



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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

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 announcement, for which the directors of Credit China Holdings Limited (the “Company” or “Credit China” and the “Directors”, respectively) 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 announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS
FIRST HALF OF 2016

For the six months ended 30 June

	2016	2015	Period-
	(Unaudited)	(Unaudited)	on-period
	<i>RMB'000</i>	<i>RMB'000</i>	change
Turnover	375,332	139,342	169.4%
Profit for the period	127,243	36,069	252.7%
Profit attributable to equity holders of the Company	126,754	37,240	240.3%
Earnings per share			
– basic	3.20 cents	1.15 cents	178.2%
– diluted	<u>3.14 cents</u>	<u>1.15 cents</u>	<u>173.0%</u>

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2016 together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Turnover	3	193,673	69,201	375,332	139,342
Interest income	3	82,655	28,045	159,167	54,450
Interest expenses	6	(45,436)	(23,218)	(83,205)	(39,963)
Net interest income		37,219	4,827	75,962	14,487
Financial consultancy service income	3	8,297	3,492	19,771	6,388
Online third party payment service income	3	38,151	26,718	77,644	51,940
P2P loan service income	3	51,124	10,946	105,304	21,786
Mobile gaming service income	3	13,446	–	13,446	–
Gain on transfer of rights on interest on loan receivable	3	–	–	–	4,778
Other income	5	148,237	45,983	292,127	99,379
Handling charges for online third party payment service		(9,244)	(4,855)	(19,235)	(8,473)
Administrative and other operating expenses		(49,363)	(39,771)	(104,137)	(67,347)
Change in fair value of embedded derivative components of convertible bonds		(199)	(13)	(199)	7,908
Share-based payment expenses		(21,228)	(9,897)	(42,323)	(19,295)
Share of results of associates		16,551	126	18,634	136
Share of results of joint ventures		(13)	(856)	–	(4,325)
Gain on disposal of subsidiaries		–	42,539	37	42,539
Loss on deemed disposal of an associate		–	–	(2,029)	–
Loss on disposal of an associate		20	–	(797)	–
Profit before tax	7	89,238	36,012	151,688	55,622
Income tax	8	(12,322)	(13,104)	(24,445)	(19,553)
Profit for the period		76,916	22,908	127,243	36,069

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Other comprehensive income (expense) for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		18,853	(329)	15,461	(360)
Change in fair value of available-for-sale investments		(2,900)	(1,455)	(2,892)	(438)
Other comprehensive income (expense) for the period, net of income tax		15,953	(1,784)	12,569	(798)
Total comprehensive income for the period		92,869	21,124	139,812	35,271
Profit for the period attributable to:					
Owners of the Company		73,393	24,449	126,754	37,240
Non-controlling interests		3,523	(1,541)	489	(1,171)
		76,916	22,908	127,243	36,069
Total comprehensive income for the period attributable to:					
Owners of the Company		83,639	22,664	139,305	36,438
Non-controlling interests		9,230	(1,540)	507	(1,167)
		92,869	21,124	139,812	35,271
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share	10				
Basic		1.81 cents	0.76 cent	3.20 cents	1.15 cents
Diluted		1.78 cents	0.75 cent	3.14 cents	1.15 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		As at 30 June 2016 (Unaudited) <i>RMB'000</i>	As at 31 December 2015 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipment		12,299	10,373
Investment property		574,000	574,000
Intangible assets		186,709	172,141
Goodwill	11	285,713	47,871
Available-for-sale investments	12	70,019	53,066
Interests in associates	19	928,317	60,357
Interests in joint ventures		–	–
Prepayments for acquisition of intangible assets		<u>12,866</u>	<u>–</u>
		<u>2,069,923</u>	<u>917,808</u>
Current assets			
Available-for-sale investments	12	–	37,142
Trade receivables	15	51,718	35,769
Loan receivables	13	2,970,030	2,247,993
Prepayments and other receivables	13	164,042	268,483
Amounts due from joint ventures		14,270	13,251
Amounts due from related companies		197,793	197,532
Amounts due from associates		1,126	911
Derivatives financial instruments convertible bonds		–	227
Income tax recoverable		2,141	1,362
Held for trading investments		13,009	9,018
Bank balance – trust account	14	288,166	527,190
Bank balances and cash		<u>619,115</u>	<u>615,015</u>
		<u>4,321,410</u>	<u>3,953,893</u>

		As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
	<i>Notes</i>		
Current liabilities			
Accruals and other payables		156,195	91,909
Funds payable and amounts due to customers	14	288,166	527,190
Amounts due to non-controlling shareholders		772	1,109
Amounts due to related companies		219,376	199,758
Borrowings	16	734,377	693,616
Obligations under finance leases		–	2,203
Corporate bonds		178,973	173,719
Contingent consideration for acquisition of subsidiaries		158,577	–
Income tax payables		16,834	16,260
		<u>1,753,270</u>	<u>1,705,764</u>
Net current assets		<u>2,568,140</u>	<u>2,248,129</u>
Total assets less current liabilities		<u>4,638,063</u>	<u>3,165,937</u>
Non-current liabilities			
Corporate bonds		153,376	60,044
Borrowings	16	25,000	150,000
Deferred tax liabilities		89,209	89,209
Liability component of convertible bonds	20	779,580	234,098
		<u>1,047,165</u>	<u>533,351</u>
Net assets		<u><u>3,590,898</u></u>	<u><u>2,632,586</u></u>
Capital and reserves			
Share capital	17	343,246	321,642
Reserves		3,220,214	2,286,568
Equity attributable to owners of the Company		3,563,460	2,608,210
Non-controlling interests		27,438	24,376
Total equity		<u><u>3,590,898</u></u>	<u><u>2,632,586</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	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	Equity component of convertible bonds	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 2016 (audited)	321,642	1,665,026	33,106	588,524	2,892	11,549	47,300	(125,035)	40,000	23,206	2,608,210	24,376	2,632,586
Profit for the period	-	-	-	126,754	-	-	-	-	-	-	126,754	489	127,243
Other comprehensive income (expense)													
- exchange differences on translating foreign operations	-	-	-	-	-	15,443	-	-	-	-	15,443	18	15,461
- change in fair value of available-for-sale investments	-	-	-	-	(2,892)	-	-	-	-	-	(2,892)	-	(2,892)
Total comprehensive income (expense) for the period	-	-	-	126,754	(2,892)	15,443	-	-	-	-	139,305	507	139,812
Issue of shares upon exercise of share options	47	1,086	-	-	-	-	(215)	-	-	-	918	-	918
Issue of shares for acquisition of an associate	21,557	666,101	-	-	-	-	-	-	-	-	687,658	-	687,658
Recognition of equity-settled share-based payments	-	-	-	-	-	-	42,323	-	-	-	42,323	-	42,323
Acquisition of a subsidiary (Note 18)	-	-	-	-	-	-	-	-	-	-	-	2,555	2,555
Lapse of share options	-	-	-	238	-	-	(238)	-	-	-	-	-	-
Appropriation to statutory reserve funds	-	-	2,979	(2,979)	-	-	-	-	-	-	-	-	-
Recognition of equity component of convertible bonds	-	-	-	-	-	-	-	-	-	85,046	85,046	-	85,046
At 30 June 2016 (unaudited)	343,246	2,332,213	36,085	712,537	-	26,992	89,170	(125,035)	40,000	108,252	3,563,460	27,438	3,590,898
At 1 January 2015 (audited)	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 period	-	-	-	37,240	-	-	-	-	-	-	37,240	(1,171)	36,069
Other comprehensive income (expense)													
- exchange differences on translating foreign operations	-	-	-	-	-	(364)	-	-	-	-	(364)	4	(360)
- change in fair value of available-for-sale investments	-	-	-	-	(438)	-	-	-	-	-	(438)	-	(438)
Total comprehensive income (expense) for the period	-	-	-	37,240	(438)	(364)	-	-	-	-	36,438	(1,167)	35,271
Issue of shares upon exercise of share options	1,141	10,604	-	-	-	-	(3,306)	-	-	-	8,439	-	8,439
Dividend recognised as distribution	-	(11,725)	-	-	-	-	-	-	-	-	(11,725)	-	(11,725)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	19,295	-	-	-	19,295	-	19,295
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	10,447	10,447
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	386	386
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Appropriation to statutory reserve funds	-	-	8,039	(8,039)	-	-	-	-	-	-	-	-	-
Recognition of equity component of convertible bonds	-	-	-	-	-	-	-	-	-	23,206	23,206	-	23,206
At 30 June 2015 (unaudited)	268,877	687,274	33,106	539,959	(370)	(8,359)	22,793	(125,038)	40,000	23,206	1,481,448	25,299	1,506,747

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Increase in loan receivables	(688,285)	(689,425)
Other cash flows generating from operating activities	<u>383,548</u>	<u>105,837</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(304,737)</u>	<u>(583,588)</u>
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries, associates and available-for-sale investments	(265,503)	(139,929)
Net cash (outflow) inflow on disposal of subsidiaries	(7)	34,702
Proceeds from redemption of available-for-sale investments	35,334	–
Other cash flows generating from investing activities	<u>5,226</u>	<u>150</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(224,950)</u>	<u>(105,077)</u>
FINANCING ACTIVITIES		
New loans raised	401,667	410,235
Repayment of loans	(515,906)	–
New corporate bonds and convertible bonds raised	715,172	242,926
Expenses paid on issue of convertible bonds	(14,339)	(1,066)
Proceeds from exercise of options	918	8,439
Dividends paid	–	(11,725)
Other cash flows used in financing activities	<u>(49,369)</u>	<u>(33,598)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>538,143</u>	<u>615,211</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,456	(73,454)
Effect of foreign exchange rate changes	(4,356)	(392)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>615,015</u>	<u>265,515</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	<u>619,115</u>	<u>191,669</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were initially listed on the GEM on 19 November 2010.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are provision of pawn loan service, entrusted loan service, other loan service, microfinance service, financial consultancy service, P2P loan consultancy service and online third party payment service.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated results have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The unaudited condensed consolidated financial information has not been audited by the Company's auditors, but has been reviewed by the Company's audit committee ("Audit Committee").

The accounting policies used in the preparation of these results are same with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior period.

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets

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

HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ¹
HKAS 16 and HKAS 38 Amendment	Classification of Acceptable Methods of Depreciation and Amortisation ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 9	Financial Instruments ³
HKFRS (Amendments)	Annual Improvements 2012-2014 Cycle ¹
HKAS 1 (Amendments)	Disclosure Initiatives ¹
HKAS 27 (Amendments)	Equity method in Separate Financial Statements ¹
HKFRS 10 and HKFRS 28 (Amendments)	Sale or Contribution of Assets between An Investor and its associate or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹

¹ *Effective for annual periods beginning on or after 1 January 2016.*

² *Effective for annual periods beginning on or after 1 January 2017.*

³ *Effective for annual periods beginning on or after 1 January 2018.*

3. TURNOVER

The principal activities of the Company's subsidiaries are provision of traditional financing 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 services including online third party payment services, P2P loan services and related activities on loan portfolio management.

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

	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income				
Entrusted loan service income	28,755	19,771	61,063	41,982
Other loan service income	53,783	8,112	97,983	11,810
Microfinance service income	117	162	121	658
	<u>82,655</u>	<u>28,045</u>	<u>159,167</u>	<u>54,450</u>
Financial consultancy service income	8,297	3,492	19,771	6,388
Online third party payment service income	38,151	26,718	77,644	51,940
P2P loan service income	51,124	10,946	105,304	21,786
Mobile gaming service income	13,446	–	13,446	–
Gain on transfer of rights on interest on loan receivable	–	–	–	4,778
Turnover	<u>193,673</u>	<u>69,201</u>	<u>375,332</u>	<u>139,342</u>

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision 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.

Following the exploration of the businesses in the provision of online third party payment services, P2P loan services and certain activities on loan portfolio management, the CODM had revisited the resources allocation and performance assessment of the Group's operating segments, and determined the following reportable and operating segments under HKFRS 8:

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 services – provision of online third party payment service and prepaid card issuance business;
4. P2P loan services – provision of internet housing loan, automobile loan and financial assets related loan financing services in the PRC; and
5. Mobile gaming – provision of mobile game services in the PRC
6. Others – property investment

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 period ended 30 June 2016 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P loan services RMB'000	Mobile gaming services RMB'000	Others RMB'000	Total RMB'000
REVENUE							
External income and gain	<u>178,817</u>	<u>121</u>	<u>77,644</u>	<u>105,304</u>	<u>13,446</u>	<u>-</u>	<u>375,332</u>
Segment results	<u>142,026</u>	<u>(2,197)</u>	<u>45,699</u>	<u>64,275</u>	<u>9,034</u>	<u>-</u>	<u>258,837</u>
Share of results of associates							18,634
Unallocated other income							6,079
Change in fair value of embedded derivative components of convertible bonds							(199)
Gain on disposal of subsidiaries							37
Loss on disposal of an associate							(797)
Loss on deemed disposal of an associate							(2,029)
Share-based payment expenses							(42,323)
Interest expenses							(83,205)
Unallocated expenses							(3,346)
Profit before tax							<u>151,688</u>

For the period ended 30 June 2015 (unaudited)

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P loan services RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	<u>58,264</u>	<u>2,412</u>	<u>56,739</u>	<u>21,927</u>	<u>-</u>	<u>139,342</u>
Segment results	<u>27,595</u>	<u>(6,949)</u>	<u>43,038</u>	<u>1,903</u>	<u>-</u>	<u>65,587</u>
Share of results of associates						136
Share of results of joint ventures						(4,325)
Unallocated other income						5,076
Change in fair value of embedded derivative components of convertible bonds						7,908
Gain on disposal of subsidiaries						42,539
Share-based payment expenses						(19,295)
Interest expenses						(39,963)
Unallocated expenses						(2,041)
Profit before tax						<u>55,622</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. 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 deemed disposal of an associate, loss on disposal of an associate, change in fair value of embedded derivative components of convertible bonds, central administration costs, share-based payment expenses and interest expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Government grants (<i>Note</i>)	107	1	217	35
Bank interest income	2,296	1,585	5,359	3,113
Interest income on convertible bonds	–	1,188	720	1,963
Others	2,074	(18)	3,314	(11)
	<u>4,477</u>	<u>2,756</u>	<u>9,610</u>	<u>5,100</u>

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

6. INTEREST EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Interest on corporate bonds	5,864	5,268	11,719	10,427
Interest on convertible bonds	17,267	878	25,265	878
Interest on bank and other loans	22,305	17,072	46,221	28,658
	<u>45,436</u>	<u>23,218</u>	<u>83,205</u>	<u>39,963</u>

7. PROFIT BEFORE TAX

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

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	25,199	11,233	38,772	22,359
Contribution to defined contribution retirement benefits scheme	1,028	775	2,277	1,660
Share-based payment expenses	21,228	9,897	42,323	19,295
	<u>47,455</u>	<u>21,905</u>	<u>83,372</u>	<u>43,314</u>
(b) Other items				
Auditors' remuneration	349	611	777	653
Impairment recognised on loan receivables (included in administrative and other operating expenses)	460	2,590	1,065	8,020
Depreciation and amortization	2,614	1,472	3,314	2,775
Net exchange gain	(826)	(153)	899	(726)
Operating lease charges in respect of properties	5,877	3,609	9,171	7,751
	<u>5,877</u>	<u>3,609</u>	<u>9,171</u>	<u>7,751</u>

8. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current tax				
Provision for Hong Kong Profits Tax	–	–	1,580	–
Provision for PRC Enterprise Income Tax (the "EIT")	12,322	13,152	22,865	19,484
Deferred tax	–	(48)	–	69
	<u>12,322</u>	<u>13,104</u>	<u>24,445</u>	<u>19,553</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.

The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for both periods. No Hong Kong Profits Tax has been provided for the three months ended 30 June 2015 and 2016 and six months ended 30 June 2015 as the Group has no assessable profit for Hong Kong Profits Tax purposes for the periods.

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. 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.

9. DIVIDENDS

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and six months ended 30 June 2016 is based on the profit attributable to owners of the Company of RMB73,393,000 and RMB126,754,000 respectively (three months and six months ended 30 June 2015: RMB24,449,000 and RMB37,240,000 respectively) and the weighted average of 4,049,547,492 and 3,963,357,936 ordinary shares in issue respectively during the three months and six months ended 30 June 2016 (three months and six months ended 30 June 2015: 3,233,098,308 and 3,227,160,144 ordinary shares respectively).

Diluted earnings per share

The calculation of diluted earnings per share for the three months and six months ended 30 June 2016 is based on the profit attributable to owners of the Company of RMB73,393,000 and RMB126,754,000 respectively (three months and six months ended 30 June 2015: RMB24,449,000 and RMB37,240,000 respectively) and the weighted average of 4,124,235,952 and 4,040,209,022 ordinary shares in issue respectively during the periods assuming conversion of all dilutive potential shares (three months and six months ended 30 June 2015: 3,247,093,532 and 3,242,090,843 ordinary shares respectively). Dilutive potential shares include share options and shares to be issued under conversion of convertible bonds. The conversion of convertible bonds to ordinary shares would have an anti-diluted effect on earnings per share for the period ended 30 June 2016.

11. GOODWILL

The carrying amount of goodwill at the end of the reporting period is attributable to the respective CGUs as follows:

	30 June 2016 (unaudited) RMB'000	31 December 2015 (Audited) RMB'000
UCF – online third party payment service segment	35,844	35,844
Beijing Phoenix – P2P loan service segment	12,027	12,027
Qiyuan – mobile gaming service segment (<i>Note</i>)	<u>237,842</u>	<u>–</u>
	<u>285,713</u>	<u>47,871</u>

Note: During the period, the Group through a structured contract agreement, acquired 51% equity interest in the registered capital of Qiyuan. Goodwill arose in the acquisition because the cost of the combination include a control premium.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Unlisted investments		
Equity securities (<i>Note</i>)	70,019	53,066
Debt component of convertible bonds at fair value	<u>–</u>	<u>37,142</u>
	<u>70,019</u>	<u>90,208</u>

Note: The unlisted equity securities were issued by private entities incorporated in the BVI of RMB66,078,000 and the PRC of RMB3,941,000. They are measured at cost less impairment at the end of the reporting period because the directors of the Company are of the opinion that i) its fair value cannot be measured reliably as the range of reasonable fair value estimates is so significant or ii) it may be possible to measure the fair value on initial recognition reliably, however, it may not be feasible to measure its fair value reliably over the period.

13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Loan receivables		
Secured loans		
Pawn loans to customers	6,830	5,800
Real estate-backed loans to customers	435,207	339,228
Entrusted loans to customers	820,430	661,430
Other loans to customers	666,851	552,188
	1,929,318	1,558,646
Unsecured loans		
Entrusted loans to customers	334,083	429,083
Other loans to customers	709,235	261,376
Micro loans to customers	17,925	18,353
<i>Less: Allowance for unsecured loan receivables</i>	(20,531)	(19,465)
	2,970,030	2,247,993
Prepayments and other receivables		
Prepayments and other receivables	164,042	268,483

The Group normally allows credit terms to customers ranging from 90 days to up to 365 days, depending on the types of loan.

Included in the unsecured loan balances are loans of approximately RMB913,571,000 (2015: RMB600,712,000) guaranteed by guarantors.

(a) Ageing analysis

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within 90 days	421,493	855,334
91 to 180 days	1,040,417	120,000
181 to 365 days	744,109	666,046
Over 365 days	764,011	606,613
	2,970,030	2,247,993

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

Included in the Group's loan receivable balances were secured debtors with aggregate carrying amount of approximately RMB839,392,000 (31 December 2015: RMB784,844,000) which were past due as at the reporting date, for which the Group has not provided for impairment loss as the Group holds collaterals amounting to approximately RMB2,188,457,000 (31 December 2015: RMB2,349,772,000) in respect of such loan receivables as at 30 June 2016.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Not yet past due		
Current	2,230,638	1,463,149
Past due but not impaired		
Within 90 days	38,788	251,280
91 to 180 days	180,138	935
181 to 365 days	2,802	192,199
Over 365 days	517,664	340,430
	739,392	784,844
	2,970,030	2,247,993

14. BANK BALANCE – TRUST ACCOUNT/FUNDS PAYABLE AND AMOUNTS DUE TO CUSTOMERS

The Group maintains a segregated trust account with a licensed bank to hold customers' monies arising from its online third party payment service business. The Group has classified the customers' monies as bank balance – trust account under the current assets of the consolidated statement of financial position and recognised the corresponding payables to respective customers as funds payable to customers. The Group entitles to interests generated by the bank but is restricted to use the customers' monies to settle its own obligations.

15. TRADE RECEIVABLES

Customers are generally granted credit terms of 90 to 180 days (31 December 2015: 90 to 180 days). The following is an aged analysis 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:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
0 – 90 days	43,644	32,363
91 – 180 days	4,704	3,406
181 – 365 days	3,370	–
	51,718	35,769

16. BORROWINGS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Secured bank loans (<i>Note a</i>)	133,000	140,000
Secured other loans (<i>Note a and b</i>)	152,000	109,096
Unsecured bank loans	63,347	25,000
Unsecured other loans	35,000	215,000
Unsecured entrusted loans	376,030	354,520
	759,377	843,616
Carrying amount repayable*:		
On demand	–	92,546
Within one year	615,377	475,070
After one year but within two years	39,000	139,000
After two years but within five years	42,000	67,000
After five years	63,000	70,000
	759,377	843,616
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	(119,000)	(126,000)
	640,377	717,616
<i>Less:</i> amounts due within one year shown under current liabilities	(615,377)	(567,616)
Amounts show under non-current liabilities	25,000	150,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes: (a) As at 30 June 2016, secured bank loans of RMB133,000,000 (31 December 2015: RMB140,000,000) and secured other loans of nil (31 December 2015: RMB92,546,000) were secured by the investment property held by the Group.

(b) As at 30 June 2016, secured other loans of approximately RMB122,000,000 (31 December 2015: RMB16,550,000) and RMB30,000,000 (31 December 2015: nil) were secured by certain loan receivables and trade receivables respectively.

The effective interest rates of borrowings at the end of the reporting period as follows:

	30 June 2016	31 December 2015
Bank and other loans	<u><u>10.0%</u></u>	<u><u>12.8%</u></u>

During the six months ended 30 June 2016, the Group had repaid borrowing of RMB515,906,000 (six months ended 30 June 2015: RMB25,000,000).

17. SHARE CAPITAL

	Number of shares	Share capital presented as	
		HK\$'000	RMB'000
<i>Authorised:</i>			
At 1 January 2016 and 30 June 2016, ordinary shares of HK\$0.1 each	<u>20,000,000,000</u>	<u>2,000,000</u>	
<i>Issued and fully paid:</i>			
At 1 January 2016, ordinary share of HK\$0.1 each	3,875,210,000	387,521	321,642
Exercise of share options	562,500	56	47
Issue of shares for acquisition of an associate	<u>258,318,335</u>	<u>25,832</u>	<u>21,557</u>
At 30 June 2016, ordinary shares of HK\$0.1 each	<u>4,134,090,835</u>	<u>413,409</u>	<u>343,246</u>
At 1 January 2015, ordinary shares of HK\$0.1 each	3,221,156,000	322,115	267,736
Exercise of share options	<u>14,490,000</u>	<u>1,449</u>	<u>1,141</u>
At 30 June 2015, ordinary shares of HK\$0.1 each	<u>3,235,646,000</u>	<u>323,564</u>	<u>268,877</u>

18. ACQUISITION OF SUBSIDIARIES

Acquisition of Shenzhen Qiyuan Tianxia Technology Company Limited* (深圳起源天下科技有限公司) (“Qiyuan”)

On 21 April 2016, the Group through a structured contract arrangement, acquired a 51% equity interest in the registered capital of Qiyuan, at a consideration of RMB85,000,000 which was satisfied by cash and a contingent consideration which was satisfied by issuing shares of the Company. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB237,842,000. Qiyuan is engaged in the provision of mobile gaming service.

Goodwill arose in the acquisition of Qiyuan because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts for the benefit of allowing the Group to leverage the P2P loan services in the PRC. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

Consideration transferred

	<i>RMB'000</i>
Cash	85,000
Contingent consideration	<u>155,502</u>
	<u><u>240,502</u></u>

Minimal acquisition-related cost of the transaction was incurred during the period ended 30 June 2016 and was recognised as administrative expenses.

* For identification purposes only

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	<i>RMB'000</i>
Plant and equipment	1,572
Intangible assets	16,143
Trade receivables	4,135
Prepayments and other receivables	19,969
Cash and cash equivalents	1,451
Trade and other payables	(8,055)
Borrowings	<u>(30,000)</u>
Net assets identified	<u><u>5,215</u></u>

The fair value of trade and other receivables at the date of acquisition amounted to RMB11,238,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB11,238,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

Goodwill arising on acquisition:

	<i>RMB'000</i>
Consideration transferred	240,502
<i>Less:</i> Net assets identified	(5,215)
<i>Add:</i> 49% non-controlling interests	<u>2,555</u>
Goodwill arising on acquisition	<u><u>237,842</u></u>

Net cash outflow on acquisition of Qiyuan

	<i>RMB'000</i>
Cash consideration paid	85,000
<i>Less:</i> cash and cash equivalent balances acquired	<u>(1,451)</u>
	<u><u>83,549</u></u>

Non-controlling interests

Non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net liabilities.

19. ACQUISITION OF ASSOCIATES

On 30 October 2015, the Group entered into a sale and purchase agreement with Bonus Partners Worldwide Limited and Essential Perfection Enterprise Limited (collectively referred to as the “Target Shareholders”) pursuant to which the Company conditionally agreed to acquire a 100% equity interest in Genesis Business Holdings Limited and indirectly 35% equity interest in Shanghai Jifu Xinxu Jishu Fuwu Co., Ltd.* (上海即富信息技術服務有限公司) (“Shanghai Jifu”) through structured contracts for a total consideration of approximately RMB560 million which RMB160 million was satisfied in cash and RMB400 million which was satisfied by the issuance of 258,318,335 new ordinary shares of the Company at HK\$1.89 per share (equivalent to RMB1.55 per share). The acquisition was completed on 30 April 2016. The acquisition date fair value of the consideration on the acquisition date for the acquisition was RMB856.2 million in total, in which RMB168.5 million was satisfied in cash and RMB687.7 million which was satisfied by the issuance of 258,318,335 new ordinary shares of the Company at a market price of HK\$3.19 per share (equivalent to RMB2.66 per share).

The principal business of Shanghai Jifu is providing mobile payment service. For the period from 1 May to 30 June 2016, Shanghai Jifu has contributed to the Group of share of results of associate of RMB15.1 million.

20. CONVERTIBLE BONDS

During the period, the Company completed the issue of 3-year 7% convertible bonds with an aggregate principal amount of HK\$730,000,000 (equivalent to approximately RMB625,172,000) (the “7% Convertible Bonds”). The 7% Convertible Bonds is denominated in HK\$ and entitles the holders to convert them into ordinary shares of the Company at any time between the issue date to the maturity date at an initial conversion price of HK\$3.476 per share, subject to adjustments pursuant to the terms and conditions of the 7% Convertible Bonds. If the 7% Convertible Bonds has not been converted or redeemed in accordance with the terms and conditions of the 7% Convertible Bonds, it will be redeemed on the maturity date at its outstanding principal amount. The 7% Convertible Bonds contains two components, liability and equity components. The effective interest rate of the liability component is 16.7% per annum.

On 15 June 2015, the Company issued 6% convertible bonds with an aggregate principal amount of HK\$300,000,000 (equivalent to approximately RMB236,419,000) (the “6% Convertible Bonds”). The 6% Convertible Bonds is denominated in HK\$ and entitles the holders to convert them into ordinary shares of the Company at any time between the fortieth day from the issue date of 10 May 2015 to the tenth day prior to the maturity date of 9 May 2018 at an initial conversion price of HK\$2.6 per share, subject to adjustments pursuant to the terms and conditions of the 6% Convertible Bonds. If the 6% Convertible Bonds has not been converted or redeemed in accordance with the terms and conditions of the 6% Convertible Bonds, it will be redeemed on the maturity date at their outstanding principal amount. The 6% Convertible Bonds contains two components, liability and equity components. The effective interest rate of the liability component is 13.6% per annum.

* For identification purposes only

The movement of the liability and derivative components of the Convertible Bonds is set out below:

	Liability component	Derivative component	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2015	234,098	23,206	257,304
Issue of convertible bonds during the period	538,130	87,042	625,172
Transaction costs	(12,343)	(1,996)	(14,339)
Effective interest expenses	25,265	–	25,265
Interest payables	(11,074)	–	(11,074)
Exchange realignment	5,504	–	5,504
	<u>779,580</u>	<u>108,252</u>	<u>887,832</u>
At 30 June 2016	<u>779,580</u>	<u>108,252</u>	<u>887,832</u>

* For details, please refer to the Company's announcement dated 9 May 2016.

21. COMMITMENT

Capital expenditure commitment

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment	<u>5,846</u>	<u>4,011</u>

Operating lease arrangement

The Group as lessee

Details of the Group's commitments under non-cancellable operating lease as at 30 June 2016 and 31 December 2015 are set out as follow:

The Group leases certain of its staff quarters and offices under operating lease arrangements. The leases typically run for an initial period of three months to three years (31 December 2015: three months to three years). Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	26,178	22,809
In the second to fifth years inclusive	5,834	10,416
	32,012	33,225

22. RELATED PARTY TRANSACTIONS

Significant related party transactions

The Group had the following significant transactions with its related parties during the period:

	<i>Notes</i>	30 June 2016 (Unaudited) RMB'000	30 June 2015 (Unaudited) RMB'000
Rental expenses paid to:			
北京蜂巢商務服務有限公司	<i>(i)</i>	–	93
蜂巢(深圳)辦公空間有限公司	<i>(i)</i>	–	230
China UCF Group Co., Ltd	<i>(i)</i>	2,380	2,234
System maintenance expenses paid to			
網信雲行科技有限公司	<i>(ii)</i>	2,358	–

Notes:

- (i) These companies are owned by Mr. Zhang Zhenxin, a substantial shareholder of the Company.
- (ii) Mr. Sheng Jia, an executive director of the Group, is a key management personnel of the company.

Key management personnel remuneration

	30 June 2016 (Unaudited) RMB'000	30 June 2015 (Unaudited) RMB'000
Basic salaries, allowances and other benefits	5,844	3,928
Contribution to retirement benefit scheme	199	85
Share-based payment expenses	13,377	3,687
	19,420	7,700

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The level in the fair value hierarchy within which the financial asset (liability) is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets (liabilities) of the Group at fair value in the statement of financial position are grouped into fair value hierarchy as follows:

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
30 June 2016				
Held for trading investments	13,009	–	–	13,009
Contingent consideration for acquisition of subsidiaries	–	(158,577)	–	(158,577)
	<u>13,009</u>	<u>(158,577)</u>	<u>–</u>	<u>(145,568)</u>
31 December 2015				
Held for trading investments	9,018	–	–	9,018
Derivative financial instruments	33	–	194	227
Debt component of convertible bonds	–	–	37,142	37,142
	<u>9,051</u>	<u>–</u>	<u>37,336</u>	<u>46,387</u>

There were no transfers between levels of fair value hierarchy in current period and prior year.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
As at 31 December 2015				
Available-for-sale investments – debt component of convertible bonds	Asset – RMB37,142,000	Level 3	Present value of the contractually determined stream of future cash flows discounted at the required yield (<i>Note 1</i>)	The required yield was determined with reference to the credit rating of the convertible bonds issuer and remaining time to maturity at 12.52%.
Derivatives financial instruments – derivatives embedded in convertible bonds	Asset – RMB194,000	Level 3	Black-Scholes option pricing model based on the stock price, volatility, dividend yield, risk free rate and option life (<i>Notes 2 and 3</i>)	Dividend yield taking into account management's expectation of market conditions of specific industries at 0%.

Notes:

- 1) An increase in the interest yield used in isolation would result in a decrease in the fair value measurement of the debt component of the convertible bonds, and vice versa.
- 2) An increase in the dividend yield used in isolation would result in a decrease in the fair value measurement of the derivatives embedded in convertible bonds, and vice versa.
- 3) An increase in the volatility used in isolation would result in an increase in the fair value measurement of the derivatives embedded in convertible bonds, and vice versa.

Valuation process

Some of the Group's assets are measured at fair value for financial reporting purposes. The appropriate valuation techniques and inputs for the fair value measurements are determined by the directors of the Company and the independent qualified valuer.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 3 inputs are not available, the Group engages independent qualified valuer to perform the valuation. The directors of the Company work closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model. The directors of the Company will review the cause of fluctuations in fair value of the assets and liabilities annually.

24. EVENT AFTER REPORTING PERIOD

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

(a) Issue of convertible bonds

On 30 June 2016, the Company entered into two subscription agreements. (i) Subscription agreement A with Cheer Hope Holdings Limited ('Subscriber A'), pursuant to which Subscriber A has agreed to subscribe for the 2019 A floating rate unsecured Convertible Bonds ("2019 A Convertible Bonds") in an aggregate principal amount of US\$45,000,000 (approximately HK\$349,200,000) and (ii) Subscription Agreement B with Central China International Investment Company Limited ('Subscriber B'), pursuant to which Subscriber B has agreed to subscribe for the 2019 B 7% unsecured Convertible Bonds ("2019 B Convertible Bonds") in an aggregate principal amount of HK\$100,000,000.

The 2019 A Convertible Bonds and the 2019 B Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time between the fortieth day from the issue date to the third anniversary of the issue date at an initial conversion price of HK\$3.476 per share, subject to adjustments pursuant to the respective terms and conditions of the 2019 A Convertible Bonds and the 2019 B Convertible Bonds. If the 2019 A Convertible Bonds and the 2019 B Convertible Bonds have not been converted or redeemed in accordance with the respective terms and conditions of the 2019 A Convertible Bonds and the 2019 B Convertible Bonds, they will be redeemed on the maturity date at their respective outstanding principal amounts.

The subscription of 2019 A Convertible Bonds was completed in two tranches in July and August 2016 respectively. The subscription of 2019 B Convertible Bonds was completed in July 2016.

Details of the transactions are set out in the Company's announcement dated 30 June 2016.

(b) Grant of share options

On 5 July 2016, the Board granted 137,600,000 share options, at an exercise price HK\$3.49 per share, to the eligible participants under the Company's share option scheme adopted on 4 November 2010 and amended on 26 January 2016. The options are exercisable from 5 July 2017 to 4 July 2026.

Details of the grant of share options are set out in the Company's announcement dated 5 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2016, the overall development trend is slowing down as the internet finance industry is experiencing a thorough reshuffling. With the increasing application of big data in finance innovation makes it possible for financial technology to cause disruption to the finance industry in many aspects, including mobile payment, investment and wealth management. At the same time, financial technology also brings people's livelihood with more convenience. In view of that, Credit China is keeping close pace with the regulatory development, remains its rapid development trend and stable and healthy financial indicator and achieves excellent performance in each segment.

After three years of diligence, the Group has successfully entered into the Strategy 2.0 development stage ("Internet +"), and financial technology business remains our main growth drivers. We also actively keep up with the industry development trend, focusing on "Internet +" strategy, so as to cope with the industry challenge in a flexible and stable manner. For the six months ended 30 June 2016, the transaction volume of our online P2P platform continued to record strong growth, the online loans contributed a revenue of RMB105.3 million, representing a period-on-period growth of 383.3%, and recorded a revenue of online third party payments of RMB77.64 million, up by 49.4%.

In the past six months, apart from recording continuous growth in our business, the Company also actively participated in industry activities to jointly develop a healthy industry environment through closer industry organizations and platforms. In April 2016, UCF Pay Limited ("UCF Pay"), a wholly owned subsidiary of the Company, was elected as the supervisor entity in the second session of board of supervisors of Payment & Clearing Association of China. In March 2016, the P2P platforms of the Company, namely "First P2P" and "Financial Workshop", became member entities of the National Internet Finance Association of China, its qualifications and creditability had received wide recognition from the industry, banks and customers.

Operational Highlights

In recent years, UCF Pay continued to explore and innovate in the payment segment. UCF Pay developed and cultivated the basic payment segment such as online payment and cross-border payment, so as to provide more comprehensive third party payment services. For the six months ended 30 June 2016, total revenue from third party payment service and P2P platforms business was RMB182.9 million as compared with RMB78.67 million period-on-period, representing 48.7% of the Group's total revenue. Of which, revenue from third party payment service was RMB77.64 million, representing 20.9% of the Group's total revenue. During the period, the transaction value was over RMB72.3 billion as compared with RMB31.2 billion period-on-period, representing a growth of 132%. The number of accumulated active users had surpassed 2.89 million, increased by 191% period-on-period and remained its rapid development trend.

For internet lending platform business, revenue of P2P platforms was RMB105 million, representing 27.8% of Group's total revenue during the period. The transaction volume of the Group continued its rising trend. The total transaction values of First House Loan and Financial Workshop increased by 206% and 500% to RMB8.5 billion and RMB4.2 billion respectively during the period under review (as compared with RMB2.8 billion and RMB0.7 billion period-on-period respectively). The total accumulated transaction value of First P2P amounted to RMB115.1 billion as compared with RMB27.1 billion period-on-period, representing a growth of approximately 4.2 times, the third in the industry in term of transaction volume.

In online games business, since completing the acquisition by the Group, Shenzhen Qiyuan Tianxia Technology Company Limited* (深圳起源天下科技有限公司) ("Qiyuan") had already started to contribute its revenue. For the six months ended 30 June 2016, Qiyuan contributed a total revenue of RMB13.45 million.

Strategic Highlights

Since its transformation, Credit China has all along been holding an open attitude and expands its business rapidly through mergers and acquisitions. It also establishes strategic partners.

In the first half of the year, the Group further enhanced its leading position through issuing convertible bonds on several occasions for financing and raising sufficient capital, which lay a strong foundation for the strategic moves in the future.

On 30 June 2016, the Company entered into (i) a subscription agreement with Cheer Hope Holdings Limited, a wholly-owned subsidiary of CCB International (Holdings) Limited, pursuant to which it has agreed to subscribe for 3-year convertible bonds in the aggregate principal amount of US\$45,000,000 (approximately HK\$349,200,000) and (ii) a subscription agreement with Central China International Investment Company Limited, pursuant to which it has agreed to subscribe for 3-year convertible bonds in the aggregate principal amount of HK\$100,000,000, with the conversion price of HK\$3.476 per convertible bonds. As at 30 June 2016, the Group completed the issuance of the convertible bonds with an aggregate principal amount of HK\$730 million to four investors, including Huarong International Financial Holdings Limited. The proceeds will be utilized by the Group as its general working capital or for the purpose of financing future acquisitions.

* For identification purposes only

On 30 April 2016, the Group completed the acquisition of the 100% equity interest in Genesis Business Holdings Limited. Upon its completion, the Group will own indirectly 35% equity interest in Shanghai Jifu Xinxu Jishu Fuwu Co., Ltd.* (上海即富信息技術服務有限公司) (“Shanghai Jifu”). By acquiring Shanghai Jifu, the Group can expand its mobile payment service business which targets at small and micro enterprises, perfect its current financial technical business and further strengthen its leading position in the industry. As of 30 June 2016, the total transaction value completed by Shanghai Jifu was approximately RMB278 billion, which was already 74% of the total transaction value in 2015 (RMB376.1 billion). The daily transaction value amounted to RMB850 million, total number of users were 2.5 million, increased by 36% when compared with total number of users (1.84 million) at the end of last year.

On 21 April 2016, the Group completed the acquisition of an indirect 51% equity interest in Qiyuan for expanding its business into the mobile gaming sector to further explore the opportunity of this sector, which brought the long-term value for the Group’s overall products and service.

Revenue

For the six months ended 30 June 2016, the Group reported a revenue of approximately RMB375.3 million, an increase of 169.4% as compared to approximately RMB139.3 million for the corresponding period in 2015. The growth in revenue was mainly attributable to an increase in interest and consultancy fee income from loan portfolio in Hong Kong, and income streams from P2P loan consultancy service and the provision of online third party payment service. The following table sets forth the Group’s revenues by segment of business for the period ended 30 June 2015 and 2016.

	For the six months ended 30 June		For the six months ended 30 June	
	2016		2015	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>RMB'000</i>	<i>% of total revenues</i>
Loan financing	178,817	47.7	58,264	41.9
Micro loan financing	121	–	2,412	1.7
Online third party payment services	77,644	20.7	56,739	40.7
P2P loan services	105,304	28.0	21,927	15.7
Mobile gaming services	13,446	3.6	–	–
Total	375,332	100.0	139,342	100.0

Entrusted loan and other loan income

Entrusted loan and other loan income mainly includes interest income and financial consultancy service income, which were derived from the Group's loan financing services including entrusted loans, pawn loans and other loans secured with assets or guarantees. It generated 47.7% of the Group's total revenue and recorded an increase of 207.2% to approximately RMB178.8 million for the period under review as compared to approximately RMB58.2 million for the corresponding period in 2015.

P2P loan service income

The P2P loan service income business mainly includes the provision of services in relation to internet housing loan services, and the operation of a P2P financing website and a mobile application with collateralized financial assets (www.9888.cn: Financial Workshop). For the six months ended 30 June 2016, the Group's P2P loan service income business recorded revenue of approximately RMB105.3 million (six months ended 30 June 2015: approximately RMB21.9 million), an increase of 380.8% as compared to the corresponding period last year. It represented 27.8% of the Group's total revenue, of which, Financial Workshop reported revenue amounted to RMB33.7 million, representing a 6.2-fold increase period-on-period; First House Loan reported revenue amounted to RMB69.2 million, representing a 6.9-fold increase period-on-period.

Online third party payment service income

The online third party payment service business, which included the provision of online payment transactions, payment system consultancy and related services, generated income of approximately RMB77.644 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately RMB56.739 million), an increase of 36.9% as compared to the corresponding period last year. It represented 20.9% of the Group's total revenue.

For the six months ended 30 June 2016, the transaction amount of UCF Pay amounted to RMB72.3 billion, representing a 1.3-fold increase period-on-period.

Interest expenses

Interest expenses mainly comprised of interest due on bank and other loans, Hong Kong dollar-denominated convertible bonds, and Hong Kong dollar-denominated corporate bonds. Consistent with our increase in lending activities and portfolio, the Group's interest expenses significantly increased by 108.5% as compared to the corresponding period last year to approximately RMB83.2 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately RMB39.9 million). As at 30 June 2016, the Group's external funding increased by 66.7% from approximately RMB1,122.1 million as at 30 June 2015 to approximately RMB1,871.3 million, of which bank and other borrowings amounted to approximately RMB759.4 million (30 June 2015: approximately RMB698.6 million); corporate bonds and convertible bonds amounted to approximately RMB1,111.9 million (30 June 2015: approximately RMB423.5 million).

Other income

Other income mainly comprised bank interest income, convertible bonds interest income and government grants. The Group's other income increased 88.2% to approximately RMB9.6 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately RMB5.1 million). This was mainly derived from an increase in average bank balances from trust accounts of the online third party payment services business.

Handling charges, administrative and other operating expenses

The Group's handling charges, administrative and other operating expenses primarily comprised salaries and staff welfare, intermediary handling charges for online third party payment services and P2P loan consultancy services, bank and financing charges, sales and marketing related expenses, and rental expenses. In line with the increase in loan provision business as compared to the corresponding period last year and the diversification to P2P and online payment businesses since 2015, the Group's handling charges, administrative and other operating expenses increased by 62.6% as compared to the corresponding period last year to approximately RMB123.3 million (six months ended 30 June 2015: approximately RMB75.8 million).

Share-based payment expenses

Share-based payment expenses of the Group for the six months ended 30 June 2016 amounted increased by 120.3% as compared to the corresponding period last year to approximately RMB42.3 million (six months ended 30 June 2015: approximately RMB19.2 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.

Profit for the period

The profit for the period was approximately RMB127.2 million, representing an increase of approximately 253.3% as compared to approximately RMB36.0 million for the corresponding period for 2015.

The increase was mainly due to a significant increase in turnover of approximately RMB235.9 million despite relative increases in interest expenses of approximately RMB43.2 million, handling charges, administrative and other operating expenses of approximately RMB47.5 million, and share-based payment expenses of approximately RMB23.1 million.

OUTLOOK

In the first half of 2016, the global economy underwent fluctuation. The uncertainty impact brought about by British exit from the European Union and US general election has driven the market downward, which has led to a weak global economic growth with sluggish recovery. For China, such global economic situation and the continuous domestic downward economic pressure it faced and the impact of tightening bank lending policy presenting both a challenge as well as offering an unfailing supply of business development opportunities.

As a result of the proactive preparation and dedicated operation measures in 2014 and 2015, Credit China's financial technology service system has been successively established and gradually to its perfection. In the first half of 2016, through the dual driver of intrinsic sustained development and external-oriented strategic investment, an all-round breakthrough was progressively achieved in the segments such as the provision of mobile payment solutions, internet P2P lending and online games and a very strong synergistic effect was formed in business segments, service system diversification, resources systems and other aspects.

Mobile payment solutions: With the rapid penetration of smart phones and continuous capital inflow, the mobile payment market is expanding dramatically with tremendous potential, achieved a gradual enhancement in market recognition. In order to satisfy the development demand of small and micro enterprises, the Group will leverage on the large user base accumulated by the system and the enormous development potential brought by shop merchants data to strengthen the payment platform security construction, cut down shop merchants' POS machines acquisition cost, optimize client experience and provide a full set of mobile payment solutions to facilitate the rapid and sustained industry development.

Internet P2P lending: According to the data published by Wangdaizhijia, internet P2P lending cumulative volume reached RMB2,208 billion in June 2016, which had successively achieved the second trillion. From January to June 2016, the internet P2P lending transaction volume reached RMB842.3 billion, representing a year-on-year increase of 280% as compared to 2015. In the first half of 2016, after the explosive growing stage, internet P2P lending industry entered into the consolidation phase. Hence, we maintain a prudent and positive attitude towards China's internet P2P lending industry and will shift our business focus on improving the existing business quality and volume and proactively acquire quality financial technology projects to lay a solid foundation for our Internet 2.0 Strategy.

Online games: "Cashbox games", an integrated game publishing platform combining the self-developed mobile games of the Company and the web games will be officially launched for operation in the second half of 2016. By that time, there will be dozens of self-developed games and agent games available. We will also roll out two heavy-duty games New Three Swordsmen (刀劍笑新傳) and Six Bibles (六道天書) synchronously, the literary works that have a wide influence in Greater China in the Android mobile game pipeline and IOS original mobile game pipeline. We will also focus on the launching of our self-developed and globally weight-bearing promoted game, Prisoners in Dream (夢境囚徒), in the fourth quarter to escalate our contributions to the game industry worldwide.

In the future, on the basis of expanding the third party payment operation as our objective, we will leverage on big financial data to continue making full use of internet P2P lending platform resources, intensify online games layout, create diversified application scenarios and gradually penetrate into other internet vertical segments to provide all-round internet living services for customers and underpin the Group's leading position in financial technology.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2016, the Group had bank balances and cash of approximately RMB619.1 million (31 December 2015: approximately RMB615.0 million). Interest bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB1,871.3 million (31 December 2015: approximately RMB1,313.7 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.30 as at 30 June 2016 (31 December 2015: 0.27).

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

FUND RAISING ACTIVITIES

During the period, 9888.cn Limited (“9888.cn”), an indirect wholly-owned subsidiary of the Company completed the issue of convertible bonds in the principal amount of RMB90,000,000 pursuant to which a subscription agreement has been entered into between 9888.cn and Jiefang Media (UK) Co., Ltd. (解放傳媒(英國)有限公司) (“Jiefang Media”), a shareholder of the Company, and the Company as guarantor. At any time after the issue date and up to the maturity date, Jiefang Media shall have the right to convert the said convertible bonds into 6% of the equity shares of 9888.cn (as enlarged by the conversions).

During the period, the Group completed the issue of 3-year convertible bonds in the principal amount of HK\$730,000,000 (equivalent to approximately RMB625,172,000), which bear interest at a rate of 7% per annum payable semi-annually. As at the date of this announcement, there was no conversion or redemption of the convertible bonds.

INDEBTEDNESS AND CHARGES ON ASSETS

As at 30 June 2016, the Group had long-term borrowing of RMB25.0 million (31 December 2015: RMB150.0 million) and short term borrowings amounting to RMB734.3 million (31 December 2015: RMB693.6 million), of which RMB133.0 million (31 December 2015: RMB140.0 million) were secured by the investment property of the Group with a carrying amount of approximately RMB574.0 million (31 December 2015: approximately RMB574.0 million). The secured borrowings of RMB133.0 million (31 December 2015: RMB140.0 million) were interest-bearing at floating rates and the remaining RMB152.0 million (31 December 2015: RMB109.0 million) were interest-bearing at fixed rates. The remaining borrowings amounting to RMB439.4 million (31 December 2015: RMB594.5 million) were unsecured and interest-bearing at fixed rates. Details of borrowings of the Group during the period are set out in note 16 to the condensed financial statements of this interim announcement.

As at 30 June 2016, the Group had long term corporate bonds of RMB153.3 million (31 December 2015: RMB60.0 million). The Group had issued 2-year and 7.5-year corporate bonds with an aggregate principal amount of HK\$200,000,000 (RMB171,280,000) and HK\$70,000,000 (RMB59,948,000), which are and will be due on 8 July 2016 and 24 April 2022 respectively, and carry interest at fixed rate of 9.5% and 5.5% per annum payable semi-annually in arrears, respectively. The corporate bonds are unsecured.

The Group issued 3-year convertible bonds with a principal amount of HK\$730,000,000 (RMB625,172,000) on 6 June 2016. Details of the convertible bonds are set out in note 20 to the condensed financial statements of this interim announcement. The Group had net current assets of RMB2,739.5 million and net assets of RMB3,593.9 million as at 30 June 2016, respectively. The management is confident in the Group’s financial ability and it will be able to raise funds from various sources, including capital and debt markets, to meet its redemption obligation under the convertible bonds.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

- On 21 April 2016, the Group acquired a 51% equity interest in Qiyuan through structured contracts at a consideration of RMB85.0 million which was satisfied in cash and a contingent consideration which was to be satisfied by issuing shares of the Company. The principal business of Qiyuan is the provision of mobile gaming services. For the period from 22 April to 30 June 2016, Qiyuan recorded revenue of RMB13.4 million and a net profit of RMB9.2 million respectively.
- On 30 October 2015, the Group entered into a sale and purchase agreement with Bonus Partners Worldwide Limited and Essential Perfection Enterprise Limited pursuant to which the Company conditionally agreed to acquire a 100% equity interest in Genesis Business Holdings Limited and indirectly 35% equity interest in Shanghai Jifu through structured contracts for a total consideration of approximately RMB560 million which RMB160 million was satisfied in cash and RMB400 million which was satisfied by the issuance of 258,318,335 new ordinary shares of the Company at HK\$1.89 per share (equivalent to RMB1.55 per share). The acquisition was completed on 30 April 2016. The fair value of the consideration on the acquisition date for the acquisition was RMB856.2 million in total, in which RMB168.5 million was satisfied in cash and RMB687.7 million which was satisfied by the issuance of 258,318,335 new ordinary shares of the Company at a market price of HK\$3.19 per share (equivalent to RMB2.66 per share).

The principal business of Shanghai Jifu is the provision of the mobile payment service. For the period from 1 May to 30 June 2016, Shanghai Jifu has contributed to the Group of share of results of associate of RMB15.1 million.

STRUCTURED CONTRACTS

For the period ended 30 June 2016, the Group had a number of operations which were conducted pursuant to structured contracts which allowed the Group to indirectly own and control such operations:

(A) Shanghai Yintong Dian Dang Company Limited* (上海銀通典當有限公司) (“Shanghai Yintong”)

Shanghai Yintong recorded revenue and a net loss of RMB31,000 and RMB629,000, respectively, for the six months ended 30 June 2016 (for the year ended 31 December 2015: revenue and a net loss of RMB129,000 and RMB1,753,000, respectively). As at 30 June 2016, the total assets and net assets of Shanghai Yintong were RMB43,532,000 and RMB43,643,000, respectively (as at 31 December 2015: RMB43,455,000 and RMB44,272,000, respectively).

* For identification purposes only

(B) Beijing Phoenix Credit Management Corporation* (北京鳳凰信用管理有限公司) (“Beijing Phoenix”)

For the six months ended 30 June 2016, Beijing Phoenix recorded revenue of RMB33,764,000 and a net profit of RMB8,799,000, respectively (for the year ended 31 December 2015: revenue and a net profit of RMB33,245,000 and RMB5,889,000 respectively). As at 30 June 2016, the total assets and net assets of Beijing Phoenix were RMB69,714,000 and RMB63,366,000, respectively (as at 31 December 2015: RMB59,520,000 and RMB54,567,000 respectively).

(C) UCF Pay Limited* (先鋒支付有限公司) (“UCF Pay”) (Formerly named as Dalian UCF Business Services Co., Limited* 大連先鋒商務服務有限公司)

For the six months ended 30 June 2016, UCF Pay recorded revenue and a net profit of RMB82,454,000 and RMB47,311,000, respectively (for the year ended 31 December 2015: revenue and a net profit of RMB140,070,000 and RMB83,638,000, respectively). As at 30 June 2016, the total assets and the net assets of UCF pay were RMB563,229,000 and RMB265,606,000 respectively (as at 31 December 2015: RMB1,091,163,000 and RMB218,295,000, respectively).

(D) Shenzhen Qiyuan Tianxia Technology Company Limited* (深圳起源天下科技有限公司) (“Qiyuan”)

For the period from 22 April to 30 June 2016, Qiyuan recorded revenue of RMB13,446,000 and a net profit of RMB9,226,000, respectively. As at 30 June 2016, the total assets and net asset of Qiyuan were RMB60,313,000 and RMB14,440,000, respectively.

The Group on 21 April 2016 entered into structured contracts with Shenzhen Wanhezhongyi Technology Company Limited* (深圳萬合眾一科技有限公司), a company established in the PRC with limited liability.

The structured contracts relate to the effective control over and the rights to enjoy the economic benefits in and/or assets of Qiyuan which is principally engaged in the provision of mobile games and production of media content in the PRC and which has an internet publication license and online cultural business license issued by the PRC Ministry of Information Industry. Mobile games profit is primarily obtained from provision of online/mobile games, community value-added services and applications across various Internet and mobile platforms.

* For identification purposes only

The structured contracts are valid for a term of ten years commencing on 21 April 2016 and may be automatically extended until the Group gives written confirmation regarding the extension. The Group is entitled to effect the early termination of the structured contracts at its own discretion. Neither Qiyuan nor its shareholders may vary or terminate the structured contracts. There were no material changes to the structured contracts and/or the circumstances under which they were adopted, nor was there any unwinding of them or of a failure to do the same due to the restrictions that led to their adoption being removed. The Group intends to unwind the structured contracts arrangement and directly hold the equity interests of Qiyuan when the relevant restrictions no longer exist. For further details, including the risks associated with the structured contracts as well as actions taken by the Group to mitigate such risks, please refer to the Company's announcement dated 21 April 2016.

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

Save as disclosed under “Business Review” and “Outlook” in this announcement, the Company has no specific future plans for material investments or capital assets as at 30 June 2016.

INTERIM DIVIDEND

The Group has resolved not to pay interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities (31 December 2015: Nil).

CAPITAL COMMITMENTS

As at 30 June 2016, the Group had capital expenditure contracted for but not provided for in its financial statements of approximately RMB5.8 million (31 December 2015: RMB4.0 million).

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly in Hong Kong and the PRC. For its operations in Hong Kong, most of the transactions are denominated in Hong Kong dollars and U.S. dollars. The exchange rate of U.S. dollars against Hong Kong dollars is relatively stable and the related currency exchange risk is considered minimal. For operations in the PRC, most of the Group's transactions are denominated in Renminbi. Given the floating level of Renminbi against Hong Kong dollars during the period under review, no financial instrument was used for hedging purposes.

The Group is mainly exposed to the fluctuation of Hong Kong dollars against Renminbi as certain of its bank balances, bank borrowings and corporate bonds are denominated in Hong Kong dollars which is not the functional currency of the relevant group entities. The Group has not made other arrangements to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the Group's foreign exchange exposure and will consider utilizing applicable derivatives to hedge exchange risk if 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 and management will closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had a total of 408 staff and 2 contractors (31 December 2015: 255 staff and 5 contractors). Total staff costs (including Directors' emoluments) were approximately RMB83.3 million for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB43.3 million). Remuneration is determined with reference to 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.

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 six months ended 30 June 2016.

CORPORATE GOVERNANCE

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 contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2016.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises four members, namely Mr. Ge Ming (Chairman), Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli, all being independent non-executive Directors.

The Group's unaudited results for the six months ended 30 June 2016 and this announcement have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance 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.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Grant of share options

On 5 July 2016, the Board granted 137,600,000 share options, at an exercise price HK\$3.49 per share, to the eligible participants under the Company's share option scheme adopted on 4 November 2010 and amended on 26 January 2016. The options are exercisable from 5 July 2017 to 4 July 2026. Details of the grant of share options are set out in the Company's announcement dated 5 July 2016.

By Order of the Board
Credit China Holdings Limited
Li Mingshan
Chairman

Hong Kong, 8 August 2016

* *In this announcement, the English translation of certain Chinese names and entities is included for identification purposes only and should not be regarded as an official English translation of such Chinese names and entities.*

As at the date of this announcement, the Executive Directors are Mr. Phang Yew Kiat (Vice-Chairman and Chief Executive Officer), Mr. Chng Swee Ho and Mr. Sheng Jia; the Non-executive Directors are Mr. Li Mingshan (Chairman), Mr. Li Gang, Mr. Wong Sai Hung, Mr. Zhang Zhenxin and Ms. Zhou Youmeng; and the Independent Non-executive Directors are Mr. Ge Ming, Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (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).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.