



**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)

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE  
“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE  
“STOCK EXCHANGE”)**

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<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>	<b>Changes</b>
<b>OPERATING RESULTS</b>			
Turnover	<b>429,590</b>	374,068	14.8%
Net profit	<b>80,041</b>	66,258	20.8%
Profit for the year attributable to:			
Owners of the Company	<b>85,606</b>	58,194	47.1%
Non-controlling interest	<b>(5,565)</b>	8,064	-169.0%
Basic earnings per share	RMB2.55 cents	RMB1.85 cents	37.8%
<b>FINANCIAL POSITION</b>			
Total assets	<b>4,871,701</b>	2,671,727	82.3%
Bank balances and cash	<b>615,015</b>	265,515	131.6%
Total liabilities	<b>2,239,115</b>	1,252,299	78.8%
Net assets	<b><u>2,632,586</u></b>	<b><u>1,419,428</u></b>	<b><u>85.5%</u></b>

## **BUSINESS REVIEW AND OUTLOOK**

2015 was a milestone year for Credit China and its subsidiaries (collectively, the “Group”) in which we fully upgraded our overall strategies and attained rapid business growth. Confronted with the challenging external environment and competitive industry landscape, the Group overcame numerous difficulties and challenges, adhered to our core business transformation strategy, successfully completed the establishment of our internet finance ecosystem upon the foundation of our traditional finance business and maintained a positive and stable development momentum.

Currently, the traditional finance system in China is unable to satisfy the investment and financing demands of medium, small and micro-size enterprises and individual consumers, and internet peer-to-peer (“P2P”) lending has emerged as an efficient complementary to traditional bank financing. The transaction volume of internet P2P lending in China reached the trillion-mark in 2015, representing an over three-fold year-on-year increase, but it still only accounts for approximately 3% of current non-bank financial assets in China. In 2015, the number of internet P2P loan investors reached approximately 6 million, representing a four-fold increase as compared to 2014, but represents less than 1% of the total internet users in China, implying sustainable and significant growth potential in the internet P2P lending market. Following the introduction of detailed regulations for the internet finance, Credit China as a leading player will seize this opportunity when the industry is entering a consolidation phase.

### **Operational Highlights**

In the context of rapid growth in China’s online third party payment and internet P2P lending markets, Credit China’s portfolio of internet finance platforms achieved outstanding operational performance and industry-leading scale:

- The total transaction value of our online third party payment service exceeded Renminbi (“RMB”) 100 billion for 2015, representing an approximate year-on-year six-fold increase as compared to 2014;
- The number of accumulated registered users, exceeded 6 million while the number of accumulated active users was nearly 2 million, representing a year-on-year increase of 268% as compared to 2014;
- The total transaction volume on our online P2P platforms recorded a substantial increase in 2015, of which the total transaction value of First House Loan and Financial Workshop was RMB14.1 billion and RMB8.7 billion respectively, representing a seven-fold and seventeen-fold year-on-year increase respectively.
- The total transaction value of First P2P amounted to RMB70 billion, representing a nine-fold year-on-year increase, which leaped into top three position of the P2P industry by transaction volume within two years after its inception.

## Overall Financial Highlights

As of 31 December 2015, the proportion of the Group's internet finance business income increased to 56%, of which online third party payment service income increased by 111.2% to RMB128.1 million and P2P loan service income increased by 353.4% to RMB112.5 million. In our traditional finance business, interest income decreased by 16.6% to RMB146.4 million and financial consultancy service income decreased by 43.5% to RMB37.6 million. Total turnover of the Group increased by 14.8% to RMB429.6 million.

In 2015, the Group achieved a net profit attributable to owners of the Company of RMB85.6 million, representing a year-on-year increase of 47.1%. Basic earnings per share was RMB2.55 cents, an increase of RMB0.7 cent or 37.8% when compared to last year.

## Strategic Highlights

Credit China has commenced its strategic transition since 2013 and entered into the online third party payment business by the end of 2013. Subsequently in 2014, the Group actively expanded into the P2P loan service platform business built on the integration and development of the third party payment business, acquired a 100% interest of "Financial Workshop", including a website ([www.9888.cn](http://www.9888.cn)) and a mobile application and invested in "First P2P", a leading P2P investment platform in China.

In the first half of 2015, the Group established strategic cooperation partnerships with leading enterprises in sizable supply chains such as Fivestar Holdings Group Co., Ltd. and Aisidi Co., Ltd., and set up joint ventures successively to source high quality borrowers by leveraging on the big data analysis of downstream and upstream enterprises within the supply chain system.

In November 2015, the Group reached an agreement to acquire a 35% equity interest in Genesis Business Holdings Limited, expanding its mobile payment service for small and micro business merchants. In December 2015, the Group announced the establishment of a fully-owned investment vehicle to identify and make strategic investments in best-of-breed internet companies for diversifying the sources of revenue, and seized the "internet financing+" market opportunities.

In January 2016, the Group announced the acquisition of an indirect 51% equity interest in 深圳起源天下科技有限公司 (Shenzhen Qiyuan Tianxia Technology Company Limited\*) ("Qiyuan Tianxia") for expanding its business into the mobile gaming sector. Such moves could bring synergistic benefits for the online third party payment platform of the Group and strengthen the profitability of the Group.

\* for identification purpose only

In terms of balance sheet management, the Group successfully raised approximately Hong Kong dollar (“HK\$”) 1.6 billion from the capital markets, which further strengthened the capital strength of the Group and provided a solid capital foundation for its future strategic development.

During the year, the Group has completed the following significant transactions:

**(a) Acquisition of a 10% equity interest in First P2P**

On 12 January 2015, Ever Step Holdings Limited (“Ever Step”), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 10% equity interest in First P2P at a consideration of RMB50.0 million, later diluted to 9.1% in August 2015. The transaction was completed on 27 January 2015.

First P2P is a leading P2P investment platform in China. The principal business of First P2P is operating a P2P platform for internet financing with collateralised assets. The business offerings are conducted via multiple channels, including a website (FirstP2P.com/網信理財) and a mobile application under the “First P2P” (“網信理財”) brand.

**(b) Acquisition of a 100% equity interest in 北京鳳凰信用管理股份有限公司 (Beijing Phoenix Credit Management Corporation) (“Beijing Phoenix”)**

On 11 August 2014, Wanjun Hangzhou Venture Capital Management Company Limited (“Wanjun”), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 100% equity interest in Beijing Phoenix through structured contracts at a consideration of RMB50.0 million. The transaction was completed on 28 January 2015.

The principal business of Beijing Phoenix is operating an online P2P lending business. Moving forward, this P2P portal will primarily focus on offering internet financing with collateralised financial assets. The business offerings are conducted via multiple channels, including a website (www.9888.cn: 金融工場) and a mobile application under the “Financial Workshop” (“金融工場”) brand.

**(c) Acquisition of a 49% equity interest in 海南先鋒網信小額貸款有限公司 (Hainan Pioneer Internet Microfinance Limited) (“Hainan Pioneer”)**

On 11 August 2014, Wanjun entered into an acquisition agreement to acquire a 49% equity interest in Hainan Pioneer at a consideration of RMB49.0 million. The transaction was completed on 20 March 2015.

The principal businesses of Hainan Pioneer include not only providing financing services to small and medium-sized enterprises and individuals within the Hainan Province, the People's Republic of China (the "PRC"), but has the licence to offer small loans to enterprises and individuals nation-wide via internet, which differs from the traditional micro finance lending licence which is limited in geographically.

**(d) Acquisition of a 51% equity interest in 浙江融牛投資管理有限公司 (Zhejiang Rongniu Capital Management Company Limited\*) ("Zhejiang Rongniu")**

On 27 May 2015, the Group acquired a 51% equity interest in the registered capital of Zhejiang Rongniu, a company established in the PRC, at a consideration of RMB18.0 million, which was satisfied in cash. The principal business of Zhejiang Rongniu is providing online financing services to individual investors in the PRC.

**(e) Disposal of a 66.25% equity interest in 上海鋒之行汽車金融信息服務有限公司 (Shanghai Feng Zhi Xing Automotive Financial Information Services Ltd.) ("Shanghai Feng Zhi Xing")**

On 9 June 2015, the Group disposed of its 66.25% equity interest in Shanghai Feng Zhi Xing at a consideration of RMB44.0 million. The Group's equity interest in Shanghai Feng Zhi Xing was consequently reduced from 80.0% to 13.75% and further diluted to 11.0% and was reclassified from being a subsidiary to an available-for-sale investment.

**(f) Disposal of the remaining 15% equity interest in Measure Up International Limited ("Measure Up")**

On 5 March 2015, Ever Step, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of the remaining 15% equity interest in Measure Up at a consideration of RMB1.06 million. The transaction was completed on 20 March 2015. Upon the completion, the Group ceased operating a lease financing business.

\* for identification purpose only

## **OUTLOOK AND STRATEGIES FOR 2016**

Looking forward to 2016, the macroeconomic environment continues to be intricate and complex with challenges and opportunities, and the global economy will continue to go through a period of deep-rooted structural adjustments. However, as the internet economy is playing an increasingly important role in the structural reform of China's economy, the Group is full of confidence and hope regarding the industry prospects and the Group's performance in 2016.

In 2016, the Group will continue to place equal emphasis on promoting business innovation and risk management improvement when pursuing the development of internet finance business as our core strategy. We shall keep up with the pace of regulatory development, adapt proactively to the regulations of the policy framework, and vigorously improve the functions and compliance of the internet finance business ecosystem (such as our P2P platforms: First House Loan, Financial Workshop and First P2P), and focus on developing innovative online-to-offline product and service offerings to further expand more development opportunities in the P2P market.

As for the third party payment business, the Group will continue the research and development of new business models as well as the strategy for user acquisition, promoting the extraction, analysis and application of big data on our platforms by exploring business opportunities in the internet segment and various commercial scenarios, whereby these will provide our users with a one-stop intelligent financial lifestyle service platform and establish a unique competitive edge to achieve the diversification of profit models, with the ultimate goal of driving sustainable profit growth and providing our shareholders with stable returns in the long run.

After its inception and formative years in 2013 and 2014, the internet finance industry in China has entered the era of competition for development capital in 2015. With the gradual implementation of regulatory policies on internet finance, under the backdrop of "Internet +" movement and "Do Business Creatively and Drive Innovation", the scale and volume of the internet finance sector will continue its sustainable growth track. In view of this, the Group will adhere to the vision of "developing through competition, improving through innovation", capture market opportunities, actively facilitate internal coordination, attracting outstanding human capital, and provide our users with around-the-clock, highly efficient intelligent financial lifestyle services, making their financial lifestyle more simple and convenient. We believe that with the unwavering cooperation and dedication of our staff, Credit China will achieve a brighter and more prosperous future.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

For the year ended 31 December 2015, the Group reported revenue of approximately RMB429.6 million, an increase of 14.8% as compared to approximately RMB374.1 million in 2014. The growth in revenue was mainly attributable to strong growth in our online third party payment service income and P2P loan service income.

### ***Entrusted loan and other loan income***

Entrusted loan and other loan income includes interest income, financial consultancy service income and a gain on the transfer of rights on interests on loan receivables, which were derived from the Group's loan financing services, including entrusted loans, pawn loans and other loans secured with pledged assets or guarantees. It generated 43.8% of the Group's total revenue and recorded an increase of 6.9% to approximately RMB188.2 million for the year ended 31 December 2015 as compared to approximately RMB176.0 million for the year ended 31 December 2014.

### ***Micro-loan income***

For the year ended 31 December 2015, the Group's interest income and financial consultancy service income derived from micro-loan services decreased significantly to approximately RMB0.7 million as compared to approximately RMB105.1 million for the year ended 31 December 2014. The significant decline was mainly due to the disposal of a traditional micro-loan finance business in Chongqing, the PRC in December 2014.

### ***Online third party payment service income***

For the year ended 31 December 2015, the Group's online third party payment business, which included the provision of payment transactions, payment system consultancy and other services, generated 29.8% of the Group's total revenue, and increased 93.2% to approximately RMB128.1 million as compared to approximately RMB66.3 million for the year ended 31 December 2014.



### ***P2P loan consultancy service income***

During the year ended 31 December 2015, the Group's P2P loan consultancy service income business recorded revenue of approximately RMB112.5 million, representing 26.2% of the Group's total revenue. The P2P loan consultancy service income business mainly includes the provision of services in relation to internet housing loan services, automobile loan services and the operation of a P2P financing website and a mobile application with collateralized financial assets (www.9888.cn: 金融工場) which started to contribute to the Group's revenue in April 2014, May 2014 and February 2015, respectively. For the year ended 31 December 2015, the income contributed by the P2P loan consultancy services in relation to internet housing loan services, the P2P financing website and mobile application with collateralized financial assets were approximately RMB70.1 million and RMB33.2 million, respectively (In 2014: approximately RMB17.3 million and nil, respectively).

### **Interest expenses**

The Group's interest expenses mainly comprised interest due on bank loans, Hong Kong dollar-denominated corporate bonds, Hong Kong dollar-denominated convertible bonds and other borrowings. The Group's interest expenses increased 9.9% to approximately RMB101.5 million for the year ended 31 December 2015 from approximately RMB92.4 million for the year ended 31 December 2014. As at 31 December 2015, the Group increased its bank borrowings and other borrowings by 166.9% to approximately RMB1,313.7 million as compared to approximately RMB492.2 million as at 31 December 2014.

### **Other income**

The Group's other income mainly comprised convertible bond interest income, bank interest income and government grants. The Group's other income increased 29.8% to approximately RMB24.4 million for the year end 31 December 2015 from approximately RMB18.8 million for the year ended 31 December 2014. This was because the Group's bank interest income increased as a result of increase in average bank balance – trust account for online third party payment services for the year ended 31 December 2015.

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

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses, legal and professional fees, sales and marketing related expenses and impairment on loan receivables. The Group's administrative and other operating expenses remained at the same level, being approximately RMB200.8 million for the year ended 31 December 2015 compared to approximately RMB189.7 million for the year ended 31 December 2014.

### **Share-based payment expenses**

Share-based payment expenses of the Group for the year ended 31 December 2015 amounted to approximately RMB43.9 million (2014: approximately RMB4.8 million). On 8 June 2015 and 11 December 2015, the Company granted share options under its share option scheme to certain eligible grantees to subscribe for an aggregate of 36,550,000 and 92,920,000 ordinary shares of the Company (the “Shares”).

### **Profit for the year**

The profit attributable to owners of the Company for the year ended 31 December 2015 was approximately RMB85.6 million, representing an increase of 47.1% as compared to approximately RMB58.2 million for the year ended 31 December 2014. The increase was mainly due to a significant increase in turnover of approximately RMB55.5 million and a gain on the disposal of a subsidiary of RMB42.1 million, despite an increase in share-based payment expenses of RMB39.2 million.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2015, the Group’s source of funds was mainly from cash generated from operations, new borrowings, issue of corporate bonds and convertible bonds and share issuance. As at 31 December 2015, the Group had bank balances and cash of approximately RMB615.0 million (31 December 2014: approximately RMB265.5 million), of which approximately 78.6%, 2.2% and 19.2% were denominated in RMB, US dollars and HKD respectively.

As at 31 December 2015, the Group had interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank borrowings and other borrowings, amounting to approximately RMB1,313.7 million (31 December 2014: approximately RMB492.2 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.27 as at 31 December 2015 (31 December 2014: 0.18).

### **BORROWINGS AND BANK OVERDRAFTS**

The Group had approximately RMB843.6 million in borrowings or bank overdrafts as at 31 December 2015 (2014: approximately RMB288.4 million).

## **INDEBTEDNESS AND CHARGE ON ASSETS**

As at 31 December 2015, the Group had long term borrowings amounting to approximately RMB150.0 million (2014: Nil) and short term borrowings amounting to approximately RMB693.6 million (2014: approximately RMB288.4 million), of which approximately RMB140.0 million was interest-bearing at floating rates, and secured by the investment property of the Group with a carrying amount of approximately RMB574.0 million (2014: approximately RMB575.0 million). The remaining borrowings amounting to approximately RMB553.6 million were unsecured and interest-bearing at fixed rates.

As at 31 December 2015, the Group had long term unsecured corporate bonds in an aggregate principal amount of approximately RMB60.0 million (2014: approximately RMB203.8 million) short term unsecured corporate bonds in an aggregate principal amount of approximately RMB173.7 million (2014: Nil), and had a three-year convertible bond with an aggregate principal amount of HK\$300 million, which are due on 15 June 2018 and carry interest at a fixed rate of 6% per annum payable semi-annually in arrears.

## **FUND RAISING ACTIVITIES**

On 12 February 2015 and 6 July 2015, the Company completed the issue of HK\$10 million and HK\$10 million 5.5% per annum bonds due 2022 pursuant to a placing agreement entered into between the Company and Orient Securities (Hong Kong) Limited (as placing agent) on 11 September 2014. On 15 June 2015, the Company issued three-year convertible bonds in the principal amount of HK\$300 million, which bear interest at a rate of 6% per annum payable semi-annually (the “2015 Convertible Bonds”). The 2015 Convertible Bonds are convertible at the option of the bondholders into Shares from 29 June 2015 to the close of business on the date falling 10 days prior to the maturity date, at a price of HK\$2.6 per Share, subject to adjustments. Assuming full conversion of the 2015 Convertible Bonds at the initial conversion price of HK\$2.60 per Share, the 2015 Convertible Bonds will be convertible into 115,384,615 Conversion Shares. There was no conversion or redemption of the 2015 Convertible Bonds during the year ended 31 December 2015.

To raise additional funds for the Group's general working capital purposes and/or for the purpose of financing future business development, the Company entered into a placing agreement with Sheng Yuan Securities Limited ("Sheng Yuan") (as placing agent) on 29 June 2015. The placing was completed on 9 July 2015 by issuing 94,112,000 placing shares at HK\$1.70 each and the Company raised gross proceeds of approximately HK\$160 million. The Company has fully utilized the net proceeds for the Group's general working capital purposes. On 22 October 2015, another placing was completed by issuing 265,128,000 placing shares at HK\$1.95 each and the Company raised gross proceed of approximately HK\$517 million. The Company has fully utilized the net proceeds and applied them for general working capital purposes and for the purpose of acquisition of a 10% equity interest in Genesis Business Holdings Limited. The third placing was completed on 2 December 2015 by issuing 280,324,000 placing shares at HK\$2.10 each and the Company raised gross proceeds of approximately HK\$589 million. The Company has fully utilized the net proceeds and applied them for general working capital purposes.

During the year under review, the Group did not use any financial instruments for hedging purposes.

#### **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year, the Group has completed the following important transactions:

On 28 January 2015, the Group acquired a 100% equity interest in Beijing Phoenix through structured contracts at a consideration of RMB50.8 million, which was satisfied in cash. Beijing Phoenix is operating an online P2P lending business and focuses on offering internet financing with collateralised financial assets.

On 20 March 2015, the Group acquired a 49% equity interest in Hainan Pioneer at a consideration of RMB49.0 million, which was satisfied in cash. Hainan Pioneer is providing financing services to small and medium-sized enterprises and individuals in the PRC.

On 27 May 2015, the Group acquired a 51% equity interest in Zhejiang Rongniu at a cash consideration of RMB18.0 million. Zhejiang Rongniu is providing online financing services to individual investors in the PRC.

On 9 June 2015, the Group disposed of a 66.25% equity interest in Shanghai Feng Zhi Xing at a consideration of RMB44.0 million. The Group's equity interest in Shanghai Feng Zhi Xing was consequently reduced from 80% to 13.75% and further diluted to 11.0% and was reclassified from being a subsidiary to an available-for-sale investment.

Other than disclosed above, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2015.

Subsequent to the end of the reporting period, the Group has entered into the following important transactions:

**(a) Agreement to acquire a 51% equity interest in Spring Reliance Limited (the "Target")**

On 29 January 2016, the Group entered into an agreement with the Target and its existing shareholder in relation to the acquisition of a 51% interest in the Target which owns, amongst other subsidiaries, Qiyuan Tianxia. Pursuant to the agreement, (i) the Group conditionally agreed to acquire 43.5% and subscribe for 7.5% of the enlarged equity interests in the Target upon completion of the above acquisition of the Target and all its subsidiaries (including Qiyuan Tianxia) at considerations of RMB174,000,000 for the acquisition of shares and RMB30,000,000 for the subscription of shares; and (ii) the consideration amounting to RMB174,000,000 shall be settled by the payment of RMB55,000,000 in cash and by the issue of 51,150,640 consideration Shares.

The transaction has not yet been completed to date.

Details of the transaction are set out in the Company's announcement dated 1 February 2016.

**(b) Supplemental agreement to the sale and purchase agreement in relation to acquisition of a 35% equity interest in Genesis Business**

On 24 February 2016, a supplemental agreement was entered into between the Group and the relevant parties to amend and supplement certain terms on the sale and purchase agreement for the Genesis Business Acquisition (the “Supplemental Agreement”) as disclosed in note 13 to the financial information of this announcement, mainly for the following:

- a) The Genesis Business Acquisition is no longer for a total of 35% equity interests in Genesis Business. Instead, the Group has conditionally agreed to purchase 100% equity interests in Genesis Business which has an indirect interest of 35% in 上海即富信息技術服務有限公司 (Shanghai Jifu Xinxu Jishu Fuwu Co., Ltd.\*) (“OPCO”) through structured contracts, without voting control and consolidation of OPCO and its subsidiaries. The Group’s indirect interest in OPCO upon completion of the acquisition under such structured contracts will still be 35%. Previously, the Group will have voting control over OPCO and its subsidiaries and to account for them as its subsidiaries and to consolidate them into accounts upon completion of the Genesis Business Acquisition.
- b) The Supplemental Agreement also cancels the put option granted to the Group for the vendors, being beneficial owners of the entire issued share capital of Genesis Business and independent third parties, to sell all or part of their shareholding in Genesis Business, exercisable for the period from 1 January 2017 to 30 June 2017.

Details of the transaction are set out in the Company’s announcement dated 1 November 2015, 26 November 2015 and 24 February 2016.

\* *for identification purpose only*

## ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to announce the annual consolidated results of the Group for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the Year ended 31 December 2015*

	NOTES	2015 RMB'000	2014 RMB'000
<b>Turnover</b>	4	<b>429,590</b>	374,068
Interest income	4	146,468	175,680
Interest expenses	7	(101,530)	(92,419)
<b>Net interest income</b>		<b>44,938</b>	83,261
<b>Financial consultancy service income</b>	4	<b>37,650</b>	66,597
<b>Online third party payment service income</b>	4	<b>128,148</b>	60,665
<b>Peer-to-peer loan service income</b>	4	<b>112,546</b>	24,822
<b>Gain on transfer of rights on interests on loan receivables</b>	4	<b>4,778</b>	46,304
		<b>328,060</b>	281,649
Other income	6	24,427	18,810
Other gains and losses		7,586	–
Handling charges for online third party payment service		(28,911)	(10,154)
Administrative and other operating expenses		(200,887)	(189,776)
Gain on disposal of subsidiaries		42,091	6,068
Loss on disposal of joint ventures		–	(56)
Change in fair value of investment property		(1,000)	10,239
Change in fair value of derivative and embedded derivative components of convertible bond		(7,877)	394
Change in fair value of contingent consideration receivable		–	(8,452)
Share-based payment expenses		(43,999)	(4,790)
Share of results of associates		6,024	(672)
Share of results of joint ventures		(6,230)	(1,945)
<b>Profit before tax</b>	8	<b>119,284</b>	101,315
Income tax	9	(39,243)	(35,057)
<b>Profit for the year</b>		<b>80,041</b>	66,258



	<i>NOTES</i>	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Other comprehensive expense</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>19,546</b>	(3,020)
Change in fair value of available-for-sale investments		<b>2,824</b>	(1,334)
		<u>19,546</u>	<u>(3,020)</u>
Other comprehensive expense for the year, net of income tax		<b>22,370</b>	(4,354)
		<u>22,370</u>	<u>(4,354)</u>
<b>Total comprehensive income for the year</b>		<b>102,411</b>	61,904
		<u>102,411</u>	<u>61,904</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>85,606</b>	58,194
Non-controlling interests		<b>(5,565)</b>	8,064
		<u>85,606</u>	<u>58,194</u>
		<u>(5,565)</u>	<u>8,064</u>
		<b>80,041</b>	66,258
		<u>80,041</u>	<u>66,258</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>107,974</b>	56,384
Non-controlling interests		<b>(5,563)</b>	5,520
		<u>107,974</u>	<u>56,384</u>
		<u>(5,563)</u>	<u>5,520</u>
		<b>102,411</b>	61,904
		<u>102,411</u>	<u>61,904</u>
<b><i>RMB</i></b>			
<b>Earnings per share</b>	<i>11</i>	<i>RMB</i>	<i>RMB</i>
Basic		<b>2.55 cents</b>	1.85 cents
		<u>2.55 cents</u>	<u>1.85 cents</u>
Diluted		<b>2.55 cents</b>	1.84 cents
		<u>2.55 cents</u>	<u>1.84 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
<b>Non-current assets</b>			
Plant and equipment		10,373	13,817
Club membership		–	737
Investment property		574,000	575,000
Intangible assets		172,141	136,310
Goodwill		47,871	43,214
Available-for-sale investments		53,066	1,125
Interests in associates		60,357	353
Interests in joint ventures		–	6,230
		<u>917,808</u>	<u>776,786</u>
<b>Current assets</b>			
Available-for-sale investments		37,142	33,055
Trade receivables	12	35,769	17,793
Loan receivables	13	2,247,993	862,842
Prepayments and other receivables	13	268,483	183,536
Amounts due from joint ventures		13,251	5,196
Amounts due from associates		911	–
Amounts due from related companies		197,532	186,747
Amounts due from non-controlling shareholders		–	4,001
Derivative financial instruments		227	–
Held for trading investments		9,018	–
Income tax recoverable		1,362	520
Pledged bank deposits		–	30,008
Bank balance – trust account		527,190	305,728
Bank balances and cash		615,015	265,515
		<u>3,953,893</u>	<u>1,894,941</u>

	<i>NOTES</i>	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Current liabilities</b>			
Accruals and other payables	<i>14</i>	<b>91,909</b>	161,076
Funds payables and amounts due to customers		<b>527,190</b>	305,728
Amounts due to non-controlling shareholders		<b>1,109</b>	714
Amounts due to related companies		<b>199,758</b>	207,865
Borrowings		<b>693,616</b>	288,379
Obligations under finance leases		<b>2,203</b>	–
Corporate bonds		<b>173,719</b>	–
Income tax payables		<b>16,260</b>	6,525
		<u><b>1,705,764</b></u>	<u>970,287</u>
<b>Net current assets</b>		<u><b>2,248,129</b></u>	<u>924,654</u>
<b>Total assets less current liabilities</b>		<u><b>3,165,937</b></u>	<u>1,701,440</u>
<b>Non-current liabilities</b>			
Corporate bonds		<b>60,044</b>	203,818
Convertible bond		<b>234,098</b>	–
Borrowings		<b>150,000</b>	–
Deferred tax liabilities		<b>89,209</b>	78,194
		<u><b>533,351</b></u>	<u>282,012</u>
<b>Net assets</b>		<u><b>2,632,586</b></u>	<u>1,419,428</u>
<b>Capital and reserves</b>			
Share capital		<b>321,642</b>	267,736
Reserves		<b>2,286,568</b>	1,138,059
Equity attributable to owners of the Company		<b>2,608,210</b>	1,405,795
Non-controlling interests		<b>24,376</b>	13,633
<b>Total equity</b>		<u><b>2,632,586</b></u>	<u>1,419,428</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Equity component of convertible bond	Capital reserve	Special reserve	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	267,736	688,395	25,067	510,758	68	(7,995)	6,804	-	(125,038)	40,000	1,405,795	13,633	1,419,428
Profit for the year	-	-	-	85,606	-	-	-	-	-	-	85,606	(5,565)	80,041
Other comprehensive expense for the year													
Exchange differences on translating foreign operations	-	-	-	-	-	19,544	-	-	-	-	19,544	2	19,546
Change in fair value of available-for-sale investments	-	-	-	-	2,824	-	-	-	-	-	2,824	-	2,824
Total comprehensive income (expense) for the year	-	-	-	85,606	2,824	19,544	-	-	-	-	107,974	(5,563)	102,411
Issue of shares upon exercise of share options	1,141	10,604	-	-	-	-	(3,304)	-	-	-	8,441	-	8,441
Issue of shares under placing	52,765	992,525	-	-	-	-	-	-	-	-	1,045,290	-	1,045,290
Share issue expenses	-	(14,774)	-	-	-	-	-	-	-	-	(14,774)	-	(14,774)
Lapse of share options	-	-	-	199	-	-	(199)	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	10,623	10,623
Dilution of interests in subsidiaries	-	-	-	-	-	-	-	-	3	-	3	(3)	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	386	386
Dividends recognised as distribution	-	(11,724)	-	-	-	-	-	-	-	-	(11,724)	-	(11,724)
Appropriation to statutory reserve funds	-	-	8,039	(8,039)	-	-	-	-	-	-	-	-	-
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	5,300	5,300
Recognition of equity-settled share-based payments	-	-	-	-	-	-	43,999	-	-	-	43,999	-	43,999
Recognition of equity component of convertible bond	-	-	-	-	-	-	-	23,206	-	-	23,206	-	23,206
At 31 December 2015	<u>321,642</u>	<u>1,665,026</u>	<u>33,106</u>	<u>588,524</u>	<u>2,892</u>	<u>11,549</u>	<u>47,300</u>	<u>23,206</u>	<u>(125,035)</u>	<u>40,000</u>	<u>2,608,210</u>	<u>24,376</u>	<u>2,632,586</u>

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	245,773	556,369	27,313	455,320	1,402	(7,302)	8,698	(133,438)	40,000	1,194,135	100,290	1,294,425	
Profit for the year	-	-	-	58,194	-	-	-	-	-	58,194	8,064	66,258	
Other comprehensive expense for the year													
Exchange differences on translating foreign operations	-	-	-	-	-	(476)	-	-	-	(476)	(2,544)	(3,020)	
Change in fair value of available-for-sale investments	-	-	-	-	(1,334)	-	-	-	-	(1,334)	-	(1,334)	
Total comprehensive income (expense) for the year	-	-	-	58,194	(1,334)	(476)	-	-	-	56,384	5,520	61,904	
Issue of shares upon exercise of share options	6,073	51,411	-	-	-	-	(6,459)	-	-	51,025	-	51,025	
Issue of shares under placing	15,890	111,230	-	-	-	-	-	-	-	127,120	-	127,120	
Lapse of share options	-	-	-	225	-	-	(225)	-	-	-	-	-	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	(99)	(99)	
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	2,956	-	2,956	(9,989)	(7,033)	
Disposal of subsidiaries	-	-	(2,368)	(2,859)	-	(217)	-	5,444	-	-	(96,707)	(96,707)	
Dividends recognised as distribution	-	(30,615)	-	-	-	-	-	-	-	(30,615)	-	(30,615)	
Appropriation to statutory reserve funds	-	-	122	(122)	-	-	-	-	-	-	-	-	
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	14,618	14,618	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	4,790	-	-	4,790	-	4,790	
At 31 December 2014	<u>267,736</u>	<u>688,395</u>	<u>25,067</u>	<u>510,758</u>	<u>68</u>	<u>(7,995)</u>	<u>6,804</u>	<u>(125,038)</u>	<u>40,000</u>	<u>1,405,795</u>	<u>13,633</u>	<u>1,419,428</u>	

*NOTES:*

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION**

The Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Zhang Zhenxin is the substantial shareholder of the Company. The address of the registered office and principal place of business of the Company will be disclosed in the corporate information section of the 2015 annual report of the Company.

The financial statements are presented in RMB. Other than those subsidiaries established in the PRC and certain subsidiaries of which primary sources of revenues are dividends which are derived from the operation of its major subsidiary operating in Mainland China, whose functional currency is RMB, the functional currency of the Company and its subsidiaries is HK\$.

The Company's principal activities during the year are provision of consultancy service and investment holding.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **3. REVENUE RECOGNITION**

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

Financial consultancy service income is recognised when the services are provided (for example, financial advisory and service fees for non-online loan financing transactions).

P2P loan service income is recognised when the services are provided (for example, financial advisory and service fees for online loan financing transactions).

Online third party payment service income is recognised when the services are provided (for example, online loan provision services to borrowers on behalf of funds providers).

Gain on transfer of rights on interests on loan receivables is recognised when the rights and titles have been contractually and legally passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the rights.

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

### **4. TURNOVER**

The principal activities of the Group are provision of traditional financial services and related financing consultancy services including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service and microfinance service, and internet financing service including online third party payment service, P2P loan service and related activities on loan portfolio management.

Turnover represents interest income (either from entrusted loans, pawn loans, real estate-backed loans, other loans and micro loans), financial consultancy service income, P2P loan service income, online third party payment service income and gain on transfer of interest rights, net of corresponding sales related taxes. The amount of each significant category of revenue recognised in turnover for the year is as follows:

	<b>For the year ended 31 December</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
<b><i>Interest income</i></b>		
Entrusted loan service income	<b>93,011</b>	101,302
Other loan service income	<b>30,006</b>	17,856
Real estate-backed loan service income	<b>22,747</b>	24,026
Microfinance service income	<b>704</b>	32,496
	<b>146,468</b>	175,680
<b><i>Financial consultancy service income</i></b>	<b>37,650</b>	66,597
<b><i>Online third party payment service income</i></b>	<b>128,148</b>	60,665
<b><i>P2P loan service income</i></b>	<b>112,546</b>	24,822
<b><i>Gain on transfer of rights on interests on loan receivables</i></b>	<b>4,778</b>	46,304
<b>Turnover</b>	<b>429,590</b>	374,068

## 5. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("CODM"), which are the most senior executive management, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.



The directors of the Company have organised the Group into different segments by types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1. Loan financing – provision of financing services (other than micro loan financing) in the PRC and Hong Kong;
2. Micro loan financing – provision of micro loan financing services in the PRC;
3. Online third party payment service – provision of online third party payment services and prepaid card issuance business;
4. P2P loan service – provision of internet loan financing service in the PRC; and
5. Others – property investment

During the year ended 31 December 2015, the directors of the Company, after considering the usage of external borrowings raised in the PRC, decided that it is more appropriate to include finance costs related to external borrowings raised in the PRC in assessing the loan financing segment. The finance costs related to external borrowings raised in the PRC was then reclassified to loan financing segment and the relevant segment information for the year ended 31 December 2014 was restated.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

## Segment revenue and results

*For the year ended 31 December 2015*

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment service RMB'000	P2P loan service RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	<u>188,192</u>	<u>704</u>	<u>128,148</u>	<u>112,546</u>	<u>-</u>	<u>429,590</u>
Segment results	<u>76,529</u>	<u>(21,107)</u>	<u>88,437</u>	<u>23,728</u>	<u>(1,000)</u>	<u>166,587</u>
Share of results of associates						6,024
Share of results of joint ventures						(6,230)
Unallocated other income						20,044
Other gains and losses						7,586
Change in fair value of derivative and embedded derivative components of convertible bond						(7,877)
Net gain on disposal of plant and equipment						106
Gain on disposal of subsidiaries						42,091
Share-based payment expenses						(43,999)
Interest expenses						(46,791)
Unallocated expenses						(18,257)
Profit before tax						<u>119,284</u>

***For the year ended 31 December 2014***

	Loan financing <i>RMB'000</i>	Micro loan financing <i>RMB'000</i>	Online third party payment service <i>RMB'000</i>	P2P loan service <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE						
External income and gain	<u>176,041</u>	<u>105,130</u>	<u>66,316</u>	<u>26,581</u>	<u>–</u>	<u>374,068</u>
Segment results	<u>77,886</u>	<u>32,305</u>	<u>42,607</u>	<u>4,501</u>	<u>10,239</u>	167,538
Share of results of associates						(672)
Share of results of joint ventures						(1,945)
Unallocated other income						6,931
Change in fair value of derivative and embedded derivative components of convertible bond						394
Change in fair value of contingent consideration receivable						(8,452)
Net loss on disposal of plant and equipment						(50)
Gain on disposal of subsidiaries						6,068
Loss on disposal of joint ventures						(56)
Share-based payment expenses						(4,790)
Interest expenses						(52,525)
Unallocated expenses						<u>(11,126)</u>
Profit before tax						<u>101,315</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents profit earned by or loss from each segment without allocation of share of results of associates and joint ventures, unallocated other income, gain on disposal of subsidiaries, loss on disposal of joint ventures, change in fair value of derivative and embedded derivative components of convertible bond, change in fair value of derivative financial instruments, change in fair value of contingent consideration receivable, central administration costs, share-based payment expenses and certain interest expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Geographical information

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

	Revenue from external customers		Non-current assets	
	For the year ended 31 December		As at 31 December	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PRC	363,029	364,144	728,347	767,309
Hong Kong	66,561	9,924	136,395	8,352
	<b>429,590</b>	<b>374,068</b>	<b>864,742</b>	<b>775,661</b>

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

	For the year ended 31 December	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Customer A <sup>1</sup>	N/A <sup>2</sup>	68,023
Customer B <sup>1</sup>	N/A <sup>2</sup>	37,760

<sup>1</sup> Revenue from loan financing business

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group

## 6. OTHER INCOME

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net exchange gain	–	1,536
Government grants ( <i>note</i> )	4,277	9,510
Bank interest income	12,859	2,461
Interest income on convertible bond	3,459	4,327
Other interest income	839	–
Net gain on disposal of plant and equipment	106	–
Others	2,887	976
	<u>24,427</u>	<u>18,810</u>

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

## 7. INTEREST EXPENSES

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest on corporate bonds	21,828	30,761
Interest on bank and other borrowings	63,573	57,671
Interest on financial assets sold under repurchase agreement	–	3,987
Interest on convertible bond	16,129	–
	<u>101,530</u>	<u>92,419</u>

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
<b>(a) Staff costs, including directors' remuneration</b>		
Salaries, wages and other benefits	57,340	72,689
Contribution to defined contribution retirement benefits scheme	5,985	5,176
Share-based payment expenses	17,164	3,375
	<u>80,489</u>	<u>81,240</u>
<b>(b) Other items</b>		
Auditors' remuneration	1,459	1,236
Depreciation	5,678	7,139
Net exchange loss	5,768	–
Operating lease charges in respect of properties	15,459	16,230
Impairment recognised on loan receivables	15,562	29,046
Impairment recognised on trade receivables	2,984	–
Impairment recognised on goodwill	8,919	–
Impairment recognised on intangible assets	3,821	–
Net (gain) loss on disposal of plant and equipment	(106)	50
	<u>(106)</u>	<u>50</u>

## 9. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represented:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current tax:		
Provision for PRC Enterprise Income tax (the "EIT")	38,719	30,621
Overprovision in prior years	(459)	–
Deferred tax	983	4,436
	<u>39,243</u>	<u>35,057</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No Hong Kong Profits Tax has been provided for the years ended 31 December 2015 and 2014 as the Group has no assessable profit for Hong Kong Profits Tax purposes for both years.
- (iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Several subsidiaries established in the PRC were approved by the local tax bureau and the taxable income of these subsidiaries shall be the total revenue of such subsidiaries, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses, for the period from 1 January 2014 to 31 December 2015.

During the year ended 31 December 2015, several subsidiaries established in the PRC were recognised as High Technology Enterprises and subject to PRC income tax at 15% in accordance with the EIT Law.

- (iv) According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995 as well, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.

## 10. DIVIDENDS

	For the year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends recognised as distribution during the year:		
2014 Final – HK0.46 cent		
(2014: 2013 Final – HK1.21 cents) per share	<b>11,724</b>	<b>30,615</b>

### Final dividend for 2015

No dividend was proposed in respect of the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

### Final dividend for 2014

The final dividend of HK0.46 cent (or equivalent to RMB0.36 cent) per ordinary share in respect of the year ended 31 December 2014 was approved and paid during the year ended 31 December 2015.

## 11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Earnings for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	<b>85,606</b>	<b>58,194</b>



	<b>As at 31 December</b>	
	<b>2015</b>	2014
<i>Number of shares</i>		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	<b>3,351,431,151</b>	3,138,506,729
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<u>7,582,751</u>	<u>25,861,515</u>
Weighted average number of ordinary shares		
for the purpose of diluted earnings per share	<u><b>3,359,013,902</b></u>	<u>3,164,368,244</u>

For the year ended 31 December 2015, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

## 12. TRADE RECEIVABLES

The Group allows an average credit period of 90 to 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date for financial consultancy service income and P2P loan service income and date of providing services for interest income and online third party payment service income, which approximates the respective revenue recognition dates, at the end of each reporting period and as follows:

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
0 – 90 days	<b>32,363</b>	9,243
91 – 180 days	<u>3,406</u>	<u>8,550</u>
	<u><b>35,769</b></u>	<u>17,793</u>

### 13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Loan receivables</i>		
Secured loans		
Pawn loans to customers	5,800	5,800
Real estate-backed loans to customers	339,228	–
Entrusted loans to customers	661,430	485,190
Other loans to customers	552,188	168,904
	<u>1,558,646</u>	<u>659,894</u>
Unsecured loans		
Entrusted loans to customers	429,083	136,827
Other loans to customers	261,376	39,903
Micro loans to customers	18,353	30,121
Less: Allowance for unsecured loan receivables	(19,465)	(3,903)
	<u>2,247,993</u>	<u>862,842</u>
<i>Prepayments and other receivables</i>		
Prepayments and other receivables	<u>268,483</u>	<u>183,536</u>

#### (a) Ageing analysis

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	855,334	510,560
91 to 180 days	120,000	39,565
181 to 365 days	666,046	85,579
Over 365 days	606,613	227,138
	<u>2,247,993</u>	<u>862,842</u>

The above ageing analysis is presented based on the date of loans granted to customers.

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

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

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

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Not yet past due		
Current	<u>1,463,149</u>	<u>612,966</u>
Past due but not impaired		
Within 90 days	251,280	–
91 to 180 days	935	49,585
181 to 365 days	192,199	59,208
Over 365 days	<u>340,430</u>	<u>141,083</u>
	<u>784,844</u>	<u>249,876</u>
	<u>2,247,993</u>	<u>862,842</u>

*Prepayments and other receivables*

As at 31 December 2015, included in the amounts there is RMB160,000,000 paid for the acquisition of 10% equity interests in Genesis Business Holdings Limited together with the right to acquire further interests in Genesis Business Holdings Limited at the Group's discretion (the "Genesis Business Acquisition"). The Genesis Business Acquisition has not yet been completed at 31 December 2015 and the payment is accounted for as a deposit accordingly in the consolidated financial statement. On 24 February 2016, the 10% equity interests in Genesis Business has been transferred to the Group.

**14. ACCRUALS AND OTHER PAYABLES**

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Other payables and accrued expenses	68,928	142,138
Consideration payable for acquisition of remaining interests in a subsidiary	<u>4,251</u>	<u>6,992</u>
	73,179	149,130
Financing service income receipts in advance	<u>18,730</u>	<u>11,946</u>
	<u>91,909</u>	<u>161,076</u>

## CLOSURE OF REGISTER OF MEMBERS

The 2016 Annual General Meeting is scheduled for Monday, 9 May 2016. For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Monday, 9 May 2016, the register of members of the Company will be closed from Friday, 6 May 2016 to Monday, 9 May 2016, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 5 May 2016.

## FINAL DIVIDEND

Since 2014, the Group has been focused in building out our internet finance strategy by making significant investments in online third party payment and P2P loan service platform businesses, and has successfully delivered strong operational growth in our internet finance business as evidenced by its over 50% contribution to the Group's turnover in 2015. As we anticipate the internet finance industry to enter into a consolidation phase in the coming 24 months, the Group is proactively seeking to capitalize on further investment opportunities as they arise.

As a result, the Board does not recommend the payment of any final dividend for the year ended 31 December 2015, and intend to reinvest our profits in accelerating our growth momentum, with the aim to further reinforce our leading position in the internet finance industry and ultimately build long term shareholder value.

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

Save as disclosed under "Management Discussion and Analysis" in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2015.

## CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no significant contingent liabilities (2014: Nil).

## CAPITAL COMMITMENTS

As at 31 December 2015, the Group had the following capital commitments:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Capital expenditure contracted but not provided for in respect of:		
Acquisition of plant and equipment	<b><u>4,011</u></b>	<u>5,771</u>

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. Given the level of depreciation of RMB against HKD during the year ended 31 December 2015, no financial instrument was used for hedging purposes.

The Group is mainly exposed to the fluctuation of HKD against RMB as certain of its bank balances are denominated in HKD which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing applicable derivatives to hedge out the exchange risk when necessary.

## **TREASURY POLICIES**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2015, the Group had a total of 267 staff and 6 contractors (2014: 255 staff and 5 contractors). Total staff costs (including Directors' emoluments) were approximately RMB80.5 million and total share options benefit to contractors were RMB26.8 million for the year ended 31 December 2015 (2014: RMB81.2 million and RMB1.4 million, respectively). Remuneration is determined by reference to the market conditions and the performance, qualifications and experience of individual employees. Year-end bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to a statutory mandatory provident fund scheme and social insurance together with housing provident funds for its employees in Hong Kong and the PRC, respectively.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors, employees and contractors of the Group, who contribute to the success of the Group's operations.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met all the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules and all the requirements of the GEM Listing Rules for the year ended 31 December 2015 except for the following:

Code provision E.1.2 of the CG Code requires the chairman of the Board to attend the annual general meeting of the Company (the “AGM”). Due to other business commitments which must be attended by Mr. Li Mingshan, he was not able to attend the AGM held on 11 May 2015. Mr. Phang Yew Kiat, the Vice-Chairman and Chief Executive Officer, acted as the chairman of the above AGM to ensure an effective communication with the Shareholders.

According to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive Directors (the “INEDs”) representing at least one-third of the Board. Upon the appointment of Mr. Zhang Zhenxin as a non-executive Director on 12 July 2015, the Board comprised ten Directors, among whom only three of them were INEDs, which fell below the one-third INED requirement under Rule 5.05A of the GEM Listing Rules. Furthermore, upon the resignation of Dr. Wong, Kennedy Ying Ho on 3 August 2015, the Board comprised only two INEDs, which fell below the requirements of (i) at least three INEDs under Rule 5.05(1) of the GEM Listing Rules; (ii) a minimum of three members in the Audit Committee under Rule 5.28 of the GEM Listing Rules; and (iii) the composition of each of the Remuneration Committee and the Nomination Committee pursuant to their respective terms of reference.

However, following the appointment of Dr. Ou Minggang as an INED on 8 October 2015, the Company complies with Rules 5.05(1) and 5.28 of the GEM Listing Rules and the terms of reference of the Remuneration Committee. Furthermore, upon the appointment of Dr. Ou Minggang as the chairman of Nomination Committee on 11 October 2015 and the appointment of Dr. Yin Zhongli as an INED on 11 October 2015, the Company re-complies with Rule 5.05A of the GEM Listing Rules and the terms of reference of the Nomination Committee.

## **ISSUE OF EQUITY SECURITIES**

The Company entered into a placing agreement with Sheng Yuan on 29 June 2015 (the “1st Placing Agreement”), pursuant to which Sheng Yuan agreed to place, on a best-effort basis, an aggregate of up to 120,000,000 new Shares at the price of HK\$1.70 per placing Share, subject to the fulfillment of the conditions precedent set out in the 1st Placing Agreement. The closing price was HK\$1.59 per Share as quoted on the Stock Exchange on the date of the 1st Placing Agreement. On 9 July 2015, the Company completed the placing and issued 94,112,000 new Shares to two places, namely Tandellen Group Limited and Mr. Zhao Chengfu. For details, please refer to the Company’s announcements dated 29 June 2015 and 9 July 2015. The net proceeds from the above placing amounted to approximately HK\$157.5 million. The Company has fully utilized the net proceeds for the Group’s general working capital purposes and for the purpose of repayment of a bank borrowing.

The Company entered into a placing agreement with Sheng Yuan on 30 September 2015 (the “2nd Placing Agreement”), pursuant to which Sheng Yuan agreed to place, on a best effort basis, an aggregate of up to 307,696,000 new Shares at the price of HK\$1.95 per placing Share, subject to the fulfillment of the conditions precedent set out in the 2nd Placing Agreement. The closing price was HK\$2.00 per Share as quoted on the Stock Exchange on the date of the 2nd Placing Agreement. On 22 October 2015, the Company completed the placing and issued 265,128,000 new Shares to two placees, namely China Dragon Asia Champion Fund Series SPC and Sheng Yuan Global High Growth Industries Fund Series SPC. For details, please refer to the Company’s announcements dated 30 September 2015, 14 October 2015 and 22 October 2015. The net proceeds from the above placing amounted to approximately HK\$505.33 million. The Company has fully utilized the net proceeds and applied them for general working capital purposes and for the purpose of acquisition of a 10% equity interest in Genesis Business.

The Company entered into a placing agreement with Sheng Yuan on 11 November 2015 (the “3rd Placing Agreement”), pursuant to which Sheng Yuan agreed to place, on a best effort basis, an aggregate of up to 287,889,200 new Shares at the price of HK\$2.10 per placing Share, subject to the fulfillment of the conditions precedent set out in the 3rd Placing Agreement. The closing price was HK\$2.30 per Share as quoted on the Stock Exchange on the date of the 3rd Placing Agreement. On 2 December 2015, the Company completed the placing and issued 280,324,000 new Shares to not less than six placees. For details, please refer to the Company’s announcements dated 11 November 2015 and 2 December 2015. The net proceeds from the above placing amounted to approximately HK\$581.3 million. The Company has fully utilized the net proceeds and applied them for general working capital purpose.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its Shares listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the year ended 31 December 2015, save as disclosed herein.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company, which comprises four INEDs, namely Mr. Ge Ming (the Chairman), Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli, has reviewed with the management the accounting principles and practices adopted by the Group and discussed with them auditing, internal control and financial reporting matters, including the review of the draft consolidated results of the Group for the year ended 31 December 2015.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's independent auditor, SHINEWING (HK) CPA Limited ("SHINEWING"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by SHINEWING in this announcement.

By order of the Board  
**Credit China Holdings Limited**  
**Li Mingshan**  
*Chairman*

Hong Kong, 21 March 2016

As at the date of this announcement, the Directors are:–

*Executive Directors:*

Mr. Phang Yew Kiat (*Vice-Chairman and Chief Executive Officer*)

Mr. Chng Swee Ho

Mr. Sheng Jia

*Non-executive Directors:*

Mr. Li Mingshan (*Chairman*)

Mr. Li Gang

Mr. Wong Sai Hung

Mr. Zhang Zhenxin

Ms. Zhou Youmeng

*INEDs:*

Mr. Ge Ming

Dr. Ou Minggang

Mr. Wang Wei

Dr. Yin Zhongli

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company ([www.creditchina.hk](http://www.creditchina.hk)).*