Income tax	8	(16,475)	(18,545)	(46,511)	(38,076)
Profit for the period		45,450	47,082	119,527	105,597

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and nine months ended 30 September 2012

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<i>Notes</i>				
Other comprehensive income				
Exchange differences on translating foreign operations	1,282	1,291	2,222	2,097
Fair value adjustment for available-for-sale investments	-	-	1,103	-
Total comprehensive income for the period	46,732	48,373	122,852	107,694
Profit for the period attributable to:				
Owners of the Company	40,050	46,726	108,708	105,248
Non-controlling interests	5,400	356	10,819	349
	45,450	47,082	119,527	105,597
Total comprehensive income for the period attributable to:				
Owners of the Company	40,561	48,017	111,105	107,345
Non-controlling interests	6,171	356	11,747	349
	46,732	48,373	122,852	107,694
	RMB	RMB	RMB	RMB
Earnings per share	10			
Basic	1.88 cents	(Restated) 2.23 cents	5.13 cents	(Restated) 5.17 cents
Diluted	1.83 cents	2.16 cents	4.99 cents	4.96 cents

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2012 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and complied with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these results are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

3. TURNOVER

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

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Interest income				
Real estate pawn loan service income				
– Administration fee income	1,411	1,813	5,753	7,579
– Interest income	495	205	1,403	1,220
Other collateral-backed pawn loan service income				
– Administration fee income	624	767	1,759	1,860
– Interest income	155	101	436	263
Entrusted loan service income				
– Interest income	22,566	18,139	67,387	43,192
Personal property pawn loan service income				
– Administration fee income	2	106	24	296
– Interest income	-	3	3	10
Other collateral-backed loan service income				
– Interest income	1,952	3,590	3,656	12,924

3. TURNOVER (Continued)

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Finance lease service income				
– Administration fee income	–	4,635	–	6,241
– Interest income	–	1,970	–	2,493
Real estate-backed loan service income				
– Interest income	7,433	–	15,907	–
	34,638	31,329	96,328	76,098
Financial consultancy service income	49,889	58,128	124,295	118,960
Turnover	84,527	89,457	220,623	195,058

4. SEGMENT INFORMATION

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

5. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Sub-leased rental income	–	72	–	211
Bank interest income	449	535	1,277	1,058
Government grants	–	–	6,350	2,800
Net gain on disposal of other assets	9	–	9	–
Interest income on convertible bonds	1,053	–	3,224	–
Others	1,023	41	1,058	466
	2,534	648	11,918	4,535

6. INTEREST EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Interest on borrowings wholly repayable within five years	1,466	-	2,190	-
Interest on an exchangeable bond	(2,840)	-	-	-
Interest on corporate bonds	3,341	764	9,141	764
Interest on deposits received	(15)	495	137	495
	1,952	1,259	11,468	1,259

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	5,410	3,752	11,474	9,022
Contribution to defined contribution retirement benefits	300	147	656	369
Share-based payment expenses	173	3,988	2,891	16,866
	5,883	7,887	15,021	26,257
(b) Other items				
Auditors' remuneration	5	11	56	50
Depreciation	573	294	1,567	512
Exchange loss	686	2,263	2,622	7,102
Operating lease charges in respect of properties	1,807	779	4,156	1,939

8. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Current income tax				
– PRC	15,580	18,271	44,663	36,120
– Hong Kong	487	(124)	606	1,179
Deferred tax	408	398	1,242	777
	16,475	18,545	46,511	38,076

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the nine months ended 30 September 2012.

Deferred tax has been provided for withholding tax on undistributed profit of subsidiaries in PRC. Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2012 (nine months ended 30 September 2011: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and nine months ended 30 September 2012 is based on the profit attributable to owners of the Company of RMB40,050,000 and RMB108,708,000 respectively (three months and nine months ended 30 September 2011: RMB46,726,000 and RMB105,248,000 respectively) and the weighted average of 2,127,000,000 and 2,119,905,109 ordinary shares in issue respectively during the three months and nine months ended 30 September 2012 (three months and nine months ended 30 September 2011 (restated): 2,100,000,000 and 2,037,494,505 ordinary shares respectively). The basic earnings per share for the three months and nine months ended 30 September 2011 were adjusted for the effect of bonus issues on 30 May 2012.

10. EARNINGS PER SHARE (Continued)

Diluted earnings per share

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2012 is based on the profit attributable to owners of the Company of RMB40,050,000 and RMB108,708,000 respectively (three months and nine months ended 30 September 2011: RMB46,726,000 and RMB105,248,000 respectively) and the weighted average of 2,185,627,752 and 2,177,959,034 ordinary shares in issue respectively during the periods (three months and nine months ended 30 September 2011 (restated): 2,160,995,695 and 2,119,963,945 ordinary shares respectively). The diluted earnings per share for the three months and nine months ended 30 September 2011 were adjusted for the effects of bonus issues on 30 May 2012.

11. RESERVES

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Investment revaluation reserve RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012 (audited)	149,670	256,200	8,494	193,555	766	23,733	-	(8,661)	40,000	653,757	3,763	657,520
Profit for the period	-	-	-	108,708	-	-	-	-	-	108,708	10,619	119,327
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- exchange differences on translating foreign operations	-	-	-	-	1,294	-	-	-	-	1,294	928	2,222
- fair value adjustment for available-for-sale investments	-	-	-	-	-	-	1,103	-	-	1,103	-	1,103
Total comprehensive income for the period	-	-	-	108,708	1,294	-	1,103	-	-	111,105	11,747	122,852
Issue of shares on exercise of share options	1,827	9,055	-	-	-	(520)	-	-	-	10,359	-	10,359
Dividend recognised as distribution	-	(29,601)	-	-	-	-	-	-	-	(29,601)	-	(29,601)
Issue of bonus shares	28,952	(28,952)	-	-	-	-	-	-	-	-	-	-
Lapsed and cancelled of share options	-	-	-	131	-	(131)	-	-	-	-	-	-
Changes in non-controlling interests arising from decrease of the Group's shareholding in a subsidiary	-	-	-	-	-	-	-	(617)	(617)	(617)	-	(617)
Recognition of equity-settled share-based payments	-	-	-	-	-	2,891	-	-	-	2,891	-	2,891
Appropriation to statutory reserve funds	-	-	616	(616)	-	-	-	-	-	-	-	-
At 30 September 2012 (unaudited)	180,649	226,702	9,110	291,778	2,060	25,970	1,103	(8,661)	33,283	747,894	15,510	763,404
At 1 January 2011 (audited)	142,363	161,475	8,494	40,722	1,728	4,620	-	(8,661)	40,000	390,741	-	390,741
Profit for the period	-	-	-	105,248	-	-	-	-	-	105,248	349	105,597
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- exchange differences on translating foreign operations	-	-	-	-	2,097	-	-	-	-	2,097	-	2,097
Total comprehensive income for the period	-	-	-	105,248	2,097	-	-	-	-	107,345	349	107,694
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,476	1,476
Dividend recognised as distribution	-	(26,106)	-	-	-	-	-	-	-	(26,106)	-	(26,106)
Issue of shares by placing	7,507	120,953	-	-	-	-	-	-	-	128,460	-	128,460
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	16,866	-	-	-	16,866	-	16,866
At 30 September 2011 (unaudited)	149,870	256,222	8,494	145,970	3,825	21,686	-	(8,661)	40,000	617,306	1,825	619,131



MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group offers a spectrum of financing services to small and medium enterprises (“SMEs”) and individuals. During the period under review, the Group’s turnover was mainly derived from the provision of real estate pawn loan service, entrusted loan service, real estate-backed loan service and financial consultancy service.

In early 2012, the central government of the PRC started to relax its monetary policy in response to the economic slowdown. During the first three quarters, though there had been more bank lending to SMEs, the funds from banking sector had yet to be able to meet the needs of those companies in the PRC which is one of the largest emerging and developing markets. The different financing options provided by the Group were attractive to wealthy SMEs and individuals who want to invest and to maintain stable growth. On the other hand, the Group remained very cautious about the downside risks posted by the volatility under the changing business and regulatory environment. In order to offset the uncertainties, the Group had focused more on lending of larger entrusted loans with a longer term to quality customers with established businesses as well as track records of financial success. And understanding the importance of long-term stability instead of short-term results, the Group had placed a lot of emphasis on risk management at the same time. The Group had consolidated risk factors across all of the Group’s operations and had applied stricter requirements for loan approval. For some cases, the Group had requested the obligations of certain borrowers to be secured by share charge over all of the borrowers’ issued share capital for better monitoring of risk.

During the nine months ended 30 September 2012, the Group’s competitively advantaged financing services continued to deliver sustainable earnings. Majority of the Group’s revenue still came from its core businesses of entrusted loan service and financial consultancy service, which accounted for approximately 30.5% and 56.3% respectively of the Group’s total revenue. In the meantime, the contribution from Chongqing’s real estate-backed loan service has been growing and approximately 10.8% of total revenue was contributed from this new business operation during the period under review.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business review *(Continued)*

On 18 September 2012, the Company successfully issued its second RMB-denominated bonds. The completion of issue of the RMB200,000,000 bonds would give the Group more financial flexibility in business development and provide a stronger foundation for profit generation.

Financial review

Revenue

For the nine months ended 30 September 2012, the Group's total revenue increased 13.1% to RMB220.6 million from RMB195.1 million for the corresponding period last year. With the additional fund from the issue of RMB100,000,000 bonds last year, the Group was able to maintain a double-digit growth in total revenue during the period under review. However, the revenue growth slowed as a result of more stringent control in loan approval process.

Real estate pawn loan service income

The Group has changed its loan portfolios towards loans with larger sums such as entrusted loans and real estate-backed loans and hence the proportion of smaller size pawn loans has been reduced. In this regard, the Group recorded revenue of RMB7.2 million from the provision of real estate pawn loan service for the nine months ended 30 September 2012, a decrease of 18.7% as compared to the revenue of approximately RMB8.8 million for the corresponding period last year.

Other collateral-backed pawn loan service income

For the nine months ended 30 September 2012, the Group recorded revenue of approximately RMB2.2 million from the provision of other collateral-backed pawn loan service, representing an increase of 2.4% as compared to the revenue of approximately RMB2.1 million for the corresponding period last year.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Entrusted loan service income

The performance from the Group's entrusted loan service remained strong. For the nine months ended 30 September 2012, revenue from the provision of entrusted loan service totaled RMB67.4 million, representing a significant growth of 56.0% over RMB43.2 million of the prior year period.

Personal property pawn loan service income

The Group has gradually scaled down its less profitable personal property pawn loan operation. For the nine months ended 30 September 2012, the Group's revenue from the provision of personal property pawn loan service was approximately RMB27,000 as compared to approximately RMB0.3 million in the corresponding period last year.

Other collateral-backed loan service income

For the nine months ended 30 September 2012, the Group's other collateral-backed loan service income of approximately RMB3.7 million represented the income from the provision of money lending service in Hong Kong. The decrease of approximately 71.7% as compared to approximately RMB12.9 million in the corresponding period last year was due to no other collateral-backed loan service provided in the PRC during the period under review.

Real estate-backed loan service income

The Group's Chongqing operation set up in late 2011 posted a significant growth for the first three quarters of this year, with revenue from interest income and financial consultancy service income amounted to approximately RMB15.9 million and RMB8.0 million respectively.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Financial consultancy service income

Revenue from the provision of financial consultancy service still represented the largest portion of the Group's total revenue, with the service income increased by 4.5% to RMB124.3 million for the nine months ended 30 September 2012 from RMB119.0 million in the corresponding period last year. The slower growth pace in this business was mainly due to reduction in financial consultancy service income from referring customers to other independent third parties lenders in the third quarter of 2012.

Interest expenses

The Group recorded interest expenses of approximately RMB11.5 million during the nine months ended 30 September 2012, as compared to RMB1.3 million for the same period last year. The interest expenses incurred mainly represented interests on the RMB-denominated corporate bonds and other borrowings.

Other income

The Group's other income comprised convertible bonds interest income, bank interest income and government grants. The Group's other income for the nine months ended 30 September 2011 and 2012 was approximately RMB4.5 million and RMB11.9 million respectively. The increase of 162.8% was mainly attributable to the government grants of RMB6.4 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 and interest on convertible bonds of RMB3.2 million.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and sales and marketing related expenses. The Group's administrative and other operating expenses for the nine months ended 30 September 2011 and 2012 were approximately RMB37.8 million and RMB46.9 million respectively. The increase of approximately 24.0% was mainly attributed to the increase of sales and marketing related expenses, salaries, rental expenses and other operating costs which were increased in line with the business growth.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review (Continued)

Profit for the period

With the third quarter posted a profit of RMB119.5 million, the profit attributable to owners of the Company for the nine months ended 30 September 2012 climbed up to RMB108.7 million, an increase of 3.3% as compared to RMB105.2 million in the same period last year.

OUTLOOK

The business environment is changing rapidly nowadays and classic economic cycles are shortening and has become more segmented. The PRC central government has changed from a tight monetary policy in 2011 to more relaxing policy measures in 2012. The Group has been preparing for the changing regulatory environment and its business model allows it to invest in growth while generating sustainable revenue at the same time. The Group will continue to fortify its competitive advantages versus other financing service providers by providing quick access to fund and a variety of financing solutions. The Group has also established reputation and connection in the market with an increasing number of repeated customers or referrals. The Group made a good decision in late 2011 to expand geographically by establishing Chongqing office. Thus the Group has successfully expanded from its core business of entrusted loan and pawn loan service and increasing portion of revenue has been generating from this business operation. In order to obtain organic growth with better returns, the Group will look for more business expansion opportunities including mergers and acquisitions to enter in attractive markets.

Internally, the Group will continue to maintain a strong culture of risk management, and to achieve optimum and disciplined allocation of resources by investing in growth while cutting cost in less-essential areas. The Group believes its consolidated efforts will help to build momentum in future and its business model of multi-platform financing services is well positioned for long-term growth. The Directors are committed to create increasing shareholder value and promising future for the Group.



ADVANCES TO ENTITIES

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises where an advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 30 September 2012, the Company's total assets were approximately RMB1.20 billion. Pursuant to Rule 17.22 of the GEM Listing Rules, details of advances as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 30 September 2012 were as follow:

1. Entrusted loan agreement dated 13 March 2012 (the “Entrusted Loan Agreement A”)

On 13 March 2012, Lucky Consultants, an indirect wholly-owned subsidiary of the Company, entered into an entrusted loan agreement with a borrower (“Borrower A”) and Shanghai Branch of Bank of Ningbo as the lending agent (the “Lending Agent”), pursuant to which, Lucky Consultants had agreed to entrust a fund in the amount of RMB60 million (the “Entrusted Fund A”) to the Lending Agent, for on-lending to Borrower A for a term of six months subject to and upon the terms and conditions therein. Borrower A's principal business activities include real estate development and developing a commercial building with a gross floor area of approximately 271,000m² located in Zhejiang Province, the PRC. Borrower A had no default record with the Group in the past. Borrower B as referred to the “Loan A” below holds 76.92% or US\$20 million (equivalent to approximately HK\$156 million or RMB127 million) of the registered capital of Borrower A.

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

Loan amount:

RMB60 million (the “Entrusted Loan A”).

Interest:

Interest rate on the Entrusted Loan A shall be payable in the range of 22%-24.4% per annum.



ADVANCES TO ENTITIES (Continued)

1. Entrusted loan agreement dated 13 March 2012 (the “Entrusted Loan Agreement A”) (Continued)

Service fee:

Shenyang Investment Consultancy (Shanghai) Limited (“Shenyang”), an indirect 70%-owned subsidiary of the Company, entered into a service agreement with Borrower A pursuant to which Shenyang charges Borrower A a service fee in a range of 1%-3% per month for assisting Borrower A in securing the loan through the Entrusted Fund A on 13 March 2012.

Term of the loan:

6 months from the effective date of the Entrusted Loan Agreement A on 13 March 2012.

As at 30 September 2012, a total of RMB50 million remained outstanding in connection with the Entrusted Loan Agreement A as amounted to RMB10 million was repaid by Borrower A and the term of remaining amount of loan of RMB50 million has been extended to 12 January 2013 upon agreement by the parties to the Entrusted Loan Agreement A on 29 August 2012.

Security:

The Entrusted Loan A shall be secured by a building area of 3,237m² of a commercial building located in Jinhua City in Zhejiang Province (the “Properties”) and rental income to be generated under a tenancy agreement entered into between Borrower A and one of the top supermarket chains of the world in respect of two floors of the Properties in a total building area of approximately 22,906m² (the “Security A”) for the obligations of Borrower A under the Entrusted Loan Agreement A. If Borrower A is in default, the Lending Agent will assist Lucky Consultants to recover the full amount of the Entrusted Loan A including the enforcement of the Security A. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, other than being charged to the Lending Agent, the Security A is not charged to any other parties.



ADVANCES TO ENTITIES (Continued)

1. Entrusted loan agreement dated 13 March 2012 (the “Entrusted Loan Agreement A”) (Continued)

Guarantee:

A corporate guarantee has been provided by a related company of Borrower A and personal guarantee has been given jointly by the legal representative and beneficial owner of Borrower A in favour of Lucky Consultants to secure the obligation of Borrower A under the Entrusted Loan Agreement A.

Repayment:

The Entrusted Loan A and other monies outstanding (including the interest and penalty fee (if any, when Borrower A fails to repay the Entrusted Loan A which it falls due)) in connection to the Entrusted Loan Agreement A are repayable by Borrower A to the Lending Agent upon the expiry of the term of the Entrusted Loan A and the Lending Agent shall transfer the repaid amount to Lucky Consultants account in the Lending Agent. Borrower A shall not repay the Entrusted Loan A and other monies outstanding (including the interest and penalty fee (if any, when Borrower A fails to repay the Entrusted Loan A which it falls due)) in connection to the Entrusted Loan Agreement A to Lucky Consultants directly.

Prepayment:

Upon agreement by Borrower A and Lucky Consultants and by giving a written advance notice to Lucky Consultants and the Lending Agent, Borrower A has the rights to prepay part or the whole amount of the Entrusted Loan A before the maturity date.

For further details, please refer to the announcement of the Company dated 13 March 2012.

ADVANCES TO ENTITIES *(Continued)*

2. Loan agreement dated 16 May 2012 (the “Loan Agreement A”)

On 16 May 2012, Vigo Hong Kong Investment Limited (“Vigo”), an indirectly wholly-owned subsidiary of the Company, entered into a loan agreement with a borrower (“Borrower B”) for a term of six months, pursuant to which Vigo had agreed to lend a loan of HK\$60 million (equivalent to approximately RMB48.8 million) (the “Loan A”) to Borrower B for a term of six months subject to and upon the terms and conditions therein. Borrower B was referred to the Group by the shareholder who holds 30% interest in High Elite Holdings Limited (“High Elite”), an indirect 70%-owned subsidiary of the Company. Borrower B holds 76.92% or US\$20 million (equivalent to approximately HK\$156 million or RMB127 million) of the registered capital of Borrower A as referred to the Entrusted Loan A above.

The total amount of the Entrusted Loan A and the Loan A which remained outstanding as at 30 September 2012 was approximately RMB98.8 million, which exceeded 8% of the total assets of the Company as at 30 September 2012.

The principal terms of the Loan Agreement A are as follows:

Loan amount:

HK\$60 million (equivalent to approximately RMB48.8 million), together with the outstanding principal of the Entrusted Loan A to Borrower A amounted to RMB50 million, representing approximately 8.2% of the total assets of the Group of approximately RMB1.20 billion as at 30 September 2012, approximately 12.9% of the net assets of the Group of approximately RMB763.4 million as at 30 September 2012 and approximately 13.2% to the total loan portfolio of the Group of approximately RMB750.2 million as at 30 September 2012 (all based on the unaudited consolidated accounts of the Group for the nine months ended 30 September 2012). The Loan A was financed by the external borrowing of the Group from a third party without providing security. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, such third party and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

ADVANCES TO ENTITIES (Continued)

2. Loan agreement dated 16 May 2012 (the “Loan Agreement A”) (Continued)

Interest:

Interest rate on the Loan A is in the range of 12% to 14% per annum. Interest shall be payable monthly.

Service fees:

Consultancy Agreement I

Borrower B shall pay to the Company the following fees for the services provided by the Company under the consultancy agreement between the Company and Borrower B (the “Consultancy Agreement I”):

- (i) a success fee in the range of HK\$5 million to HK\$10 million upon successful entering into of the Loan A, which is due and payable at the date of receipt of the Loan A;
- (ii) a monthly consultancy fee calculated on the basis of 1% to 1.5% of the Loan A which is payable by Borrower B during the term (six months from 16 May 2012 unless Loan A is extended under the Loan Agreement A) of the Consultancy Agreement I; and
- (iii) if any part of the Loan A remains outstanding or the Consultancy Agreement I is extended after the expiry of the six-month period of the Consultancy Agreement I, a monthly consultancy fee calculated on the basis of 2.5% to 3% of the outstanding Loan A.

ADVANCES TO ENTITIES *(Continued)*

2. Loan agreement dated 16 May 2012 (the “Loan Agreement A”) *(Continued)*

Service fees: (Continued)

Consultancy Agreement II

Borrower B shall pay to the Company the following fees for the services provided by the Company under the consultancy agreement between High Elite and Borrower B (the “Consultancy Agreement II”):

- (i) a monthly consultancy fee calculated on the basis of 1% to 1.5% of the Loan A which is payable by Borrower B during the term (six months from 16 May 2012 unless Loan A is extended under the Loan Agreement A) of the Consultancy Agreement II; and
- (ii) if any part of the Loan A remains outstanding or the Consultancy Agreement II is extended after the expiry of the six-month period of the Consultancy Agreement II, a monthly consultancy fee calculated on the basis of 1% to 1.5% of the outstanding Loan A.

Term of the loan:

6 months from the drawdown date of the Loan A. The Loan A shall be drawn within 30 days of the date of the Loan Agreement A.

Security:

The obligations of Borrower B under the Loan Agreement A are secured by the following:

- (i) two share charges over all the issued share capital of the Borrower B created by the beneficial owners of Borrower B in favour of Vigo; and
- (ii) two assignments of loan by way of security entered into by the beneficial owners of Borrower B to assign to Vigo all the loans owing by Borrower B to the beneficial owners as security (the “Security B”).

ADVANCES TO ENTITIES (Continued)

2. Loan agreement dated 16 May 2012 (the “Loan Agreement A”) (Continued)

Guarantee:

Two personal guarantees have been provided by the beneficial owners of Borrower B in favour of Vigo to secure the obligations of Borrower B under the Loan Agreement A.

Repayment:

The Loan A in relation to the Loan Agreement A is repayable by Borrower B to Vigo upon the expiry of the term of the Loan A.

Prepayment:

Borrower B may prepay part of the whole amount of the Loan A before the expiry of the term of the Loan A provided that a written consent of Vigo is obtained.

For further details, please refer to the announcement of the Company dated 16 May 2012.

3. Entrusted loan agreement dated 21 June 2012 (the “Entrusted Loan Agreement B”)

On 21 June 2012, Lucky Consultants entered into an entrusted loan agreement with a borrower (“Borrower C”) and the Lending Agent, pursuant to which, Lucky Consultants had agreed to entrust a fund in the amount of RMB50 million (the “Entrusted Fund B”) to the Lending Agent, for on lending to Borrower C for a term of six months subject to and upon the terms and conditions therein.

Loan amount:

RMB50 million (the “Entrusted Loan B”).

Interest:

Interest rate on the Entrusted Loan B amount shall be payable in the range of 22%-24.4% per annum.



ADVANCES TO ENTITIES *(Continued)*

3. Entrusted loan agreement dated 21 June 2012 (the “Entrusted Loan Agreement B”) *(Continued)*

Service fee:

Shenjing Investment Consultancy (Shanghai) Limited (“Shenjing”), an indirect wholly-owned subsidiary of the Company, entered into a service agreement with Borrower C, pursuant to which Shenjing charges Borrower C a service fee in a range of 2%-4% per month for assisting Borrower C in securing the loan through the Entrusted Fund B on 21 June 2012.

Term of the loan:

6 months from effective date of the Entrusted Loan Agreement B on 21 June 2012.

Security:

The Entrusted Loan B shall be secured by the commercial properties located in Jia Ding District in Shanghai with land usage right in an area of 45,868m² and a total building area of approximately 217,000m² (the “Security C”) for the obligation of Borrower C under the Entrusted Loan Agreement B. If Borrower C is in default, the Lending Agent will assist Lucky Consultants to recover the full amount of the Entrusted Loan B including the enforcement of the Security C. As at the date of this report, there are other charges on the Security C and the amount of such charges is deducted when estimating the loan-to-value ratio set out in the paragraph headed “Credit Risks” below.

Guarantees:

Personal guarantees have been given respectively by the legal representative and the beneficial owner of Borrower C in favour of Lucky Consultants to secure the obligation of Borrower C under the Entrusted Loan Agreement B.



ADVANCES TO ENTITIES (Continued)

3. Entrusted loan agreement dated 21 June 2012 (the “Entrusted Loan Agreement B”) (Continued)

Repayment:

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

Prepayment:

Upon obtaining consent from Lucky Consultants and by giving a written notice to the Lending Agent, Borrower C has the rights to prepay the Entrusted Loan B before the maturity date or extend the repayment of the Entrusted Loan B.

For further details, please refer to the announcement of the Company dated 21 June 2012.

4. Entrusted loan agreement dated 20 September 2012 (the “Entrusted Loan Agreement C”)

On 20 September 2012, Lucky Consultants entered into an entrusted loan agreement with Borrower C and the Lending Agent, pursuant to which, Lucky Consultants had agreed to entrust a fund in the amount of RMB70 million (the “Entrusted Fund C”) to the Lending Agent, for on lending to Borrower C or a term of six months subject to and upon the terms and conditions therein.



ADVANCES TO ENTITIES *(Continued)*

4. Entrusted loan agreement dated 20 September 2012 (the “Entrusted Loan Agreement C”) *(Continued)*

On 16 August 2011 and 14 December 2011, Lucky Consultants entered into entrusted loan agreements (the “Previous Entrusted Loan Agreements”) with Borrower C and Shanghai Branch of China Construction Bank Corporation as the lending agent (the “Lending Agent I”), pursuant to which Lucky Consultants had agreed to entrust funds in an aggregate amount of RMB40 million to the Lending Agent I, for on lending to Borrower C. The total amount of the Entrusted Loan B, the Entrusted Loan C and the other advances of RMB40 million to Borrower C under the Previous Entrusted Loan Agreements which remained outstanding at 30 September 2012 was RMB160 million, which exceeded 8% of the total assets of the Group as at 30 September 2012.

The principal terms of the Entrusted Loan Agreement C are as follows:

Loan amount:

RMB70 million (the “Entrusted Loan C”), together with the outstanding principal of RMB90 million advanced to Borrower C under Entrusted Loan Agreement B and the Previous Entrusted Loan Agreements, representing approximately 13.3% of the total assets of the Group of approximately RMB1.20 billion as at 30 September 2012, approximately 21.0% to the net assets of the Group of approximately RMB763.4 million as at 30 September 2012 and approximately 21.3% to the total loan portfolio of the Group of approximately RMB750.2 million as at 30 September 2012 (based on the unaudited consolidated accounts of the Group for the nine months ended 30 September 2012).

Interest:

Interest rate on the Entrusted Loan C amount is payable in the range of 21%-23% per annum.

ADVANCES TO ENTITIES (Continued)

4. Entrusted loan agreement dated 20 September 2012 (the “Entrusted Loan Agreement C”) (Continued)

Service fee:

Shanghai Yintong, a limited liability company established in the PRC which is managed by Lucky Consultants, entered into a service agreement with Borrower C pursuant to which Shanghai Yintong charges Borrower C a service fee in the range of 1%-3% per month for assisting Borrower C in securing the Entrusted Loan C through the Entrusted Fund C on the Effective Date.

Term of the Loan:

6 months from the Effective Date of the Entrusted Loan Agreement C.

Security:

The obligations of Borrower C under the Entrusted Loan Agreement C is secured by share charge over all the issued share capital of Borrower C created by the beneficial owners of Borrower C in favour of Lucky Consultants (the “Security D”). According to the unaudited net asset value of Borrower C for the period ended 31 August 2012, the unaudited net asset value of Borrower C was approximately RMB515.9 million (equivalent to approximately HK\$629.4 million) (“NAV”) as at 31 August 2012.

According to the audited consolidated financial statements of Borrower C for the year ended 31 December 2011, the audited net asset value of Borrower C for the year ended 31 December 2011 was approximately RMB522.5 million (equivalent to approximately HK\$637.5 million), of which the assets primarily comprised of Security C and accounts receivables, and the liabilities primarily comprised of loans and accounts payables.

In addition to the charges under the Previous Entrusted Loan Agreements and the Entrusted Loan Agreement B, there are other charges on the Security C to banks as at 30 September 2012, and the amount of such charges are deducted when estimating the loan-to-value ratio set out in the paragraph headed “Credit Risks”.



ADVANCES TO ENTITIES (Continued)

4. Entrusted loan agreement dated 20 September 2012 (the “Entrusted Loan Agreement C”) (Continued)

Guarantee:

Personal guarantees have been given respectively by the legal representative and a beneficial owner of Borrower C in favour of Lucky Consultants to secure the obligation of Borrower C under the Entrusted Loan Agreement C.

Repayment:

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

Prepayment:

Upon obtaining consent from Lucky Consultants and by giving a written notice to the Lending Agent, Borrower C has the rights to prepay the Entrusted Loan C before the maturity date or extend the repayment of the Entrusted Loan C.

Credit risks

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



ADVANCES TO ENTITIES *(Continued)*

Credit risks *(Continued)*

The Entrusted Loan A and the Entrusted Loan B were granted based on the internal credit assessment conducted by the employees of the Company made on the Security A and the Security C provided respectively by Borrower A and Borrower C, with reference to market value in similar properties and in similar locations.

The Loan A was granted based on the credit assessment conducted by the Group made on the Security B provided under the Loan Agreement A with reference to the financial position of Borrower B and Borrower A including the adjusted net asset value of Borrower B as at 31 December 2011 as well as the market value of properties similar to the property owned by Borrower A in similar locations.

The Entrusted Loan C was granted based on the internal credit assessment conducted by the Group made on the Security D provided under Entrusted Loan Agreement C, with reference to the financial position of Borrower C and including the NAV of Borrower C as at 31 August 2012.

The loan-to-value ratio of each of the securities mentioned above is below 50% which is in line with Company's credit policy. In addition, if the price of the securities falls to certain extent that the Company considers that the securities do not provide adequate collateralisation of the loans, Lucky Consultants and Vigo have the rights to demand Borrower A, Borrower B and Borrower C to provide additional collateral or to declare the loans, all interest accrued thereon and all monies payable to be forthwith due and payable.

For further details, please refer to the announcement of the Company dated 20 September 2012.

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

As at 30 September 2012, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in shares of the Company

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Interest in a controlled corporation	671,000,000 (L) ⁽²⁾	31.55%
Mr. Ting Pang Wan Raymond	Beneficial owner	6,000,000 (L)	0.28%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) These shares were held by Kaiser Capital Holdings Limited ("Kaiser Capital"), the entire issued share capital of which was owned by Mr. Shi Zhi Jun.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30 September 2012.*

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

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

Name of Director	Capacity	Number of underlying shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Beneficial owner	19,200,000 (L)	0.90%
Mr. Ji Zu Guang	Beneficial owner	19,200,000 (L)	0.90%
Ms. Shen Li	Beneficial owner	19,200,000 (L)	0.90%
Mr. Neo Poh Kiat	Beneficial owner	600,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	600,000 (L)	0.03%
Mr. Lee Sze Wai	Beneficial owner	600,000 (L)	0.03%

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

* *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2012.*

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

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

(iii) Interests in the associated corporation – Shanghai Yintong

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

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
 - (2) These equity interests were held by Shanghai Jinhan Investment Development Limited, the entire equity interests of which were owned by Mr. Shi Zhi Jun.
- * The percentage represents the amount of equity interests interested divided by Shanghai Yintong's equity interests as at 30 September 2012.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 2012, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests in shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Kaiser Capital	Beneficial owner	671,000,000 (L) ⁽²⁾	31.55%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	636,222,400 (L) ⁽³⁾	29.91%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	636,222,400 (L) ⁽³⁾	29.91%
Jiefang Daily Group ("Jiefang Group")	Interest in a controlled corporation	636,222,400 (L) ⁽³⁾	29.91%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in a controlled corporation	636,222,400 (L) ⁽³⁾	29.91%
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	116,193,600 (L) ⁽⁴⁾	5.46%
Mr. Yam Tak Cheung	Interest in a controlled corporation	116,193,600 (L) ⁽⁴⁾	5.46%



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

Interests in shares of the Company *(Continued)*

Notes:

- (1) The letter "L" denotes the entity/person's long position in the securities.
- (2) The interests of Kaiser Capital were also disclosed as the interests of Mr. Shi Zhi Jun in the above section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures".
- (3) These shares were held by Jiefang Media. Jiefang Media is wholly-owned by Xinhua Publishing, which is in turn owned by Jiefang Group and its associates as to approximately 50.8% and Greenland Group as to approximately 39%. Therefore, under the SFO, Xinhua Publishing is deemed to be interested in all the shares held by Jiefang Media, and each of Jiefang Group and Greenland Group is deemed to be interested in all the shares held by Jiefang Media through Xinhua Publishing.
- (4) These shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam Tak Cheung.

* *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30 September 2012.*

Save as disclosed above, as at 30 September 2012, 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 Division 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

(a) Pre-IPO Share Option Scheme

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

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

Details of movements of the share options granted under the Pre-IPO Scheme during the nine months ended 30 September 2012 were as follows:

Category	Date of grant	Exercise period	Exercise price per share before bonus issue	Adjusted exercise price per share after bonus issue	Number of share options				
					As at 1 January 2012	Adjustment arising from bonus issue	Granted during the period	Exercised/Cancelled/ Lapsed during the period	As at 30 September 2012
Director									
Mr. Shi Zhi Jun	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
		4 November 2010 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	HK\$0.2604	4,800,000	960,000	-	-	5,760,000
					16,000,000	3,200,000	-	-	19,200,000
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
		4 November 2010 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	HK\$0.2604	4,800,000	960,000	-	-	5,760,000
					16,000,000	3,200,000	-	-	19,200,000

SHARE OPTION SCHEME (Continued)

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

Category	Date of grant	Exercise period	Exercise price per share before bonus issue	Adjusted exercise price per share after bonus issue	Number of share options				
					As at 1 January 2012	Adjustment arising from bonus issue	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 September 2012
Ms. Shen Li	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	HK\$0.2604	4,800,000	960,000	-	-	5,760,000
					16,000,000	3,200,000	-	-	19,200,000
Employee									
Mr. Ding Lu	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.3125	HK\$0.2604	5,600,000	1,120,000	-	-	6,720,000
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.3125	HK\$0.2604	4,800,000	960,000	-	-	5,760,000
					16,000,000	3,200,000	-	-	19,200,000
Total					64,000,000	12,800,000	-	-	76,800,000

Notes:

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

SHARE OPTION SCHEME (Continued)

(b) Share Option Scheme

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

Details of movements of the share options granted under the Share Option Scheme during the nine months ended 30 September 2012 were as follows:

Category	Date of grant	Exercise period	Exercise price per share before bonus issue	Adjusted exercise price per share after bonus issue	Number of share options				
					As at 1 January 2012	Adjustment arising from bonus issue	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 September 2012
Director									
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.2060	HK\$1.0050	500,000 ^(a)	100,000	-	-	600,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.2060	HK\$1.0050	500,000 ^(a)	100,000	-	-	600,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.2060	HK\$1.0050	500,000 ^(a)	100,000	-	-	600,000
					1,500,000	300,000	-	-	1,800,000
Employee	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.2060	HK\$1.0050	2,570,000	414,000	-	(500,000)	2,484,000
					2,570,000	414,000	-	(500,000)	2,484,000
Consultant	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.2060	HK\$1.0050	33,200,000 ^(a)	6,640,000	-	-	39,840,000
	27 September 2011	27 September 2011 to 26 September 2016	HK\$0.5670	-	17,500,000 ^(a)	-	-	(17,500,000)	-
	27 September 2011	27 March 2012 to 26 September 2016	HK\$0.5670	HK\$0.4725	35,000,000 ^(a)	6,000,000	-	(5,000,000)	36,000,000
					85,700,000	12,640,000	-	(22,500,000)	75,840,000
Total					89,770,000	13,354,000	-	(23,000,000)	80,124,000



SHARE OPTION SCHEME *(Continued)*

(b) Share Option Scheme *(Continued)*

Notes:

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2012.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2012.



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transaction by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the nine months ended 30 September 2012.

COMPETING INTEREST

Xinhua Publishing, a substantial shareholder of the Company and Xinrong Asset Management Limited, a shareholder of Shanghai Yintong, whose principal business is not providing financing services, had made use of their respective idle cash to advance loans to third parties through entrusted loan arrangements during the period under review, as the interest income derived therefrom could allow them to have relatively higher return for their respective idle fund. Save and except for the foregoing and for interests in the Group, none of the controlling shareholders nor their respective associates had interests in any other companies which may, directly or indirectly, compete with the Group's business.

INTEREST OF COMPLIANCE ADVISER

As notified by China Everbright Capital Limited ("China Everbright"), the Company's compliance adviser, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2012.



AUDIT COMMITTEE

The Audit Committee comprises a total of three members, namely, Mr. Lee Sze Wai (Chairperson), Mr. Neo Poh Kiat and Dr. Lau Reimer Mary Jean, all of whom are independent non-executive Directors. The Group's unaudited results for the nine months ended 30 September 2012 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

Credit China Holdings Limited

Ting Pang Wan, Raymond

Chairman

Hong Kong, 8 November 2012

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