



# CREDIT CHINA FINTECH HOLDINGS LIMITED

中國信貸科技控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8207)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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FINANCIAL HIGHLIGHTS			
	Year ended 31 December		Changes
	2016 RMB'000	2015 RMB'000	
OPERATING RESULTS			
Turnover	1,075,677	429,590	150.4%
Profit for the year	342,247	80,041	327.5%
Profit attributable to owners of the Company	301,122	85,606	251.7%
Non-GAAP profit attributable to owners of the Company	414,105	96,391	329.6%
Basic earnings per share (Note b)	RMB1.48 cents	RMB0.51 cent	190.2%
Non-GAAP basic earnings per share (Note a)	RMB2.04 cents	RMB0.58 cent	251.7%
FINANCIAL POSITION			
Total assets	8,862,513	4,871,701	81.9%
Bank balances and cash	1,233,391	615,015	100.5%
Total liabilities	4,620,933	2,239,115	106.3%
Net assets	4,241,580	2,632,586	61.1%

*Note a:*

Since the third quarter of 2016, we have included relevant non-generally accepted accounting principles (“GAAP”) adjustments for certain non-cash items and certain impact of acquisition or disposal transactions. We adopted the new presentation in order to more clearly illustrate our non-GAAP financial measure, and to be more consistent with what we believe to be industry practice. Comparative figures have been adjusted to conform to the new presentation.

*Note b:*

The calculation of the basic and diluted earnings per share for the years ended 31 December 2016 and 2015 have been adjusted as a result of share subdivision effective on 19 September 2016.

## **BUSINESS REVIEW AND OUTLOOK**

### **Industry Trends**

In 2016, we witnessed a year full of changes and opportunities across the fintech industry in China.

Following the promulgation of the government's relevant policies in China, the fintech industry, especially the peer-to-peer ("P2P") lending space underwent a period of transformation and consolidation. On 24 August 2016, China Banking Regulatory Commission, Ministry of Industry and Information Technology, Ministry of Public Security and China Internet Network Information Office jointly issued the 《網絡借貸信息中介機構業務活動管理暫行辦法》 (the Interim Measures on Administration of the Business Activities of Peer-to-Peer Lending Information Intermediaries, "Interim Measures"), which clearly defined the regulatory and operational requirements for P2P operators in China. On 13 October 2016, the 《互聯網金融風險專項整治工作實施方案》 (Implementation Plan for Special Regulation on Internet Financial Risk) was promulgated by State Council, which rebuilt the regulatory concept of internet finance, and further strengthened its regulatory efforts. There was a significant reduction in the total number of operating P2P lending platforms in China as a result of these policies and the unregulated growth came to an end. Clearly, such policies and industry evolution benefit the fintech industry and ensure its long term stable, healthy and sustainable development.

Over the same period, the Group's platforms have actively participated in various activities contributing to the sustainable and regulatory development of fintech environment in China. In September 2016, the National Internet Finance Association of China ("NIFA") launched the credit information sharing platform for P2P lending players in China, and First P2P, the flagship P2P platform in our ecosystem became one of the 17 inaugural information sharing institutions. By leveraging on its comprehensive business qualifications and risk management capabilities, the Group's various fintech platforms received affirmation and recognition from regulatory authorities (such as the People's Bank of China) and industry associations (such as NIFA). We believe that Credit China FinTech will remain as a key player and is well-positioned to solidify its market leadership during the industry consolidation stage.

In 2016, we also saw a range of technological innovations on big data, cloud computing, artificial intelligence and blockchain, and these innovations were widely applied in a number of areas such as payment and clearing, financing, wealth management, retail banking, insurance and transaction settlement. A new era of technological revolution in the finance industry is in its full swing.

In 2016, by leveraging on existing businesses, we built up additional revenue streams such as mobile point of sale ("POS") services, online consumer finance and mobile gaming services through strategic investments. As a result, we have successfully established an integrated fintech service ecosystem, consisting of three core business segments, namely 1) third party payment, 2) online investment, and 3) technology-enabled lending.

## Operational Highlights

- *Third party payment*

UCF Pay Limited (“UCF Pay”), our 100% owned online third party payment platform, has maintained its leading position in the online third party payment service sector in China. The total transaction volume in 2016 reached RMB193.9 billion, representing a growth of 89% year-on-year (total transaction volume in 2015: RMB102.5 billion), of which the transaction volume in December 2016 reached a new monthly high to RMB29.7 billion. UCF Pay’s accumulated active users reached 3.25 million in December 2016, representing an increase of over 64% as compared to 1.97 million at the end of 2015. During the year ended 31 December 2016, UCF Pay diversified its merchant customer base through the rollout of cross-border payment solutions and P2P fund custody solutions. It also introduced new services, such as direct banking solutions and cloud wallet services, to satisfy emerging customer demands:

- Direct banking solutions provides advisory services to commercial banks on the construction of direct banking as well as system building. It is a product of UCF Pay’s leading technology. Currently, it provides such services for two commercial banks;
- Cloud wallet services is embedded in our customers’ App to which it provides users with additional convenience in daily transactions. Users can choose to use various applications, such as mobile phone top-up, utilities bill payments, shopping and entertainment, as well as credit card bill payments through this product, and complete payments using UCF Pay. This product helps our customers to diversify their applications and increase their user stickiness. Currently, approximately 20 applications have been incorporated into cloud wallet services.

Shanghai Jifu Xinxu Jishu Fuwu Co., Ltd.\* (上海即富信息技術服務有限公司) (“Shanghai Jifu”), our mobile POS provider which is 35% owned by the Group, provides flexible and convenient mobile POS solutions to small-and-micro sized merchants. Shanghai Jifu recorded over RMB632 billion of total transaction volume in 2016, representing a growth of 70% year-on-year. Total registered users reached 7.53 million by December 2016, compared to 3.56 million in December 2015. In 2016, Shanghai Jifu gained excellent reputation, and developed strong sales channels, which strengthened the stickiness and loyalty of its small-and-micro sized merchant customers. In addition, Shanghai Jifu continued to optimize its risk management procedures, and established a new risk control system. Shanghai Jifu remained innovative on product development and launched customized rate for individual customers during the year ended 31 December 2016, which contributed to the rapid growth in payment business.

\* For identification purposes only

- ***Online investment***

In 2016, First P2P upgraded itself with a strategic positioning as a comprehensive online investment platform for financial assets comprising P2P loans, funds, insurance, securities and asset management. First P2P achieved a significant growth and strong operating results in 2016: its total accumulated transaction volume reached RMB155.5 billion by the end of 2016, and its annual total transaction volume was RMB76.3 billion in 2016. During the year ended 31 December 2016, its annualized transaction volume reached RMB25.7 billion, increased by 93% year-on-year. The average term of products in 2016 was about 121 days, increased by approximately 53 days as compared with 68 days in 2015. First P2P's registered users reached 7.55 million as of end of 2016. In 2016, First P2P became a member of NIFA, was awarded the Information Resilience Excellence Awards by British Standards Institution (BSI), and gained the 2016 Chinese Financial Technology Pioneers honor issued by Zhongguancun Internet Finance Institute (CZIFI). The platform's operation and information security system also met the international standards of ISO 9001 and ISO 27001. In May 2016, First P2P introduced Haikou United Rural Commercial Bank as its third party custodian bank. In August 2016, First P2P completed its Series C round financing, led by institutional investors including China Construction Bank International.

In 2016, the total transaction volume of Financial Workshop reached RMB7.0 billion and, its annualized transaction volume reached RMB2.7 billion, increased by 89% year-on-year. The average term of investments in 2016 was about 139 days, increased by approximately 80 days as compared with 59 days in 2015. As at 31 December 2016, Financial Workshop's registered users reached 0.94 million, with 208,000 new users in 2016. During the year ended 31 December 2016, Financial Workshop became a founding member of NIFA, one of the first batch of enterprises allowed to access into the Product Registration and Information Disclosure System of Beijing Internet P2P Lending Industry Association. Financial Workshop embraced regulatory changes, and successfully launched fund custodian system as it partnered with Huishang Bank in October 2016. Financial Workshop also optimized its products mix, expanded product offerings including supply chain finance and launched consumer finance products. Currently, Financial Workshop has developed partnership with two consumer finance loan originators. In addition, Financial Workshop commissioned "Yibaoquan", the third party electronic contract data preservation service, whereby electronic contracts signed by users can be kept at Financial Workshop and Yibaoquan simultaneously, which would enhance data and information security. To improve user experience, Financial Workshop has brought various new features online, including member grading system, membership point system, which together with "Douge Mall" and game center, has increased user stickiness.

- ***Technology-enabled lending***

Shenzhen Yifangyidai Information Technology Service Company Limited\* (深圳壹房壹貸信息技術服務有限公司) (“First House Loan”) also achieved a significant growth in 2016, with total transaction volume reaching RMB17.5 billion, or 23% increase year-on-year. During the year ended 31 December 2016, its annualized transaction volume reached RMB7.7 billion, or 119% increase year-on-year. The average term of products in 2016 was approximately 160 days, up by about 70 days as compared with 90 days in 2015. During the year ended 31 December 2016, First House Loan continued its product innovation, developed and launched many new products with different features and target customers, such as “No. 7 Youjudai”, “No. 9 Youjudai”, “No.2 Lejudai” and “No.3 Lejudai”. In light of the policy changes and movement in market conditions, First House Loan improved its existing risk management process and optimized relevant procedures, which had significantly improved its review and approval efficiency. At the same time, First House Loan continued to expand its businesses, and explored alternative lower-cost funding sources through cooperation with banks, insurance companies and trusts, aiming at building its platform with multi-asset channels and multi-funding sources.

Weshare, which is an online consumer lending platform operated by Leyu Limited (“Leyu”), equity interest of which was acquired by the Group in 2016, recorded a remarkable performance in 2016. Weshare positioned itself as providing matching services for cash loans targeting young customers in second-, third- and fourth-tier cities in China. By leveraging on its “Shandian Jiekuan” platform, and based on big data analytics as well as risk management capabilities, Weshare has established strategic cooperation with a number of banks, consumer finance companies and online small loan companies, in which Weshare serves as the loan facilitator. As at the end of 2016, “Shandian Jiekuan”, Weshare’s flagship product, had 9.09 million of registered users (vs. 2.46 million as at the end of 2015). The annual accumulated transaction volume reached RMB7.77 billion, representing 3.4 times of such value in 2015, and the lending value and number of transactions in December 2016 alone reached over RMB1.5 billion and 1 million, respectively. In 2016, Weshare established the quantitative risk assessment module, targeting blue collars and emerging white collars. By leveraging on tens of data sources, the module can form a database with thousands of variables, and incorporate application fraud model, application credit risk model, transaction behavior risk model, collection repayment intention and capacity model. In addition, such module had significantly decreased the overdue rate and bad debt rate as it utilized machine learning and artificial intelligence technologies.

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- ***Others***

Shenzhen Qiyuan Tianxia Technology Company Limited\* (深圳起源天下科技有限公司) (“Qiyuan”), a mobile gaming services provider which is 51% owned by the Group, also saw outstanding performance during the year ended 31 December 2016. In 2016, Qiyuan focused on launching two popular games including Jifeng Jianhun and Jidou Xiyou. Of which, Jidou Xiyou achieved outstanding performance and recorded gross billings of approximately RMB125 million during the year ended 31 December 2016. As at the end of December 2016, the registered users of Jidou Xiyou alone surpassed 5.68 million and Qiyuan’s accumulated registered users reached 8.16 million.

### **Strategic Highlights**

In 2016, through the acquisitions and integration of Shanghai Jifu, Qiyuan and Weshare, the Group kept on enriching its fintech ecosystem. We expanded user base by capturing mobile POS merchants, mobile gaming users and consumer finance borrowers, and diversified into new revenue streams. The new businesses could also generate strong synergistic effects with our existing businesses, laying a solid foundation for further exploiting the potentials of the Chinese fintech market.

In December 2016, as one of the co-founders, the Group established “Asia FinTech Merger and Acquisition Fund of Funds” with a total target fund size of RMB10 billion. The Group will leverage on this opportunity to continue identifying accretive and synergistic investments in the broader fintech field.

During the year ended 31 December 2016, the Group furthered its business development and explored collaboration with a number of fintech companies in Southeast Asia. In November 2016, the Group signed an agreement to acquire the Vietnam-based Amigo Technologies Joint Stock Company (“Amigo Technologies”), which marked the first foothold of our international expansion strategy. The Group will set up a regional headquarters in Singapore, which will help us capture the fast-growing fintech sector in Southeast Asia, increase the competitiveness of Credit China FinTech, and solidify our leading position in the Pan-Asian fintech industry.

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## OUTLOOK AND STRATEGIES FOR 2017

- **Third party payment**

China's online payment market has become relatively mature through many years of development. With a modest growth rate within the overall market, UCF Pay has developed a number of new services and will continue to proactively expand its businesses in 2017 to capture new growth opportunities:

- Approved by the People's Bank of China in October 2015, UCF Pay obtained the qualifications to conduct cross-border Renminbi ("RMB") settlement business and promoted the cross-border payment solutions. Such product provides cross-border merchants a convenient payment solution that supports domestic RMB collections and overseas RMB settlement. Currently, it has offered such services to over 20 customers including Amazon and Qunar;
- P2P fund custody solutions are a range of services offered to commercial banks involved in custodian banking services for P2P lending platforms. Leveraging on its strong technological capabilities and industry expertise, UCF Pay provides consultancy and technology support services to commercial banks to ensure P2P lending platforms to have access to commercial banks' fund custody system in an efficient and rapid manner. Currently, UCF Pay has provided services to two commercial banks.

With the rapid penetration of smart phones, the mobile POS payment market possesses tremendous growth potential. To meet the needs of small and micro-sized enterprises, Shanghai Jifu will make full use of its distribution resources to offer specialized financial services to improve its revenue model. At the same time, Shanghai Jifu will continue to focus on the individual and small and micro-sized market segments, dive into the specialized segments through smart POS, increase investments for market integration to enlarge market share, and further explore the financial needs of existing customers by leveraging on the existing merchant base and transaction data.



- **Online investment**

According to Wangdaizhijia, in 2016, the transaction volume of P2P lending industry amounted to RMB2,063.7 billion, representing a year-on-year growth of 110%, reflecting the fact that the P2P lending industry is still favoured by a large number of investors. In the second half of 2016, with the release of Interim Measures, the P2P lending industry entered into a consolidation stage, and we expect that the number of P2P lending platforms will continue to decrease for a period of time. Hence, we remain cautiously optimistic towards the online investment and lending industry in China and will focus on improving our existing business operation. In 2017, First P2P will continue to enrich its financial products mix, improve user's experience and keep on maintaining its leading industry position and market recognition. Financial Workshop will continue to focus on compliance rectification, expand the scale of consumer finance assets, further improve its platforms, refine its functions and explore new marketing channels to strengthen its competitiveness.

- **Technology-enabled lending**

In 2017, First House Loan will continue to develop its key customers and expand its retail business. The corporate business will remain First House Loan's core business, and its strategy is to establish business relationship with tens of top 100 national and local high-quality property developers, and to explore low-cost funding sources with banks, trust companies as well as other fintech platforms, thus achieving a win-win situation from both investment and financing perspectives. On retail business, its strategy is to expand its footprints in major first- and second-tier cities, build up market share and develop new customers, as well as accumulate data and develop mortgage, bridging and credit products, through cooperation with real estate brokers.

In 2017, the online consumer finance industry is expected to experience a significant growth, with more internet players participating. Weshare will capitalize on its strong risk management capabilities and establish collaboration with other online platforms and funding sources. Weshare will also optimize product mix that was originally comprised of cash loans and instalment loans to diversify the loan product portfolio and achieve business expansion with larger customer base and more diversified product offerings, further enhancing its leading position.

- **Others**

In 2017, Qiyuan plans to roll out new games such as The New Three Swordsmen (刀劍笑新傳), Monkey King's Legend (大聖傳), Texas Hold'em (德州撲克), Prisoners in Dream (夢境囚徒) and other games in domestic and overseas channels. The mobile game featuring the Hollywood IP "The Hunger Games" (飢餓遊戲) signed by Qiyuan will also be launched into the market in the Greater China region. At the same time, the new live video platform established by Qiyuan will also broadcast live globally, which is expected to change the traditional profitability model of live streaming industry, thus acquiring a diversified source of income and user base.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenues

For the year ended 31 December 2016, the Group reported revenues of RMB1,075.6 million, an increase of 150.4% year-on-year. The increase was primarily attributable to growth in revenues from online investment and technology-enabled lending services, driven by strong growth in transaction volumes on our key platforms First House Loan and Financial Workshop and our recent acquisition of the online consumer lending platform Weshare which contributed to the Group's revenues in the fourth quarter, and a significant growth in payment transaction volume on our core third party payment platform UCF Pay, as well as healthy growth in interest and financial consultancy service income driven by an increase in the average size of our loan portfolio during the year ended 31 December 2016. The following table sets forth the Group's revenues by segment of business for the years ended 31 December 2015 and 2016.

	For the year ended 31 December			
	2016		2015	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>RMB'000</i>	<i>% of total revenues</i>
Traditional loans and financing	429,988	40.0	188,896	43.9
Third party payment service	189,983	17.6	128,148	29.9
Online investment and technology-enabled lending service	366,517	34.1	112,546	26.2
Others	89,189	8.3	—	—
Total	<u>1,075,677</u>	<u>100.0</u>	<u>429,590</u>	<u>100.0</u>

### ***Traditional loans and financing income***

Traditional loans and financing 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 40.0% of the Group's total revenues and recorded an increase of 127.7% to RMB429.9 million for the year ended 31 December 2016. The significant increase in traditional loans and financing income was primarily due to the increase in the average size of our loan portfolio during the year ended 31 December 2016 as we had deployed our excess capital raised from capital raising activities during the year ended 31 December 2016 for short-term lending before investment opportunities were subsequently identified and financed.

### ***Third party payment service income***

The third party payment business, which included the provision of online payment transactions, payment system consultancy and related services, generated revenues of RMB189.9 million for the year ended 31 December 2016, an increase of 48.2% year-on-year. It represented 17.6% of the Group's total revenues. The increase reflected a significant growth in total transaction volume on our core third party payment platform UCF Pay to RMB193.9 billion for the year ended 31 December 2016, an increase of 89% year-on-year.

### ***Online investment and technology-enabled lending service income***

Our online investment and technology-enabled lending service income mainly includes income generated by our online property loan platform First House Loan, P2P platform Financial Workshop, as well as our 48%-owned online consumer lending platform Weshare which we acquired in November 2016. For the year ended 31 December 2016, the Group's online investment and technology-enabled lending business recorded revenues of RMB366.5 million, an increase of 225.7% year-on-year. It represented 34.1% of the Group's total revenues, of which Financial Workshop reported revenues of RMB74.6 million, representing a 1.2-fold increase year-on-year; First House Loan reported revenues of RMB160.6 million, representing a 1.3-fold increase year-on-year; and Weshare reported revenues of RMB121.0 million in the fourth quarter of 2016. The increase in the business segment's revenues is driven by continued strong growth in transaction volumes and lengthening in the average term of investment products across the First House Loan and Financial Workshop platforms, which have contributed to higher effective fee rates charged per transaction.

### ***Others***

Others include mobile gaming service income generated by our 51%-owned subsidiary Qiyuan, which we acquired in April 2016. The mobile gaming business contributed RMB89.2 million of revenues to the Group for the year ended 31 December 2016, primarily due to the launch of two game titles during the year ended 31 December 2016.

### **Interest expenses**

Interest expenses mainly comprised interest due on bank and other loans, Hong Kong dollar (“HK\$”)–denominated convertible bonds, United States (“US”) dollar-denominated convertible bonds, RMB-denominated corporate bonds and Hong Kong dollar-denominated corporate bonds. The Group’s interest expenses increased by 134.5% year-on-year to RMB238.1 million for the year ended 31 December 2016. As at 31 December 2016, the Group’s external funding increased by 154.9% year-on-year to RMB3,367.8 million, of which bank and other borrowings amounted to RMB1,820.2 million (31 December 2015: RMB845.8 million); corporate bonds and convertible bonds amounted to RMB1,547.6 million (31 December 2015: RMB467.9 million).

### **Other income**

Other income mainly comprised bank interest income, convertible bond interest income and government grants. The Group’s other income increased by 10.2% year-on-year to RMB26.9 million for the year end 31 December 2016.

### **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 third party payment services, bank and financing charges, sales and marketing related expenses, and rental expenses. In line with the significant increase in the scale and staff headcount of our online investment and technology-enabled lending and third party payment businesses and owing to the acquisition of certain new subsidiaries, including Leyu and Qiyuan, the Group’s handling charges, administrative and other operating expenses increased by 63.1% to RMB374.9 million for the year ended 31 December 2016 year-on-year. The increase is partly offset by a 13.9% decrease year-on-year in handling charges for third party payment services to RMB28.9 million for the year ended 31 December 2016, due to a fall in average handling fee rates charged by banks, as well as year-on-year lower number of verification payments as a result of higher average per transaction volume. As a percentage of revenues, handling charges, administrative and other operating expenses decreased to 34.9% for the year ended 31 December 2016 from 53.5% for the year ended 31 December 2015.

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

Share-based payment expenses of the Group for the year ended 31 December 2016 increased by 150.3% to RMB109.9 million. The increase was due to new share options granted in July 2016, November 2016 and December 2016, respectively.

### **Share of results of associates**

Share of results of associates for the year ended 31 December 2016 increased to RMB45.7 million. The year-on-year increase was mainly attributable to the contribution from our newly acquired 35% interest in Shanghai Jifu.

### Profit for the year ended 31 December 2016

The profit for the year ended 31 December 2016 was RMB342.2 million, representing an increase of 327.5% year-on-year as compared to RMB80.0 million for the year ended 31 December 2015.

The increase was mainly due to a significant increase in turnover of RMB646.1 million despite an increase in interest expenses of RMB136.6 million, handling charges, administrative and other operating expenses of RMB145.1 million, and share-based payment expenses of RMB66.0 million. In addition, certain subsidiaries in the People's Republic of China (the "PRC") have enjoyed High Technology Enterprises income tax treatment and have been subject to a concessionary tax rate at 15% since 2016.

### Profit attributable to owners of the Company

Our profit attributable to owners of the Company for the year ended 31 December 2016 was RMB301.1 million, an increase of 251.7% compared to RMB85.6 million for the year ended 31 December 2015. Excluding the non-recurring gain on disposal of subsidiaries, loss on deemed disposal of an associate, loss on disposal of an associate, share-based payment expenses and certain other non-cash items, non-GAAP profit attributable to owners of the Company for the year ended 31 December 2016 was RMB414.1 million, an increase of 330.0% as compared to RMB96.3 million for the year ended 31 December 2015.

### Reconciliations of non-GAAP measures to the nearest comparable GAAP measures

The table below sets forth a reconciliation of our profit attributable to owners of the Company to non-GAAP profit attributable to owners of the Company for the year indicated:

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to owners of the Company	<b>301,122</b>	85,606
Adjustments for:		
Share-based payment expenses	<b>109,986</b>	43,999
Change in fair value of embedded derivative components of convertible bond	<b>208</b>	7,877
Gain on disposal of subsidiaries	<b>(37)</b>	(42,091)
Change in fair value of investment property	<b>–</b>	1,000
Loss on deemed disposal of an associate	<b>2,029</b>	–
Loss on disposal of an associate	<b>797</b>	–
	<hr/>	<hr/>
Non-GAAP profit attributable to owners of the Company	<b>414,105</b>	96,391
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The Company's management believes that the non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of acquisition or disposal transactions.

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

During the year ended 31 December 2016, the Group's source of funds was mainly from cash generated from operations, new borrowings, issue of corporate bonds and convertible bonds. As at 31 December 2016, the Group had bank balances and cash of RMB1,233.3 million (31 December 2015: RMB615.0 million), of which 77.4%, 11.1% and 11.5% were denominated in RMB, US dollars and HK\$ respectively.

As at 31 December 2016, the Group had interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to RMB3,367.8 million (31 December 2015: RMB1,313.7 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.38 as at 31 December 2016 (31 December 2015: 0.27).

The share subdivision of each issued and unissued ordinary share of HK\$0.1 each in the share capital of the Company into five (5) ordinary shares of HK\$0.02 each was effective on 19 September 2016.

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

## **BORROWINGS AND BANK OVERDRAFTS**

The Group had RMB1,820.2 million in borrowings or bank overdrafts as at 31 December 2016 (2015: RMB845.8 million).

## **INDEBTEDNESS AND CHARGE ON ASSETS**

As at 31 December 2016, the Group had long term borrowings amounting to RMB804.9 million (2015: RMB150.0 million) and short term borrowings amounting to RMB1,015.3 million (2015: RMB695.8 million), of which RMB126.0 million was interest-bearing at floating rates, and secured by the investment property of the Group with a carrying amount of RMB574.0 million; RMB542.6 million was interest-bearing at fixed rate, and secured by share charges on certain wholly-owned subsidiaries; RMB237.3 million was interest-bearing at floating rate, and secured by bank deposits of RMB252.8 million; and RMB31.3 million was interest-bearing at fixed rate, and secured by trade receivable. The remaining borrowings amounting to RMB883.0 million were unsecured and interest-bearing at fixed rates.



As at 31 December 2016, the Group had long term unsecured corporate bonds in an aggregate principal amount of RMB154.4 million (2015: RMB60.0 million) and short term unsecured corporate bonds in an aggregate principal amount of Nil (2015: RMB173.7 million).

As at 31 December 2016, the Group had long term unsecured liability component of convertible bonds amounting to RMB1,393.2 million (2015: RMB234.1 million).

## **FUND RAISING ACTIVITIES**

During the year ended 31 December 2016, 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 a subscription agreement 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% equity interest in 9888.cn (as enlarged by the conversions). There was no conversion or redemption of the said convertible bonds during the year ended 31 December 2016.

During the year ended 31 December 2016, the Group completed the issue of 3-year convertible bonds in the principal amount of HK\$1,000,000,000 (equivalent to RMB862,068,000), which bear interest at a rate of 7% per annum payable semi-annually. The convertible bonds are denominated in HK\$ and entitle 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\$0.6952 per share, subject to customary adjustments pursuant to the terms and conditions of the convertible bonds. Assuming that there is full conversion of the convertible bonds at the initial conversion price of HK\$0.6952 per share, the convertible bonds will be convertible into 1,438,434,965 shares (subject to adjustments as set out in the conditions for issue of the convertible bonds). The net proceeds from the issue of the convertible bonds, after deduction of related expenses, was HK\$983.3 million. As at the date of this announcement, the 3-year convertible bonds in the principal amount of HK\$50,000,000 (equivalent to RMB43,020,000) were converted and a total of 71,921,748 ordinary shares were allotted by the Company. During the year under review, there was no redemption of the said convertible bonds.

During the year ended 31 December 2016, the Group also completed the issue of 3-year convertible bonds in the principal amount of US\$45,000,000 (equivalent to HK\$349,200,000) (the “2019 A Convertible Bonds”) and HK\$100,000,000 (the “2019 B Convertible Bonds”), which bear floating rate interest and interest at a rate of 7% per annum respectively and payable semi-annually. During the year under review, the 2019 B Convertible Bonds in the principal amount of HK\$10,008,099 were converted and a total of 14,396,000 ordinary shares were allotted by the Company. Assuming that there is full conversion of the convertible bonds at the initial conversion price of HK\$0.6952 per share, the convertible bonds will be convertible into 646,144,990 shares (subject to adjustments as set out in the conditions for issue of the convertible bonds). The net proceeds from the issue of the convertible bonds, after deduction of related expenses, was HK\$446.7 million. During the year under review, there was no redemption of the 2019 A Convertible Bonds and the 2019 B Convertible Bonds.

The Company has fully utilized the net proceeds and applied them for general working capital and financing acquisitions and investments.

A portion of the funds raised had been deployed for short-term lending in the traditional loans and financing business before investment opportunities such as acquisitions and new projects were subsequently identified. As at 31 December 2016, the Group’s loan receivables amounted to RMB3,469.7 million, of which RMB934.7 million was subsequently repaid by borrowers to the Group up to 15 March 2017. As of 15 March 2017, the Group’s outstanding loan receivables amounted to RMB2,535.0 million, of which past due loan receivables amounted to RMB430.2 million, which decreased by 45.1% year-on-year and represented a significant reduction from RMB784 million as at 31 December 2015.

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

During the year ended 31 December 2016, the Group has completed the following significant transactions:

On 21 April 2016, the Group acquired a 51% equity interest in Qiyuan through structured contracts for a total consideration of RMB204.0 million, of which RMB85.0 million was satisfied in cash and the remaining RMB119.0 million was satisfied by the issuance of consideration shares by the Company. Qiyuan is engaged in the provision of mobile gaming services.

On 30 April 2016, the Group acquired a 35% equity interest in Shanghai Jifu through structured contracts for a total consideration of RMB560.0 million, of which RMB160 million was satisfied in cash and the remaining RMB400.0 million was satisfied by the issuance of 258,318,335 new ordinary shares of the Company (the “Shares”) (equivalent to 1,291,591,675 new shares after share sub-division effective on 19 September 2016) at HK\$1.89 per share (equivalent to approximately RMB1.55 per share). Shanghai Jifu is a leading provider of mobile POS solutions in China.

On 24 November 2016 and 14 December 2016, the Group acquired a total of 48% equity interest in Leyu through structured contracts for a total consideration of RMB800.0 million, of which RMB320.0 million was satisfied in cash and the remaining RMB480.0 million was satisfied by the issuance of 714,147,470 new Shares at HK\$0.7681 per share (equivalent to approximately RMB0.6548 per share). Leyu and its subsidiaries and consolidated affiliated entities operate an online consumer leading platform under the “Weshare” brand.

Other than disclosed above, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2016.

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

On 30 November 2016, the Group entered into a share subscription agreement with Amigo Technologies and its existing shareholder. Pursuant to the said agreement, the Group has conditionally agreed to subscribe for, and Amigo Technologies has conditionally agreed to allot and issue shares of Amigo Technologies, representing approximately 51% of the enlarged issued share capital of Amigo Technologies to the Group at a cash consideration of VND286,588,125,000 (equivalent to approximately USD12,725,000). The transaction has been completed on 25 January 2017.

## 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 2016 together with the comparative figures for the year ended 31 December 2015.

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

*For the year ended 31 December 2016*

	NOTES	2016 RMB'000	2015 RMB'000
<b>Turnover</b>	4	<b>1,075,677</b>	<b>429,590</b>
Interest income	4	<b>376,935</b>	146,468
Interest expenses	7	<b>(238,184)</b>	(101,530)
<b>Net interest income</b>		<b>138,751</b>	44,938
<b>Financial consultancy service income</b>	4	<b>53,053</b>	37,650
<b>Third party payment service income</b>	4	<b>189,983</b>	128,148
<b>Online investment and technology-enabled lending service income</b>	4	<b>366,517</b>	112,546
<b>Others</b>	4	<b>89,189</b>	—
<b>Gain on transfer of rights on interests on loan receivables</b>	4	<b>—</b>	4,778
		<b>837,493</b>	328,060
Other income	6	<b>26,949</b>	24,427
Other gains and losses		<b>4,414</b>	7,586
Handling charges for third party payment service		<b>(24,885)</b>	(28,911)
Administrative and other operating expenses		<b>(350,050)</b>	(200,887)
Gain on disposal of subsidiaries		<b>37</b>	42,091
Loss on disposal of an associate		<b>(797)</b>	—
Loss on deemed disposal of an associate		<b>(2,029)</b>	—
Change in fair value of investment property		<b>—</b>	(1,000)
Change in fair value of derivative and embedded derivative components of convertible bond		<b>(208)</b>	(7,877)
Share-based payment expenses		<b>(109,986)</b>	(43,999)
Share of results of associates		<b>45,747</b>	6,024
Share of results of joint ventures		<b>—</b>	(6,230)
<b>Profit before tax</b>	8	<b>426,685</b>	119,284
Income tax	9	<b>(84,438)</b>	(39,243)
<b>Profit for the year</b>		<b>342,247</b>	<b>80,041</b>

	NOTES	2016 RMB'000	2015 RMB'000
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		61,146	19,546
Change in fair value of available-for-sale investments		(2,892)	2,824
		<u>          </u>	<u>          </u>
Other comprehensive income for the year, net of income tax		58,254	22,370
		<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year</b>		<b>400,501</b>	102,411
		<u>          </u>	<u>          </u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		301,122	85,606
Non-controlling interests		41,125	(5,565)
		<u>          </u>	<u>          </u>
		342,247	80,041
		<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		359,322	107,974
Non-controlling interests		41,179	(5,563)
		<u>          </u>	<u>          </u>
		400,501	102,411
		<u>          </u>	<u>          </u>
		<b>RMB</b>	<b>RMB</b>
			(Restated)
<b>Earnings per share</b>	11		
Basic		1.48 cents	0.51 cents
		<u>          </u>	<u>          </u>
Diluted		1.43 cents	0.51 cents
		<u>          </u>	<u>          </u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2016*

		<b>2016</b>	<b>2015</b>
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Plant and equipment		<b>45,076</b>	10,373
Investment property		<b>574,000</b>	574,000
Intangible assets		<b>246,652</b>	172,141
Goodwill		<b>932,711</b>	47,871
Deposit paid for acquisition of intangible assets		<b>12,866</b>	–
Pledged bank deposits		<b>252,805</b>	–
Available-for-sale investments		<b>273,455</b>	53,066
Interests in associates		<b>955,431</b>	60,357
Loan receivables	<i>13</i>	<b>150,000</b>	–
		<b>3,442,996</b>	917,808
<b>Current assets</b>			
Available-for-sale investments		<b>24,588</b>	37,142
Trade receivables	<i>12</i>	<b>160,147</b>	35,769
Loan receivables	<i>13</i>	<b>3,319,688</b>	2,247,993
Prepayments and other receivables	<i>13</i>	<b>212,038</b>	268,483
Amounts due from joint ventures		<b>14,483</b>	13,251
Amounts due from associates		<b>1,131</b>	911
Amounts due from related companies		<b>189,542</b>	197,532
Derivative financial instruments		–	227
Held for trading investments		<b>23,502</b>	9,018
Income tax recoverable		<b>1,016</b>	1,362
Bank balance – trust account		<b>239,991</b>	527,190
Bank balances and cash		<b>1,233,391</b>	615,015
		<b>5,419,517</b>	3,953,893
<b>Current liabilities</b>			
Accruals and other payables	<i>14</i>	<b>265,931</b>	91,909
Funds payables and amounts due to customers		<b>239,991</b>	527,190
Amounts due to non-controlling shareholders		<b>1,597</b>	1,109
Amounts due to related companies		<b>189,983</b>	199,758
Borrowings		<b>1,015,297</b>	693,616



	<i>NOTES</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
Obligations under finance leases		–	2,203
Corporate bonds		–	173,719
Preference share of a subsidiary		<b>71,990</b>	–
Provision for financial guarantee		<b>42,837</b>	–
Income tax payables		<b>73,650</b>	16,260
		<b>1,901,276</b>	1,705,764
<b>Net current assets</b>		<b>3,518,241</b>	2,248,129
<b>Total assets less current liabilities</b>		<b>6,961,237</b>	3,165,937
<b>Non-current liabilities</b>			
Corporate bonds		<b>154,450</b>	60,044
Convertible bond		<b>1,393,172</b>	234,098
Borrowings		<b>804,909</b>	150,000
Other financial liabilities		<b>276,075</b>	–
Deferred tax liabilities		<b>91,051</b>	89,209
		<b>2,719,657</b>	533,351
<b>Net assets</b>		<b>4,241,580</b>	2,632,586
<b>Capital and reserves</b>			
Share capital		<b>358,259</b>	321,642
Reserves		<b>3,837,584</b>	2,286,568
Equity attributable to owners of the Company		<b>4,195,843</b>	2,608,210
Non-controlling interests		<b>45,737</b>	24,376
<b>Total equity</b>		<b>4,241,580</b>	2,632,586

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000 (Note (a))	Statutory reserve RMB'000 (Note (b))	Retained profits RMB'000	Investment revaluation reserve RMB'000 (Note (c))	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Equity component of convertible bonds RMB'000	Capital reserve RMB'000 (Note (d))	Special reserve RMB'000 (Note (e))	Consideration payable reserve RMB'000 (Note (f))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	321,642	1,665,026	33,106	588,534	2,892	11,549	47,300	23,206	(125,035)	40,000	-	2,608,210	24,376	2,632,586
Profit for the year	-	-	-	301,122	-	-	-	-	-	-	-	301,122	41,125	342,247
Other comprehensive income (expense) for the year														
Exchange differences on translating foreign operations	-	-	-	-	-	61,092	-	-	-	-	-	61,092	54	61,146
Change in fair value of available-for-sale investments	-	-	-	-	(2,892)	-	-	-	-	-	-	(2,892)	-	(2,892)
Total comprehensive income for the year	-	-	-	301,122	(2,892)	61,092	-	-	-	-	-	359,322	41,179	400,501
Issue of shares upon exercise of share options	967	22,696	-	-	-	-	(4,530)	-	-	-	-	19,133	-	19,133
Lapse of share options	-	-	-	1,477	-	-	(1,477)	-	-	-	-	-	-	-
Acquisition of subsidiaries	9,522	409,459	-	-	-	-	-	-	-	-	155,502	574,483	(24,981)	549,502
Acquisition of additional interest in a subsidiary	3,042	104,941	-	-	-	-	-	-	(190,619)	-	-	(82,636)	5,163	(77,473)
Acquisition of associates	21,557	666,101	-	-	-	-	-	-	-	-	-	687,658	-	687,658
Appropriation to statutory reserve funds	-	-	3,463	(3,463)	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	109,986	-	-	-	-	109,986	-	109,986
Recognition of equity component of convertible bond	-	-	-	-	-	-	-	147,634	-	-	-	147,634	-	147,634
Conversion of convertible bonds	1,529	51,856	-	-	-	-	-	(5,257)	-	-	-	48,128	-	48,128
Recognition of other financial liabilities	-	-	-	-	-	-	-	-	(276,075)	-	-	(276,075)	-	(276,075)
At 31 December 2016	358,259	2,920,079	36,569	887,660	-	72,641	151,279	165,583	591,729	40,000	155,502	4,195,843	45,737	4,241,580

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Equity component of convertible bonds RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 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	321,642	1,665,026	33,106	588,524	2,892	11,549	47,300	23,206	(125,035)	40,000	2,608,210	24,376	2,632,586

## 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 2016 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 the 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, so the functional currency of the Company and its subsidiaries is HK\$ and different from RMB.

The Company's principal activities during the year ended 31 December 2016 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 HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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).

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).

Online investment and technology-enabled lending service income is recognised when the services are provided (for example, financial advisory and service fees for online loan financing transactions).

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 third party payment service, online investment and technology-enabled lending 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, third party payment service income, online investment and technology-enabled lending service income, mobile gaming 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>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><i>Interest income</i></b>		
Entrusted loan service income	<b>116,264</b>	93,011
Other loan service income	<b>260,490</b>	30,006
Real estate-backed loan service income	<b>25</b>	22,747
Microfinance service income	<b>156</b>	704
	<b>376,935</b>	146,468
<b><i>Financial consultancy service income</i></b>	<b>53,053</b>	37,650
<b><i>Third party payment service income</i></b>	<b>189,983</b>	128,148
<b><i>Online investment and technology-enabled lending service income</i></b>	<b>366,517</b>	112,546
<b><i>Others</i></b>	<b>89,189</b>	–
<b><i>Gain on transfer of rights on interests on loan receivables</i></b>	<b>–</b>	4,778
<b>Turnover</b>	<b>1,075,677</b>	429,590

## 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. Traditional loans and financing – provision of loan financing services in the PRC and Hong Kong;
2. Third party payment service – provision of online third party payment service and prepaid card issuance business;
3. Online investment and technology-enabled lending service – provision of internet loan financing service in the PRC; and
4. Others – provision of mobile gaming service in the PRC and property investment

The CODM, after considering the nature of loan financing and micro loan financing, decided that it is more appropriate to perform resource allocation and assessment of segment performance together for these two operations. These two operations were redesignated as a single segment – traditional loans and financing segment in current year. The relevant segment information for the year ended 31 December 2015 was restated accordingly.

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 2016*

	Traditional loans and financing RMB'000	Third party payment service RMB'000	Online investment and technology- enabled lending service RMB'000	Others RMB'000	Total RMB'000
<b>REVENUE</b>					
External income and gain	429,988	189,983	366,517	89,189	1,075,677
Segment results	74,455	133,934	202,194	73,619	484,202
Share of results of associates					45,747
Unallocated other income					14,448
Other gains and losses					4,414
Change in fair value of derivative and embedded derivative components of convertible bond					(208)
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					(109,986)
Interest expenses					(2,242)
Unallocated expenses					(6,901)
Profit before tax					426,685



**For the year ended 31 December 2015**

	Traditional loans and financing RMB'000	Third party payment service RMB'000	Online investment and technology- enabled leading service RMB'000	Others RMB'000	Total RMB'000
REVENUE					
External income and gain	<u>188,896</u>	<u>128,148</u>	<u>112,546</u>	<u>–</u>	<u>429,590</u>
Segment results	<u>8,631</u>	<u>88,437</u>	<u>23,728</u>	<u>(1,000)</u>	<u>119,796</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)
Unallocated expenses					<u>(18,257)</u>
Profit before tax					<u>119,284</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, other gains and losses, gain on disposal of subsidiaries, loss on disposal of an associate, loss on deemed disposal of an associate, change in fair value of derivative and embedded derivative components of convertible bond, net gain on disposal of plant and equipment, 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	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
PRC	809,344	363,029	1,529,431	728,347
Hong Kong	266,333	66,561	1,224,439	136,395
	<u>1,075,677</u>	<u>429,590</u>	<u>2,753,870</u>	<u>864,742</u>

None of the customers are accounting for 10% or more of aggregate revenue of the Group during the years ended 31 December 2016 and 2015.

## 6. OTHER INCOME

	For the year ended 31 December	
	2016 RMB'000	2015 RMB'000
Government grants ( <i>note</i> )	2,581	4,277
Bank interest income	9,769	12,859
Interest income on convertible bond	733	3,459
Other interest income	755	839
Net gain on disposal of intangible assets	5,216	–
Net gain on disposal of plant and equipment	–	106
Net exchange difference	1,366	–
Interest income from available-for-sales investments	4,680	–
Reversal of impairment recognised		
on loan receivables	641	–
Others	1,208	2,887
	<u>26,949</u>	<u>24,427</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	
	2016	2015
	RMB'000	RMB'000
Interest on bank and other borrowings	100,198	63,573
Interest on corporate bonds	21,478	21,828
Interest on convertible bond	116,508	16,129
	<u>238,184</u>	<u>101,530</u>

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the year ended 31 December	
	2016	2015
	RMB'000	RMB'000
<i>(a) Staff costs, including directors' remuneration</i>		
Salaries, wages and other benefits	95,937	57,340
Contribution to defined contribution retirement benefits scheme	14,866	5,985
Share-based payment expenses	109,986	43,999
	<u>220,789</u>	<u>107,324</u>
<i>(b) Other items</i>		
Auditor's remuneration	1,900	1,459
Depreciation	8,693	5,678
Amortisaion (including in administrative and other operating expenses)	9,982	—
Net exchange difference	—	5,768
Operating lease charges in respect of properties	19,715	15,459
Fair value change of preference share	461	—
Fair value change of provision for financial guarantee	10,893	—
Impairment recognised on loan receivables	—	15,562
Impairment recognised on trade receivables	—	2,984
Impairment recognised on other receivables	4,744	—
Impairment recognised on goodwill	—	8,919
Impairment recognised on intangible assets	999	3,821
Net (gain) loss on disposal of plant and equipment	4	(106)

## 9. INCOME TAX

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

	For the year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Current tax:		
Provision for Hong Kong Profits tax	6,272	–
Provision for PRC Enterprise Income tax (the “EIT”)	76,324	38,719
Overprovision in prior years	–	(459)
Deferred tax	1,842	983
	<u>84,438</u>	<u>39,243</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) The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for the years ended 31 December 2016 and 2015.

No Hong Kong Profits Tax has been provided for the year ended 31 December 2015 as the Group has no assessable profit for Hong Kong Profits Tax purposes.

- (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 year from 1 January 2016 to 31 December 2016.

During the years ended 31 December 2016 and 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

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Dividends recognised as distribution during the year:		
Nil (2015: 2014 Final – HK0.46 cent per share)	–	11,724

### Final dividend for 2016

No dividend was proposed in respect of the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period.

### 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.

## 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:

	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Earnings for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	301,122	85,606

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
<i>Number of shares</i>		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	<b>20,314,053,065</b>	3,351,431,151
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<b>530,783,801</b>	7,582,751
Contingent share consideration for acquisition of Qiyuan	<b>178,188,705</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares		
for the purpose of diluted earnings per share	<b>21,023,025,571</b>	3,359,013,902
	<hr/>	<hr/>

For the year ended 31 December 2016, 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 presented based on the invoice date for financial consultancy service income and online investment and technology-enabled lending service income and date of providing services for interest income and third party payment service income, which approximates the respective revenue recognition dates, at the end of each reporting periods and as follows:

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0 – 90 days	<b>141,873</b>	32,363
91 – 180 days	<b>14</b>	3,406
181 – 365 days	<b>14,277</b>	–
Over 1 year	<b>3,983</b>	–
	<hr/>	<hr/>
	<b>160,147</b>	35,769
	<hr/>	<hr/>



### 13. LOAN RECEIVABLES

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
<i>Loan receivables</i>		
Secured loans		
Real estate-backed loans to customers	390,142	345,028
Entrusted loans to customers	451,216	661,430
Other loans to customers	644,984	552,188
	<u>1,486,342</u>	<u>1,558,646</u>
Unsecured loans		
Entrusted loans to customers	633,083	429,083
Other loans to customers	1,351,490	261,376
Micro loans to customers	17,597	18,353
Less: Allowance for unsecured loan receivables	(18,824)	(19,465)
	<u>3,469,688</u>	<u>2,247,993</u>

#### (a) Ageing analysis

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 90 days	819,516	855,334
91 to 180 days	381,280	120,000
181 to 365 days	1,159,828	666,046
Over 365 days	1,109,064	606,613
	<u>3,469,688</u>	<u>2,247,993</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>2016</b>	<b>2015</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Not yet past due		
Current	<u>2,506,755</u>	<u>1,463,149</u>
Past due but not impaired		
Within 90 days	297,437	251,280
91 to 180 days	85,072	935
181 to 365 days	195,755	192,199
Over 365 days	<u>384,669</u>	<u>340,430</u>
	<u>962,933</u>	<u>784,844</u>
	<u><b>3,469,688</b></u>	<u><b>2,247,993</b></u>

**14. ACCRUALS AND OTHER PAYABLES**

	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Other payables and accrued expenses	219,536	68,928
Consideration payable for acquisition of remaining interests in a subsidiary	<u>4,545</u>	<u>4,251</u>
	224,081	73,179
Financing service income receipts in advance	<u>41,850</u>	<u>18,730</u>
	<u><b>265,931</b></u>	<u><b>91,909</b></u>

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company (the “AGM”) is scheduled on Tuesday, 9 May 2017. For determining the entitlement of the Company’s shareholders (the “Shareholders”) to attend and vote at the 2017 AGM to be held on Tuesday, 9 May 2017, the register of members of the Company will be closed from Thursday, 4 May 2017 to Tuesday, 9 May 2017, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, 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 Tuesday, 2 May 2017.

## **FINAL DIVIDEND**

Since 2014, the Group has been focusing on building up our internet finance strategy by making significant investments in third party payment and online investment and technology-enabled lending 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 2016. As we anticipate the internet finance industry to enter into a consolidation phase in the coming 12 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 2016, and intends to reinvest our profits in accelerating our growth momentum, with the aim of further reinforcing our leading position in the internet finance industry and ultimately building 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 2016.

## **CONTINGENT LIABILITIES**

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

## CAPITAL COMMITMENTS

As at 31 December 2016, the Group had the following capital commitments:

	<b>2016</b>	2015
	<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>9,242</u></b>	<u>4,011</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 HK\$ and US dollars. The exchange rate of US dollars against HK\$ 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 HK\$ during the year ended 31 December 2016, no financial instrument was used for hedging purposes.

The Group is mainly exposed to the fluctuation of HK\$ against RMB as certain of its bank balances are denominated in HK\$ 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 2016, the Group had a total of 837 staff and 5 contractors (2015: 267 staff and 6 contractors). Total staff costs (including Directors' emoluments) were RMB220.8 million and total share options benefit to contractors were RMB48.6 million for the year ended 31 December 2016 (2015: RMB80.5 million and RMB26.8 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 complied with 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 2016 except for the following:

Pursuant to code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other engagements, an independent non-executive Director (the "INED") and certain non-executive Directors (the "NEDs") were unable to attend some of the extraordinary general meetings of the Company held in 2016 and certain NEDs were unable to attend the 2016 AGM. To mitigate the above, future general meetings would be scheduled earlier to avoid timetable clashes.

Code provision E.1.2 of the CG Code requires the chairman of the board of directors to attend the annual general meeting. Due to other business commitments which must be attended by Mr. Li Mingshan, he was not able to attend the annual general meeting held on 9 May 2016. Mr. Phang Yew Kiat, the Vice-Chairman and Chief Executive Officer, acted as the chairman of the aforesaid annual general meeting to ensure an effective communication with the Shareholders. To mitigate the above, the 2017 AGM has been scheduled earlier to avoid the timetable clashes.

## **REQUIRED STANDARD OF DEALINGS**

The Company has adopted its securities dealing code (the "Own Code") regarding dealings in the Company's securities by the Directors, senior management and certain employees of the Group (who are likely to be in possession of unpublished inside information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). A specific enquiry has been made by the Company with each of the Directors and all of them have confirmed that they had complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the year ended 31 December 2016.

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

When the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify the Directors, senior management and relevant employees in advance.

## ISSUE OF EQUITY SECURITIES

### **Entering into a share purchase agreement to subscribe for 205,917 Series A Preferred Shares in BitFury Group Limited (“BitFury Group”)**

On 3 May 2016, the Company entered into a share purchase agreement (the “Share Purchase Agreement”) with BitFury Group to subscribe for 205,917 Series A Preferred Shares in BitFury Group for a total consideration of US\$30,000,047.73 (HK\$234.0 million). The consideration comprised an amount of US\$10,000,015.91 (HK\$78.0 million) to be paid in cash and US\$20,000,031.82 (HK\$156.0 million) to be paid by issuing a total of 49,758,898 consideration shares of the Company (the “Consideration Shares”). As intended, upon the closing of the transaction on or before 3 June 2016, the Company would hold 205,917 Series A Preferred Shares which represent 6.38% of the entire issued share capital in BitFury Group (on a fully converted and diluted basis). BitFury Group is the private Bitcoin blockchain infrastructure provider and transaction processing company, which provides a full service chain of hardware and software products.

On 25 January 2017, the Company and BitFury Group agreed to revise certain terms of the Share Purchase Agreement after arms’ length negotiations. The major amendments to the Share Purchase Agreement were as follows:

- (a) the aggregate number of Series A Preferred Shares subscribed for by the Company had been reduced from 205,917 Series A Preferred Shares to 68,639 Series A Preferred Shares; and
- (b) the aggregate purchase price had been reduced from US\$30,000,047.73, of which US\$10,000,015.91 was to be paid in cash and US\$20,000,031.82 in the Consideration Shares, to US\$10,000,015.91, which shall be paid in the Consideration Shares only.

On 26 January 2017, the transaction was completed and 124,397,247 Consideration Shares were issued by the Company.

Please refer to the announcements of the Company dated 3 May 2016 and 26 January 2017 for details.

### **Entering into a supplemental agreement to the sale and purchase agreement in relation to acquisition of a 35% equity interest in Shanghai Jifu**

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 acquisition of Shanghai Jifu. The Group acquired a 35% equity interest in Shanghai Jifu through structured contracts for a total consideration of RMB560 million, of which RMB160 million was satisfied in cash and the remaining RMB400 million was satisfied by the issuance of the consideration shares of 258,318,335 new shares (equivalent to 1,291,591,675 new shares after share subdivision effective on 19 September 2016) by the Company. Shanghai Jifu is a leading provider of mobile POS solutions in China.

Please refer to the announcement of the Company dated 24 February 2016 and the circular of the Company dated 7 April 2016 for details.

### **Entering into a share purchase agreement to acquire 48% equity interest in Leyu**

On 31 October 2016, the Company and Marvel Paradise Group Limited, a wholly-owned subsidiary of the Company, as buyer entered into a share purchase agreement (as amended by a supplemental agreement dated 21 November 2016) with Starshine Global Investments Limited, Sanbao Star Limited, Mr. Zhang Jinghua, Prajna Technology Limited and Mr. Wang Lisong collectively as sellers, for the acquisition of 48% of the entire issued share capital of Leyu for a total consideration of RMB800 million, of which RMB320 million was to be settled by cash on the closing date and the remaining RMB480 million was to be satisfied by the issuance of the consideration shares of 714,147,470 shares by the Company. The consideration shares were issued in two tranches, (i) 80% were issued on the closing date and (ii) 20% were issued within five business days upon confirmation that all requisite registrations had been made. Leyu and its subsidiaries and consolidated affiliated entities are principally online consumer finance marketplaces, connecting investors and individual borrowers from a variety of channels to facilitate loans through mobile applications.

Please refer to the announcements of the Company dated 31 October 2016, 16 November 2016 and 21 November 2016 for details.

### **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 2016, save as disclosed in the section headed “Issue of Equity Securities” above.

## **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, risk management, internal control and financial reporting matters, including the review of the draft consolidated results of the Group for the year ended 31 December 2016.

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 2016 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 ended 31 December 2016. 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 FinTech Holdings Limited**  
**Li Mingshan**  
*Chairman*

Hong Kong, 21 March 2017



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

*NEDs:*

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)).*