



**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**

**2013**

## **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.**

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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 RMB218.9 million for the nine months ended 30 September 2013, representing a slight decrease of 0.8% as compared with the corresponding period in 2012.
- Profit attributable to owners of the Company for the nine months ended 30 September 2013 amounted to approximately RMB91.4 million, representing a decrease of 15.9% as compared with the corresponding period in 2012.
- Basic earnings per share for the nine months ended 30 September 2013 amounted to RMB3.85 cents (2012: RMB5.13 cents).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2013.

The board (the "Board") of directors (the "Directors") of Credit China Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2013 together with the comparative unaudited figures for the corresponding periods in 2012, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
<b>Turnover</b>	3	<b>84,342</b>	84,527	<b>218,927</b>	220,623
Interest income	3	<b>55,075</b>	34,638	<b>123,725</b>	96,328
Interest expenses	5	<b>(8,744)</b>	(1,952)	<b>(24,273)</b>	(11,468)
<b>Net interest income</b>		<b>46,331</b>	32,686	<b>99,452</b>	84,860
<b>Financial consultancy service income</b>	3	<b>29,267</b>	49,889	<b>95,202</b>	124,295
		<b>75,598</b>	82,575	<b>194,654</b>	209,155
Other income	4	<b>2,080</b>	2,534	<b>13,992</b>	11,918
Administrative and other operating expenses		<b>(27,356)</b>	(20,387)	<b>(77,674)</b>	(46,864)
Change in fair value of derivative financial instruments		-	-	<b>(1,290)</b>	(2,580)
Loss on early redemption of corporate bonds		-	(2,289)	-	(2,289)
Share-based payment expenses		<b>(2,891)</b>	(173)	<b>(2,891)</b>	(2,891)
Share of results of associates		<b>(464)</b>	(432)	<b>(1,545)</b>	(437)
Share of results of jointly-controlled entities		<b>394</b>	97	<b>2,150</b>	26
<b>Profit before tax</b>	6	<b>47,361</b>	61,925	<b>127,396</b>	166,038
Income tax	7	<b>(13,640)</b>	(16,475)	<b>(28,017)</b>	(46,511)
<b>Profit for the period</b>		<b>33,721</b>	45,450	<b>99,379</b>	119,527

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and nine months ended 30 September 2013

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
<b>Other comprehensive income (expense) for the period</b>				
Exchange differences on translating foreign operations	(573)	1,282	(3,847)	2,222
Fair value adjustment for available-for-sale investments	-	-	(137)	1,103
Other comprehensive income (expense) for the period, net of income tax	(573)	1,282	(3,984)	3,325
<b>Total comprehensive income for the period</b>	<b>33,148</b>	<b>46,732</b>	<b>95,395</b>	<b>122,852</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	30,060	40,050	91,429	108,708
Non-controlling interests	3,661	5,400	7,950	10,819
	<b>33,721</b>	<b>45,450</b>	<b>99,379</b>	<b>119,527</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	29,487	40,561	87,323	111,105
Non-controlling interests	3,661	6,171	8,072	11,747
	<b>33,148</b>	<b>46,732</b>	<b>95,395</b>	<b>122,852</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Earnings per share</b>				
Basic	<b>1.24 cents</b>	1.88 cents	<b>3.85 cents</b>	5.13 cents
Diluted	<b>1.22 cents</b>	1.83 cents	<b>3.76 cents</b>	4.99 cents

Notes

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*Notes:*

**1. BASIS OF PREPARATION**

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2013 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 2012.

**3. TURNOVER**

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

### 3. TURNOVER (Continued)

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
<b>Interest income</b>				
Real estate pawn loan service income				
– Administration fee income	190	1,411	1,026	5,753
– Interest income	114	495	298	1,403
Other collateral-backed pawn loan service income				
– Administration fee income	–	624	516	1,759
– Interest income	–	155	129	436
Entrusted loan service income				
– Interest income	44,510	22,566	95,514	67,387
Personal property pawn loan service income				
– Administration fee income	–	2	–	24
– Interest income	–	–	–	3
Other loan service income				
– Interest income	3,065	1,952	8,323	3,656
Real estate-backed loan service income				
– Interest income	3,542	7,433	13,880	15,907
Microfinance service income				
– Interest income	3,654	–	4,039	–
	<b>55,075</b>	34,638	<b>123,725</b>	96,328
<b>Financial consultancy service income</b>	<b>29,267</b>	49,889	<b>95,202</b>	124,295
<b>Turnover</b>	<b>84,342</b>	84,527	<b>218,927</b>	220,623

#### 4. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Bank interest income	348	449	1,490	1,277
Government grants (Note)	575	-	8,082	6,350
Interest income on a convertible bond	889	1,053	2,546	3,224
Net gain on disposal of other assets	-	9	-	9
Realised gains on settlement of derivative financial instruments	170	-	1,755	-
Others	98	1,023	119	1,058
	<b>2,080</b>	<b>2,534</b>	<b>13,992</b>	<b>11,918</b>

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

#### 5. INTEREST EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Interest on borrowings wholly repayable within five years	1,340	1,466	1,863	2,190
Interest on bank loans wholly repayable within five years	33	-	33	-
Interest on an exchangeable bond	-	(2,840)	-	-
Interest on corporate bonds	7,371	3,341	22,373	9,141
Interest on deposits received	-	(15)	4	137
	<b>8,744</b>	<b>1,952</b>	<b>24,273</b>	<b>11,468</b>



## 6. 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	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
<b>(a) Staff costs, including directors' remuneration</b>				
Salaries, wages and other benefits	10,548	5,410	25,509	11,474
Contribution to defined contribution retirement benefits scheme	610	300	1,503	656
Share-based payment expenses	2,891	173	2,891	2,891
	<u>14,049</u>	<u>5,883</u>	<u>29,903</u>	<u>15,021</u>
<b>(b) Other items</b>				
Auditors' remuneration	206	5	915	56
Depreciation	622	573	1,922	1,567
Net exchange loss	786	686	845	2,622
Operating lease charges in respect of properties	2,276	1,807	5,760	4,156

## 7. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Current tax				
Provision for PRC Enterprise Income Tax (the "EIT")	12,394	15,580	25,976	44,663
Provision for Hong Kong Profits Tax	-	487	-	606
Deferred tax	1,246	408	2,041	1,242
	<u>13,640</u>	<u>16,475</u>	<u>28,017</u>	<u>46,511</u>

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

## **7. INCOME TAX** *(Continued)*

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

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

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

## **8. DIVIDENDS**

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

## **9. EARNINGS PER SHARE**

### **Basic earnings per share**

The calculation of basic earnings per share for the three months and nine months ended 30 September 2013 is based on the profit attributable to owners of the Company of RMB30,060,000 and RMB91,429,000 respectively (three months and nine months ended 30 September 2012: RMB40,050,000 and RMB108,708,000 respectively) and the weighted average of 2,430,947,826 and 2,377,209,524 ordinary shares in issue respectively during the three months and nine months ended 30 September 2013 (three months and nine months ended 30 September 2012: 2,127,000,000 and 2,119,905,109 ordinary shares respectively).

### **Diluted earnings per share**

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2013 is based on the profit attributable to owners of the Company of RMB30,060,000 and RMB91,429,000 respectively (three months and nine months ended 30 September 2012: RMB40,050,000 and RMB108,708,000 respectively) and the weighted average of 2,456,781,723 and 2,429,194,188 ordinary shares in issue respectively during the periods (three months and nine months ended 30 September 2012: 2,185,627,752 and 2,177,959,034 ordinary shares respectively).

## 10. RESERVES

	Attributable to owners of the Company											
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Total	Non-controlling interests	Total equity
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
At 1 January 2013 (audited)	180,649	206,702	14,470	327,244	2,156	(1,071)	25,968	(52,256)	40,000	743,862	13,169	757,031
Profit for the period	-	-	-	91,429	-	-	-	-	-	91,429	7,950	99,379
Other comprehensive income (expense)												
- exchange differences on translating foreign operations	-	-	-	-	-	(3,969)	-	-	-	(3,969)	122	(3,847)
- fair value adjustment for available-for-sale investments	-	-	-	-	(137)	-	-	-	-	(137)	-	(137)
Total comprehensive income (expense) for the period	-	-	-	91,429	(137)	(3,969)	-	-	-	87,323	8,072	95,395
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	75,236	75,236
Issue of shares by placing	19,462	132,949	-	-	-	-	-	-	-	152,411	-	152,411
Issue of shares upon exercise of share options	7,891	39,178	-	-	-	-	(22,735)	-	-	24,334	-	24,334
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	(7)	-	(7)	163	156
Dividend recognised as distribution	-	(30,101)	-	-	-	-	-	-	-	(30,101)	-	(30,101)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,522)	(2,522)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,891	-	-	2,891	-	2,891
At 30 September 2013 (unaudited)	206,002	348,728	14,470	418,673	2,019	(5,040)	6,124	(52,263)	40,000	980,713	94,118	1,074,831
At 1 January 2012 (audited)	149,870	256,200	8,494	183,555	-	766	23,733	(8,861)	40,000	653,757	3,763	657,520
Profit for the period	-	-	-	108,708	-	-	-	-	-	108,708	10,619	119,327
Other comprehensive income (expense)												
- 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	1,103	1,294	-	-	-	111,105	11,747	122,852
Issue of shares upon exercise of share options	1,827	9,055	-	-	-	-	(523)	-	-	10,359	-	10,359
Issue of bonus shares	28,952	(28,952)	-	-	-	-	-	-	-	-	-	-
Lapsed of share options	-	-	-	131	-	-	(131)	-	-	-	-	-
Deemed partial disposal of a subsidiary	-	-	-	-	-	-	-	-	(617)	(617)	-	(617)
Dividend recognised as distribution	-	(29,601)	-	-	-	-	-	-	-	(29,601)	-	(29,601)
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	206,702	9,110	291,778	1,103	2,060	25,970	(8,861)	39,383	747,894	15,510	763,404

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

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

For the period ended 30 September 2013, entrusted loan service remained to be the top performer of the Group's businesses, and 43.6% of the Group's revenue was generated from this sector. However, the overall revenue dropped as the Group had been repositioning its asset portfolio by deploying resources on businesses development. It was because, despite the continuous strong demand for its entrusted loan service, the Group considered it was necessary to expand its capacity and even to diversify into more new businesses to outperform other market players and to achieve sustainable growth in the long run. In this relation, the Group continued to expand its microfinance platform and the Group's proposed acquisition of a microfinance company in He Fei of the PRC was underway. Besides, the Group was also opportunistically looking for new markets to complement its current position.

### **Financial review**

#### ***Revenue***

For the nine months ended 30 September 2013, the Group's total revenue decreased slightly by 0.8% to approximately RMB218.9 million from approximately RMB220.6 million for the corresponding period last year. The reduction in revenue was mainly because the Group had set aside resources for the development of microfinance businesses as well as other acquisition opportunities for new businesses.

## **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 2013, revenue from the provision of entrusted loan service totaled approximately RMB95.5 million, representing a significant growth of 41.7% over approximately RMB67.4 million of the prior year period.

#### ***Real estate-backed loan service income***

The Group's microfinance platform in Chongqing has two business segments: small loan service and microfinance service. The Group has been gradually reallocating more resources to microfinance service and hence the Group recorded a decrease in its real-estate-backed loan service income, which was mainly generated from the provision of small loan service. The interest income generated from real estate-backed loan service amounted to approximately RMB13.9 million, decreased by 12.7% as compared to approximately RMB15.9 million in the corresponding period last year.

#### ***Microfinance service income***

The Group's microfinance service provided by its microfinance subsidiary in Chongqing has been gaining momentum since its commencement of operation in late 2012. For the nine months ended 30 September 2013, the Group recorded interest income of approximately RMB4.0 million, which was more than 10 times of the revenue of approximately RMB341,000 in the second quarter this year.

#### ***Other loan service income***

Other loan service income was derived from the provision of money lending service in Hong Kong. For the nine months ended 30 September 2013, the Group's other loan service income was approximately RMB8.3 million, representing an increase of 127.7% as compared to approximately RMB3.7 million in the corresponding period last year.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial review** *(Continued)*

#### ***Real estate pawn loan service income***

The Group has been reducing the proportion of its loans with smaller sums such as pawn loans. In this relation, the Group's revenue from the provision of real estate pawn loan service decreased by 81.5% to approximately RMB1.3 million from approximately RMB7.2 million in the same period last year.

#### ***Other collateral-backed pawn loan service income***

For the nine months ended 30 September 2013, the Group recorded revenue of approximately RMB0.6 million from the provision of other collateral-backed pawn loan service, representing a decrease of 70.6% as compared to the revenue of approximately RMB2.2 million for the corresponding period last year.

#### ***Financial consultancy service income***

Revenue from the provision of financial consultancy service decreased by 23.4% to approximately RMB95.2 million for the nine months ended 30 September 2013 from approximately RMB124.3 million in the corresponding period last year. The drop in revenue from this business was mainly due to reduction in financial consultancy service income from referring customers to other independent third-party lenders in the third quarter of 2013.

#### ***Interest expenses***

The Group's interest expenses were mainly comprised of interests on the RMB-denominated corporate bonds and other borrowings. Owing to the increase in interest on the RMB250 million corporate bonds at 11% coupon rate due 2014, as compared to the RMB100 million corporate bonds at 9% coupon rate which was fully repaid in September 2012, the Group's interest expenses climbed up 111.7% to approximately RMB24.3 million from approximately RMB11.5 million for the same period last year.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial review** *(Continued)*

#### ***Other income***

The Group's other income mainly comprised convertible bond interest income, bank interest income, government grants and realized gains on settlement of derivative financial instruments. The Group's other income for the nine months ended 30 September 2012 and 2013 was approximately RMB11.9 million and RMB14.0 million respectively. The increase of 17.4% was mainly attributable to the realized gains on settlement of derivative financial instruments of approximately RMB1.8 million and government grants of approximately RMB8.1 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong"), Lucky Target Property Consultants (Shanghai) Company Limited and other subsidiaries of the Group for the encouragement of expansion of enterprise.

#### ***Administrative and other operating expenses***

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and sales and marketing related expenses. The Group's administrative and other operating expenses for the nine months ended 30 September 2012 and 2013 were approximately RMB46.9 million and RMB77.7 million respectively. The increase of 65.7% was mainly attributed to the increase of salaries as additional management and staff was recruited for microfinance businesses, direct expenses of loan transactions such as consultancy fees and other operating costs which were increased in line with the business development.

#### ***Profit for the period***

The profit attributable to owners of the Company for the nine months ended 30 September 2013 was approximately RMB91.4 million, a decrease of 15.9% as compared to approximately RMB108.7 million in the same period last year.

## OUTLOOK

The Group's long-term goal is to increase the value of the Company and hence to maximize the returns to the shareholders of the Company. To achieve this, the Group has been focusing on expanding its business platforms such as micro financing while seeking new business opportunities that would fuel future revenue growth. As a notable move, the Group announced on 9 October 2013 a proposed acquisition of a target group which is principally engaged in provision of online third-party payment services and prepaid card issuance business in the PRC. The Directors consider this new development, upon completion, would have synergistic effects to the Group's core businesses, and would allow the Group to achieve attractive returns and strong growth prospects.

The Group is actively expanding its position as an integrated financing service provider, and will continue to direct resources towards opportunities where returns are the most attractive in order to achieve greatest returns for the shareholders of the Company over the long run.

## ADVANCE 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 Group. As at 30 September 2013, the Group's total assets were approximately RMB1.53 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 2013 were as follow:

### **1. Entrusted loan agreement effective 29 May 2013 (the "Entrusted Loan Agreement A")**

On 29 May 2013, Shanghai Junyi Business Consultancy Limited ("Junyi"), an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement A with a borrower (the "Borrower A") and Shanghai Branch of Industrial Bank Co., Ltd. as the lending agent (the "Lending Agent A"), pursuant to which, Junyi had agreed to entrust a fund in the amount of RMB120 million (the "Entrusted Fund A") to the Lending Agent A, for on-lending to the Borrower A for a term of eight months subject to and upon the terms and conditions therein.



## **ADVANCE TO ENTITIES** *(Continued)*

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

The Borrower A is a limited liability company established in the PRC and its principal business activities include real estate development and investment, sales of construction materials and asset management. The Borrower A had no default record with the Group in the past. The Borrower A is the holding company of the Borrower B as referred to the “Entrusted Loan B” below.

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

#### ***Loan amount:***

RMB120 million (the “Entrusted Loan A”) represents approximately 7.8% of the total assets of the Group of approximately RMB1.53 billion as at 30 September 2013 and approximately 11.2% to the net assets of the Group of approximately RMB1.07 billion as at 30 September 2013 (based on the unaudited consolidated accounts of the Group for the nine months ended 30 September 2013).

#### ***Interest:***

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

#### ***Service fee:***

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

#### ***Term of the Loan:***

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

## **ADVANCE TO ENTITIES** (Continued)

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

#### **Security:**

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

#### **Repayment:**

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

#### **Prepayment:**

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

## **ADVANCE TO ENTITIES** *(Continued)*

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

#### **Prepayment:** *(Continued)*

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

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

### **2. Entrusted loan agreement effective 8 July 2013 (the “Entrusted Loan Agreement B”)**

On 8 July 2013, Junyi entered into the Entrusted Loan Agreement B with a borrower (the “Borrower B”) and Shanghai Branch of Bank of Ningbo as the lending agent (the “Lending Agent B”), pursuant to which, Junyi had agreed to entrust a fund in the amount of RMB150 million (the “Entrusted Fund B”) to the Lending Agent B, for on-lending to the Borrower B for a term of three months subject to and upon the terms and conditions therein.

Borrower B is principally engaged in assets investment and letting of properties and is the owner of a commercial property situated in Shanghai with a gross floor area of approximately 10,182.49 sq.m owned by the Borrower B (the “Property”). The Borrower B's group has 18-month business relationship with the Group and there is no default record with the Group in the past.

The total amount of the Entrusted Loan A and the Entrusted Loan B which remained outstanding as at 30 September 2013 was RMB270 million, which exceeded 8% of the total assets of the Company as at 30 September 2013.

## **ADVANCE TO ENTITIES** *(Continued)*

### **2. Entrusted loan agreement effective 8 July 2013 (the “Entrusted Loan Agreement B”) *(Continued)***

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

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

#### ***Loan amount:***

RMB150 million (the “Entrusted Loan B”) represents approximately 9.8% of the total assets of the Group of approximately RMB1.53 billion as at 30 September 2013 and approximately 14.0% of the net assets of the Group of approximately RMB1.07 billion as at 30 September 2013 (based on the unaudited consolidated accounts of the Group for the nine months ended 30 September 2013).

The aggregate amount of the Entrusted Loan A and the Entrusted Loan B represents approximately 17.6% of the total assets of the Group of approximately RMB1.53 billion as at 30 September 2013 and approximately 25.2% to the net assets of the Group of approximately RMB1.07 billion as at 30 September 2013 (based on the unaudited consolidated accounts of the Group for the nine months ended 30 September 2013).

#### ***Interest:***

Interest on the Entrusted Loan B shall be charged at the rate in the range of 14% to 16% per annum which is payable monthly by the Borrower B to the Lending Agent B.

#### ***Term of the Loan:***

3 months from the Effective Date of the Entrusted Loan Agreement B.

## **ADVANCE TO ENTITIES** (Continued)

### **2. Entrusted loan agreement effective 8 July 2013 (the “Entrusted Loan Agreement B”)** (Continued)

#### **Repayment:**

The principal of the Entrusted Loan B and other monies outstanding (including the outstanding interest and penalty fee (if any, when the Borrower B fails to repay the Entrusted Loan B when it falls due)) are repayable by the Borrower B to the Lending Agent B on the maturity date and the Lending Agent B shall transfer such amount together with all the interest received from the Borrower B to the account of Junyi maintained with the Lending Agent B.

#### **Prepayment:**

Upon obtaining consent from Junyi, the Borrower B may prepay the Entrusted Loan B before the maturity date or extend the term of the Entrusted Loan B.

#### **Security:**

The Entrusted Loan B is secured by the Property under the Co-operation Agreement. The details are set out in the paragraph headed “Co-operation Agreement” below.

#### **Service fee:**

Shanghai Huali Business Consulting Company Limited, an indirect wholly-owned subsidiary of the Company will charge the Borrower B a basic service fee in the range of 1% to 3% of the principal amount of the Entrusted Loan B per month for assisting the Borrower B in securing the Entrusted Loan B during the term of the Entrusted Loan B and an additional monthly service fee in the range of 1% to 3% of the principal amount of the Entrusted Loan B per month if the Borrower B does not repay the Entrusted Loan B upon the expiry of the term of the Entrusted Loan B until full repayment.

## **ADVANCE TO ENTITIES** *(Continued)*

### **Co-operation Agreement**

On 8 July 2013, Junyi, the Borrower B and the Borrower A entered into a co-operation agreement (the "Co-operation Agreement") pursuant to which Junyi agreed to advance the Entrusted Loan B to the Borrower B for repayment of the Borrower B's existing loan (the "Existing Loan") which is secured by a mortgage (the "Mortgage") on the Property.

The principal terms of the Co-operation Agreement are set out below:

Pursuant to the terms of the Co-operation Agreement, the Entrusted Loan B shall be used exclusively for the repayment of the Existing Loan. Upon the release of the Mortgage and within 3 working days after the release of the Entrusted Loan B, the Property shall be transferred to a company designated by Junyi, which will be an indirect wholly-owned subsidiary of the Company, as security. The registration of the transfer shall be completed within 5 working days. Pursuant to the terms of the Co-operation Agreement, upon the transfer, unless and until Junyi exercises the Foreclosure Option (as defined below) by delivering the relevant notice to the Borrower B, (a) the Borrower B will continue to be the beneficial owner of the Property; (b) the Property will continue to be managed by the Borrower B and the Borrower B will continue to be responsible for the relevant costs and expenses of and in connection with the Property including but not limited to repair costs, management costs, labour costs and taxes and bear all the risks of damage, loss, infringement, trespass, decline in value and other third-party risk; and (c) the Borrower B will continue to be entitled to the economic benefit arising out of or in connection with the Property but the bank account for the rental income shall be supervised by Junyi to ensure the security of the Entrusted Loan B. The purpose of the transfer is to prevent the Borrower B, without the knowledge or consent of Junyi, to dispose of or create further encumbrances on the Property and avoid Junyi's security interest being affected by judicial restraints on applications by third parties due to contingent or unrecorded liabilities. If the Borrower B and the Borrower A have repaid the principal and interest of the Entrusted Loan A and the Entrusted Loan B in accordance with the terms of the relevant entrusted loan agreements, the Borrower B shall have the right to buy back the Property at the nominal price of RMB1 (the "Buyback Option"). In the event that the Borrower B and/or the Borrower A shall default in payment of the principal and/or the interest of the Entrusted Loan A and/or the Entrusted Loan B when they fall due, the Borrower B shall not exercise the Buyback Option within six months after the relevant due date or until full repayment of the outstanding principal and interest of the Entrusted Loan A and the Entrusted Loan B by the Borrower B and the Borrower A (whichever is the later) unless the Borrower B shall have obtained a written consent from Junyi.

## **ADVANCE TO ENTITIES** *(Continued)*

### **Co-operation Agreement** *(Continued)*

After the Borrower B and/or the Borrower A have defaulted in repayment of the principal and/or interest of the Entrusted Loan A and/or the Entrusted Loan B when they fall due, Junyi shall have right to give the Borrower B a notice to cancel the Buyback Option at any time until full repayment of the outstanding principal and interest of the Entrusted Loan A and the Entrusted Loan B by the Borrower B and the Borrower A (the "Foreclosure Option"). Once such notice is issued by Junyi, the Borrower B shall forthwith forfeit the Buyback Option and Junyi shall have the right to direct the company which holds the Property as security to dispose of the Property to Junyi, Junyi's associated company or any other independent third party. If the Property is disposed to Junyi or Junyi's associated company, the consideration shall not be less than RMB430 million. All the proceeds from such disposal shall be first applied towards the settlement of all the outstanding principal and interest under the Entrusted Loan A and the Entrusted Loan B owing to the relevant lending agents and all other outstanding debts owing to Junyi's associated companies. The remaining of the proceeds will be paid by Junyi to the Borrower B.

If the Property is disposed to Junyi or Junyi's associated company, such disposal may constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules and, if so, will be subject to the relevant disclosure and/or shareholders' approval requirements under the GEM Listing Rules where appropriate. In such event, the Company will comply with the requirements of the GEM Listing Rules and make further announcements as and when appropriate.

For further details, please refer to the announcement of the Company dated 8 July 2013.

## **ADVANCE TO ENTITIES** *(Continued)*

### **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 valuation, including research on recent official real estate transaction prices and the experience of the Company's employees in depositing similar collateral in the past. In addition to the internal valuations, for real estate with market value cannot be determined according to the above sources, the Company will also engage independent professional real estate appraisers to produce detailed reports on the collateral where necessary.

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

The Entrusted Loan B was granted based on the internal credit assessment conducted by the Group on the security provided under the Co-operation Agreement, with reference to estimated market value of the Property.

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

The Company considers that the collateral provided by the Borrower B is sufficient for the current amount of the Entrusted Loan B for the reason that the amount of the Entrusted Loan B is less than 50% of the estimate market value of the Property.



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

As at 30 September 2013, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Shi Zhi Jun	Interest in a controlled corporation	671,000,000 (L) <sup>(2)</sup>	27.21%
	Beneficial owner	19,200,000 (L)	0.78%
Mr. Ji Zu Guang	Beneficial owner	19,200,000 (L)	0.78%
Ms. Shen Li	Beneficial owner	19,200,000 (L)	0.78%
Mr. Ting Pang Wan, Raymond	Beneficial owner	6,000,000 (L)	0.24%

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 2013.

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

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

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of underlying shares interested</b>	<b>Approximate percentage of the Company's issued share capital*</b>
Mr. Ting Pang Wan, Raymond	Beneficial owner	14,490,000 (L)	0.59%
Mr. Shi Zhi Jun	Beneficial owner	2,300,000 (L)	0.09%
Mr. Ji Zu Guang	Beneficial owner	2,300,000 (L)	0.09%
Ms. Shen Li	Beneficial owner	3,500,000 (L)	0.14%
Mr. Neo Poh Kiat	Beneficial owner	800,000 (L)	0.03%
Dr. Lau Reimer Mary Jean	Beneficial owner	800,000 (L)	0.03%
Mr. Lee Sze Wai	Beneficial owner	800,000 (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 2013.*

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

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

**(iii) Interests in the associated corporation – Shanghai Yintong**

<b>Name of Director</b>	<b>Capacity</b>	<b>Equity interests in Shanghai Yintong</b>	<b>Approximate percentage of Shanghai Yintong's equity interests*</b>
Mr. Shi Zhi Jun	Interest in a controlled corporation	RMB22 million (L) <sup>(2)</sup>	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 2013.

Save as disclosed above, as at 30 September 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

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

### **Interests in shares of the Company**

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Approximate percentage of the Company's issued share capital*</b>
Kaiser Capital	Beneficial owner	671,000,000 (L) <sup>(2)</sup>	27.21%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	636,222,400 (L) <sup>(2)</sup>	25.80%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	636,222,400 (L) <sup>(2)</sup>	25.80%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	636,222,400 (L) <sup>(2)</sup>	25.80%
Shanghai Greenland Group Limited ("Greenland Group")	Interest in controlled corporations	636,222,400 (L) <sup>(2)</sup>	25.80%

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

### **Interests in shares of the Company** *(Continued)*

*Notes:*

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

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

Save as disclosed above, as at 30 September 2013, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of 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.

## SHARE OPTION SCHEME (Continued)

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

Details of movements of the share options granted under the Pre-IPO Scheme during the nine months ended 30 September 2013 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 September 2013
<b>Director</b>							
Mr. Shi Zhi Jun	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.264	5,760,000	-	(5,760,000)	-
				<u>19,200,000</u>	<u>-</u>	<u>(19,200,000)</u>	<u>-</u>
Mr. Ji Zu Guang	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.264	5,760,000	-	(5,760,000)	-
				<u>19,200,000</u>	<u>-</u>	<u>(19,200,000)</u>	<u>-</u>
Ms. Shen Li	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.264	5,760,000	-	(5,760,000)	-
				<u>19,200,000</u>	<u>-</u>	<u>(19,200,000)</u>	<u>-</u>
<b>Employee</b>							
Mr. Ding Lu	4 November 2010	4 May 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 November 2011 to 18 November 2015	HK\$0.264	6,720,000	-	(6,720,000)	-
	4 November 2010	4 May 2012 to 18 November 2015	HK\$0.264	5,760,000	-	(5,760,000)	-
				<u>19,200,000</u>	<u>-</u>	<u>(19,200,000)</u>	<u>-</u>
<b>Total</b>				<u>76,800,000</u>	<u>-</u>	<u>(76,800,000)</u>	<u>-</u>

## **SHARE OPTION SCHEME** *(Continued)*

### **(a) Pre-IPO 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 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.

### **(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.

## SHARE OPTION SCHEME (Continued)

### (b) Share Option Scheme (Continued)

Details of movements of the share options granted under the Share Option Scheme during the nine months ended 30 September 2013 were as follows:

Category	Date of grant	Exercise period	Exercise price per share	Number of share options			
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	As at 30 September 2013
<b>Director</b>							
Mr. Ting Pang Wan, Raymond	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	14,490,000 <sup>(i)</sup>	-	14,490,000
Mr. Shi Zhi Jun	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	2,300,000 <sup>(i)</sup>	-	2,300,000
Mr. Ji Zu Guang	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	2,300,000 <sup>(i)</sup>	-	2,300,000
Ms. Shen Li	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	3,500,000 <sup>(i)</sup>	-	3,500,000
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(i)</sup>	600,000 <sup>(ii)(i)</sup>	-	-	600,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	200,000 <sup>(i)</sup>	-	200,000
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(i)</sup>	600,000 <sup>(ii)(i)</sup>	-	-	600,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	200,000 <sup>(i)</sup>	-	200,000
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(i)</sup>	600,000 <sup>(ii)(i)</sup>	-	-	600,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	200,000 <sup>(i)</sup>	-	200,000
				1,800,000	23,190,000	-	24,990,000



## 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 30 September 2013
				As at 1 January 2013	Granted during the period	Exercised/Cancelled/Lapsed during the period	
Employee	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(5)</sup>	2,484,000 <sup>(3)(5)</sup>	-	-	2,484,000
	12 July 2013	12 April 2014 to 11 July 2018	HK\$0.74	-	14,110,000 <sup>(4)</sup>	-	14,110,000
				<u>2,484,000</u>	<u>14,110,000</u>	<u>-</u>	<u>16,594,000</u>
Consultant	4 April 2011	4 January 2012 to 3 April 2016	HK\$1.0050 <sup>(5)</sup>	39,840,000 <sup>(3)(5)</sup>	-	-	39,840,000
	27 September 2011	27 March 2012 to 26 September 2016	HK\$0.4725 <sup>(4)</sup>	36,000,000 <sup>(3)(5)</sup>	-	(22,000,000)	14,000,000
				<u>75,840,000</u>	<u>-</u>	<u>(22,000,000)</u>	<u>53,840,000</u>
				<u>80,124,000</u>	<u>37,300,000</u>	<u>(22,000,000)</u>	<u>95,424,000</u>

#### 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 closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.75.
- (5) 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 2013.

## **CORPORATE GOVERNANCE**

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transaction by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the nine months ended 30 September 2013.

## **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.

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

By order of the Board

**Credit China Holdings Limited**

**Ting Pang Wan, Raymond**

*Chairman*

Hong Kong, 11 November 2013

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