中國信貸科技
CREDIT CHINA FINTECH

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Credit China FinTech Holdings Limited (the "Company" 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 and its subsidiaries. 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 2017

	For the six months ended 30 June		
	2017	2016	Period-on-period change
	(Unaudited)	(Unaudited)	
	RMB'000	*RMB'000*	
Operating Results			
Turnover	**1,981,812**	375,332	428.0%
Profit for the period	**728,749**	127,243	472.7%
Profit attributable to owners of the Company	**566,921**	126,754	347.3%
Non-GAAP profit attributable to owners of the Company	**341,711**	172,065	98.6%
	RMB	*RMB*	
		(Restated)	
Earnings per share *(Note)*			
– basic	**2.60 cents**	0.64 cent	306.3%
– diluted	**2.47 cents**	0.63 cent	292.1%
Non-GAAP earnings per share			
– basic	**1.57 cents**	0.87 cent	80.5%
– diluted	**1.49 cents**	0.85 cent	75.3%

Note:

The calculation of the basic and diluted earnings per share for the six months ended 30 June 2016 have been adjusted as a result of the share subdivision effective on 19 September 2016.

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 2017 together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

	Notes	For the three months ended 30 June 2017 (Unaudited) RMB'000	For the three months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2017 (Unaudited) RMB'000	For the six months ended 30 June 2016 (Unaudited) RMB'000
Turnover	3	**1,258,897**	193,673	**1,981,812**	375,332
Interest income	3	**107,419**	82,655	**227,116**	159,167
Interest expenses	6	**(93,691)**	(45,436)	**(187,738)**	(83,205)
Net interest income		**13,728**	37,219	**39,378**	75,962
Financial consultancy service income	3	**22,860**	8,297	**33,992**	19,771
Third party payment service income	3	**82,708**	38,151	**144,716**	77,644
Online investment and technology-enabled lending service income	3	**1,015,287**	51,124	**1,490,191**	105,304
Gain on transfer of rights on interest on loan receivables	3	**–**	–	**30,461**	–
Others	3	**30,623**	13,446	**55,336**	13,446
		1,165,206	148,237	**1,794,074**	292,127
Other income	5	**8,330**	4,477	**11,692**	9,610
Other gains or losses	5	**943**	–	**(2,009)**	–
Handling charges for third party payment service		**(9,070)**	(9,244)	**(15,593)**	(19,235)
Administrative and other operating expenses		**(697,914)**	(49,363)	**(1,054,872)**	(104,137)
Change in fair value of embedded derivative components of convertible bonds		**–**	(199)	**–**	(199)
Share-based payment expenses		**(46,012)**	(21,228)	**(91,510)**	(42,323)
Share of results of associates		**22,779**	16,551	**42,642**	18,634
Share of results of joint ventures		**–**	(13)	**–**	–
Gain on disposal of subsidiaries		**408,098**	–	**408,098**	37
Gain on deemed disposal of subsidiaries		**2,387**	–	**3,303**	–
Loss on deemed disposal of an associate		**–**	–	**–**	(2,029)
Gain/(loss) on disposal of an associate		**–**	20	**–**	(797)
Change in fair value of preference share of a subsidiary		**(100,549)**	–	**(100,549)**	–
Profit before tax	7	**754,198**	89,238	**995,276**	151,688
Income tax	8	**(187,424)**	(12,322)	**(266,527)**	(24,445)
Profit for the period		**566,774**	76,916	**728,749**	127,243

	Notes	For the three months ended 30 June **2017** **(Unaudited)** ***RMB'000***	2016 (Unaudited) *RMB'000*	For the six months ended 30 June **2017** **(Unaudited)** ***RMB'000***	2016 (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		**(25,309)**	18,853	**(39,448)**	15,461
Change in fair value of available-for-sale investments		**6,693**	(2,900)	**6,693**	(2,892)
Other comprehensive income (expense) for the period, net of income tax		**(18,616)**	15,953	**(32,755)**	12,569
Total comprehensive income for the period		**548,158**	92,869	**695,994**	139,812
Profit for the period attributable to:					
Owners of the Company		**466,054**	73,393	**566,921**	126,754
Non-controlling interests		**100,720**	3,523	**161,828**	489
		566,774	76,916	**728,749**	127,243
Total comprehensive income for the period attributable to:					
Owners of the Company		**444,508**	83,639	**534,308**	139,305
Non-controlling interests		**103,650**	9,230	**161,686**	507
		548,158	92,869	**695,994**	139,812
		RMB	*RMB* (Restated)	***RMB***	*RMB* (Restated)
Earnings per share	*10*				
Basic		**2.13 cents**	0.36 cent	**2.60 cents**	0.64 cent
Diluted		**2.00 cents**	0.36 cent	**2.47 cents**	0.63 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Non-current assets			
Plant and equipment		**46,854**	45,076
Investment property		**574,000**	574,000
Intangible assets		**209,254**	246,652
Deposit paid for acquisition of intangible assets		**13,059**	12,866
Pledged bank deposits		**246,073**	252,805
Goodwill	*11*	**991,398**	932,711
Available-for-sale investments	*12*	**503,487**	273,455
Interests in associates	*20*	**1,318,507**	955,431
Interests in joint ventures		**–**	–
Loan receivables	*13*	**120,000**	150,000
		4,022,632	3,442,996
Current assets			
Inventories		**5,884**	–
Available-for-sale investments	*12*	**–**	24,588
Trade receivables	*15*	**399,740**	160,147
Loan receivables	*13*	**3,574,405**	3,319,688
Prepayments and other receivables	*13*	**1,858,264**	212,038
Amounts due from joint ventures		**4,866**	14,483
Amounts due from associates		**4,716**	1,131
Amounts due from related companies		**189,819**	189,542
Held for trading investments		**58,758**	23,502
Income tax recoverable		**–**	1,016
Bank balance – trust account	*14*	**297,248**	239,991
Bank balances and cash		**907,738**	1,233,391
		7,301,438	5,419,517

	Notes	As at 30 June 2017 (Unaudited) *RMB'000*	As at 31 December 2016 (Audited) *RMB'000*
Current liabilities			
Accruals and other payables		**1,521,958**	265,931
Funds payable and amounts due to customers	*14*	**297,248**	239,991
Amounts due to non-controlling shareholders		**1,574**	1,597
Amounts due to related companies		**189,968**	189,983
Convertible bonds	*17*	**270,812**	–
Borrowings	*16*	**960,111**	1,015,297
Preference share of a subsidiary		**172,539**	71,990
Provision for financial guarantee		**103,941**	42,837
Income tax payables		**301,093**	73,650
		3,819,244	1,901,276
Net current assets		**3,482,194**	3,518,241
Total assets less current liabilities		**7,504,826**	6,961,237
Non-current liabilities			
Corporate bonds		**63,835**	154,450
Convertible bonds	*17*	**1,074,239**	1,393,172
Borrowings	*16*	**764,752**	804,909
Other financial liabilities		**276,075**	276,075
Deferred tax liabilities		**81,019**	91,051
		2,259,920	2,719,657
Net assets		**5,244,906**	4,241,580
Capital and reserves			
Share capital	*18*	**367,844**	358,259
Reserves		**4,658,316**	3,837,584
Equity attributable to owners of the Company		**5,026,160**	4,195,843
Non-controlling interests		**218,746**	45,737
Total equity		**5,244,906**	4,241,580

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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*	Capital reserve *RMB'000*	Special reserve *RMB'000*	Equity component of convertible bonds *RMB'000*	Consideration payables reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2017 (audited)	**358,259**	**2,920,079**	**36,569**	**887,660**	**–**	**72,641**	**151,279**	**(591,729)**	**40,000**	**165,583**	**155,502**	**4,195,843**	**45,737**	**4,241,580**
Profit for the period	**–**	**–**	**–**	**566,921**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**566,921**	**161,828**	**728,749**
Other comprehensive income (expense)														
– exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**–**	**(39,306)**	**–**	**–**	**–**	**–**	**–**	**(39,306)**	**(142)**	**(39,448)**
– change in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**6,693**	**–**	**–**	**–**	**–**	**–**	**–**	**6,693**	**–**	**6,693**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**566,921**	**6,693**	**(39,306)**	**–**	**–**	**–**	**–**	**–**	**534,308**	**161,686**	**695,994**
Issue of shares upon exercise of share options	**1,169**	**34,098**	**–**	**–**	**–**	**–**	**(7,565)**	**–**	**–**	**–**	**–**	**27,702**	**–**	**27,702**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**91,510**	**–**	**–**	**–**	**–**	**91,510**	**–**	**91,510**
Acquisition of subsidiaries *(Note 19)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,087**	**16,087**
Acquisition of available-for-sale investments	**2,204**	**113,510**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**115,714**	**–**	**115,714**
Issue of consideration shares	**4,296**	**151,206**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(155,502)**	**–**	**–**	**–**
Deemed disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**–**	**–**	**–**	**(3)**	**929**	**926**
Lapse of share options	**–**	**–**	**–**	**862**	**–**	**–**	**(862)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Appropriation to statutory reserve funds	**–**	**–**	**2,624**	**(2,624)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conversion of convertible bonds	**1,916**	**65,926**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,756)**	**–**	**61,086**	**–**	**61,086**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,693)**	**(5,693)**
At 30 June 2017 (unaudited)	**367,844**	**3,284,819**	**39,193**	**1,452,819**	**6,693**	**33,335**	**234,362**	**(591,732)**	**40,000**	**158,827**	**–**	**5,026,160**	**218,746**	**5,244,906**
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	–	–	–	–	–	–	–	–	–	–	–	–	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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Increase in loan receivables	**(330,622)**	(688,285)
Other cash flows generating from operating activities	**640,472**	383,548
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**309,850**	(304,737)
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries, associates and available-for-sale investments	**(508,634)**	(265,503)
Net cash inflow (outflow) on disposal of subsidiaries	**150,157**	(7)
Proceeds from redemption of available-for-sale investments	**–**	35,334
Other cash flows (used in) generating from investing activities	**(19,162)**	5,226
NET CASH USED IN INVESTING ACTIVITIES	**(377,639)**	(224,950)
FINANCING ACTIVITIES		
Interest paid	**(131,008)**	(66,668)
New borrowings raised	**175,433**	401,667
Repayment of borrowings	**(289,596)**	(515,906)
New corporate bonds and convertible bonds raised	**–**	715,172
Expenses paid on issue of convertible bonds	**–**	(14,339)
Proceeds from exercise of options	**27,702**	918
Dividends paid to non-controlling shareholders	**(5,693)**	–
Other cash flows (used in) generating from financing activities	**(3,018)**	17,299
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(226,180)**	538,143
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(293,969)**	8,456
Effect of foreign exchange rate changes	**(31,684)**	(4,356)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,233,391**	615,015
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**907,738**	619,115

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 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 registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activities of the Company during the period are provision of consultancy services and investment holding. 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 third party payment service, online investment and technology-enabled lending service and related activities on loan portfolio management, as well as provision of social gaming services and provision of IT solution services.

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 (the "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 2016. 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.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]

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

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

3 *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

4 *Effective for annual periods beginning on or after 1 January 2019.*

5 *Effective date not yet been determined.*

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 third party payment service, online investment and technology-enabled lending service and related activities on loan portfolio management, as well as provision of social gaming services and provision of IT solution services.

Turnover represents interest income (either from entrusted loans, real estate-backed loans, pawn loans, other loans or micro loans) and financial consultancy service income, third party payment service income, online investment and technology-enabled lending service income, social gaming service income, IT solution service income and gain on transfer of rights on interest 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 ended 30 June		**For the six months ended 30 June**	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income				
Entrusted loan service income	**20,903**	28,755	**43,319**	61,063
Other loan service and real estate-backed loan service income	**86,516**	53,783	**183,788**	97,983
Microfinance service income	**–**	117	**9**	121
	107,419	82,655	**227,116**	159,167
Financial consultancy service income	**22,860**	8,297	**33,992**	19,771
Third party payment service income	**82,708**	38,151	**144,716**	77,644
Online investment and technology-enabled lending service income	**1,015,287**	51,124	**1,490,191**	105,304
Gain on transfer of rights on interest on loan receivables	**–**	–	**30,461**	–
Others	**30,623**	13,446	**55,336**	13,446
Turnover	**1,258,897**	193,673	**1,981,812**	375,332

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the condensed 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 have organised the Group into different segments by the types of services provided.

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

1. Traditional loans and financing – provision of financing services in the People's Republic of China (the "PRC") and Hong Kong;

2. Third party payment services – provision of online third party payment service and prepaid card issuance business;

3. Online investment and technology-enabled lending services – provision of internet loan services in the PRC; and

4. Others – provision of social gaming services in the PRC, provision of IT solution services in Vietnam 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 period. The relevant segment information for the period ended 30 June 2016 was restated accordingly.

Segment revenue and results

For the period ended 30 June 2017 (Unaudited)

	Traditional loans and financing *RMB'000*	Third party payment services *RMB'000*	Online investment and technology-enabled lending services *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE					
External income and gain	**291,569**	**144,716**	**1,490,191**	**55,336**	**1,981,812**
Segment results	**45,921**	**86,949**	**621,498**	**(7,983)**	**746,385**
Share of results of associates					**42,642**
Unallocated other income					**5,887**
Other gains or losses					**(2,009)**
Gain on disposal of subsidiaries *(Note 21)*					**408,098**
Gain on deemed disposal of subsidiaries					**3,303**
Change in fair value of preference share of a subsidiary					**(100,549)**
Share-based payment expenses					**(91,510)**
Interest expenses					**(9,702)**
Unallocated expenses					**(7,269)**
Profit before tax					**995,276**

For the period ended 30 June 2016 (Unaudited)

	Traditional loans and financing *RMB'000*	Third party payment services *RMB'000*	Online investment and technology-enabled lending services *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE					
External income and gain	178,938	77,644	105,304	13,446	375,332
Segment results	56,624	45,699	64,275	9,034	175,632
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)
Unallocated expenses					(3,346)
Profit before tax					151,688

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, unallocated other income, other gains or losses, gain on disposal of subsidiaries, gain on deemed disposal of subsidiaries, loss on deemed disposal of an associate, loss on disposal of an associate, change in fair value of preference share of a subsidiary, change in fair value of embedded derivative components of convertible bonds, 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.

5. OTHER INCOME AND GAINS OR LOSSES

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Government grants *(Note)*	**2,000**	107	**2,271**	217
Bank interest income	**1,304**	2,296	**3,616**	5,359
Interest income on convertible bonds	**–**	–	**–**	720
Inputed interest on corporate bonds	**1,496**	–	**3,703**	–
Fair value changes of held for trading investments	**(553)**	–	**(5,712)**	–
Others	**5,026**	2,074	**5,805**	3,314
	9,273	4,477	**9,683**	9,610

Note: Government grants in respect of encouragement of expansion of enterprise were recognised 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	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on bank and other borrowings	**40,395**	22,305	**79,447**	46,221
Interest on corporate bonds	**2,670**	5,864	**5,995**	11,719
Interest on convertible bonds	**50,626**	17,267	**102,296**	25,265
	93,691	45,436	**187,738**	83,205

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	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	**68,446**	25,199	**120,248**	38,772
Contribution to defined contribution retirement benefits scheme	**5,094**	1,028	**8,397**	2,277
Share-based payment expenses	**46,012**	21,228	**91,510**	42,323
	119,552	47,455	**220,155**	83,372
(b) Other items				
Auditors' remuneration	**442**	349	**884**	777
Depreciation and amortization	**15,646**	2,614	**26,119**	3,314
Net exchange difference	**(3,410)**	(826)	**(1,620)**	899
Operating lease charges in respect of properties	**11,865**	5,877	**19,046**	9,171
Fair value of change of provision for financial guarantee (included in administrative and other operating expenses)	**348,168**	–	**527,253**	–
Impairment recognised on loan receivables (included in administrative and other operating expenses)	**–**	460	**–**	1,065
Impairment recognised on other receivables (included in administrative and other operating expenses)	**8,083**	–	**8,083**	–

8. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
Provision for Hong Kong Profits Tax	**6,010**	–	**10,269**	1,580
Provision for PRC Enterprise Income Tax (the "EIT")	**181,414**	12,322	**256,258**	22,865
	187,424	12,322	**266,527**	24,445

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (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 three months and six months ended 30 June 2017 and 2016. No Hong Kong Profits Tax has been provided for the three months and six months ended 30 June 2016 as the Group has no assessable profit for Hong Kong Profits Tax purposes for the periods.

(iii) 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 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.

During the three months and six months ended 30 June 2017 and 2016, 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.

During the six months ended 30 June 2017, PRC EIT of approximately RMB46,417,000 is arised from the gain on disposal of subsidiaries as set out in note 21.

(iv) According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "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.

9. DIVIDENDS

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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 2017 is based on the profit attributable to owners of the Company of RMB466,054,000 and RMB566,921,000 respectively (three months and six months ended 30 June 2016: RMB73,393,000 and RMB126,754,000 respectively) and the weighted average of 21,906,635,503 and 21,778,646,437 ordinary shares in issue respectively during the three months and six months ended 30 June 2017 (three months and six months ended 30 June 2016: 20,247,737,460 and 19,816,789,680 ordinary shares respectively).

Diluted earnings per share

The calculation of diluted earnings per share for the three months and six months ended 30 June 2017 is based on the profit attributable to owners of the Company of RMB505,062,000 and RMB566,921,000 respectively (three months and six months ended 30 June 2016: RMB73,393,000 and RMB126,754,000 respectively) and the weighted average of 25,275,383,502 and 22,906,402,928 ordinary shares in issue respectively during the periods assuming conversion of all dilutive potential shares (three months and six months ended 30 June 2016: 20,621,179,760 and 20,201,045,110 ordinary shares respectively). Dilutive potential shares include share options, shares to be issued under conversion of convertible bonds and share consideration for acquisition of Qiyuan.

For the six months ended 30 June 2017 and three months and six months ended 30 June 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.

With effect from 19 September 2016, each of the existing issued and unissued ordinary shares of par value of HK$0.10 each in the share capital of the Company was subdivided into five (5) subdivided ordinary shares of par value of HK$0.02 each. The calculation of the basic and diluted earnings per share for the three months and six months ended 30 June 2016 have been adjusted as a result of the share subdivision.

11. GOODWILL

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

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
UCF Pay Limited* ("UCF Pay") – Third party payment service segment	**35,844**	35,844
Beijing Phoenix Credit Management Corporation* ("Beijing Phoenix") – Online investment and technology-enabled lending service segment *(Note a)*	**–**	12,027
Leyu Limited ("Leyu") – Online investment and technology-enabled lending service segment	**676,999**	676,999
Shenzhen Qiyuan Tianxia Technology Company Limited* ("Qiyuan") – Others segment	**207,841**	207,841
Amigo Technologies Joint Stock Company ("Amigo Technologies") – Third party payment service segment *(Note b)*	**70,714**	–
	991,398	932,711

Notes:

(a) During the period, the Group disposed 100% equity interest in 9888.CN Limited, the holding company of Beijing Phoenix through structured contracts. Goodwill has been eliminated accordingly. Details are set out in the note 21.

(b) During the period, the Group acquired 51% equity interest in the registered capital of Amigo Technologies. Goodwill arose in the acquisition because the cost of the combination include a control premium. Details are set out in the note 19.

* *the English translation of Chinese names or words is for information purpose only and should not be regarded as the official English translation of such Chinese names or words*

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Listed investments		
Equity securities in Hong Kong	**82,321**	–
Unlisted investments		
Equity securities *(Note)*	**421,166**	298,043
	503,487	298,043
Analysed for reporting purposes as:		
Non-current assets	**503,487**	273,455
Current assets	**–**	24,588
	503,487	298,043

Note: The unlisted equity securities were issued by private entities incorporated in the BVI of RMB64,954,000 (31 December 2016: RMB64,954,000), the United States of RMB115,714,000 (31 December 2016: Nil), Singapore of RMB32,094,000 (31 December 2016: Nil) and the PRC of RMB208,501,000 (31 December 2016: 233,089,000). 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 the fair values cannot be measured reliably as the range of reasonable fair value estimates is so significant.

13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
Loan receivables		
Secured loans		
Real estate-backed loans to customers	**312,900**	390,142
Entrusted loans to customers	**264,232**	451,216
Other loans to customers	**725,234**	644,984
	1,302,366	1,486,342
Unsecured loans		
Entrusted loans to customers	**1,019,000**	633,083
Other loans to customers	**1,375,066**	1,351,490
Micro loans to customers	**16,797**	17,597
	2,410,863	2,002,170
Sub-total	**3,713,229**	3,488,512
Less: Allowance for unsecured loan receivables	**(18,824)**	(18,824)
	3,694,405	3,469,688
Less: non-current portion	**(120,000)**	(150,000)
Current portion	**3,574,405**	3,319,688
Prepayments and other receivables		
Prepayments and other receivables	**1,858,264**	212,038

The Group normally allows credit terms to customers ranging from 30 days to up to 2 years, depending on the types of loan.

Included in the unsecured loan balances are loans of approximately RMB1,848,672,000 (31 December 2016: RMB1,492,511,000) guaranteed by guarantors.

(a) Ageing analysis

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Within 90 days	**658,104**	819,516
91 to 180 days	**737,885**	381,280
181 to 365 days	**1,026,436**	1,159,828
Over 365 days	**1,271,980**	1,109,064
	3,694,405	3,469,688

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 RMB574,160,000 (31 December 2016: RMB962,933,000) 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 RMB1,010,014,000 (31 December 2016: RMB1,860,695,000) in respect of such loan receivables as at 30 June 2017.

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

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Not yet past due		
Current	**3,120,245**	2,506,755
Past due but not impaired		
Within 90 days	**130,325**	297,437
91 to 180 days	**173,003**	85,072
181 to 365 days	**36,608**	195,755
Over 365 days	**234,224**	384,669
	574,160	962,933
	3,694,405	3,469,688

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 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 2016: 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 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 period and as follows:

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
0 – 90 days	**201,615**	141,873
91 – 180 days	**158,887**	14
181 – 365 days	**27,371**	14,277
Over 1 year	**11,867**	3,983
	399,740	160,147

16. BORROWINGS

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Secured bank loans *(Notes a)*	**354,104**	363,333
Secured other loans *(Notes b)*	**561,119**	573,876
Unsecured bank loans	**212,930**	193,347
Unsecured other loans	**94,800**	123,000
Unsecured entrusted loans	**501,910**	566,650
	1,724,863	1,820,206
Carrying amount repayable*:		
On demand/within one year	**854,940**	903,297
After one year but within two years	**661,152**	698,909
After two years but within five years	**131,600**	134,000
After five years	**77,171**	84,000
	1,724,863	1,820,206
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)	**(105,171)**	(112,000)
	1,619,692	1,708,206
Less: amounts due within one year shown under current liabilities	**(854,940)**	(903,297)
Amounts show under non-current liabilities	**764,752**	804,909

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

Notes: (a) As at 30 June 2017, secured bank loans of approximately RMB119,171,000 (31 December 2016: RMB126,000,000) were secured by the investment property held by the Group.

As at 30 June 2017, secured bank loans of approximately RMB234,933,000 (31 December 2016: RMB237,333,000) were secured by the pledged bank deposits.

(b) As at 30 June 2017, secured other loans of approximately RMB529,819,000 (31 December 2016: RMB542,576,000) were secured by share charges on certain wholly-owned subsidiaries.

As at 30 June 2017, secured other loans of approximately RMB31,300,000 (31 December 2016: RMB31,300,000) were secured by certain loan and trade receivables.

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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bank and other loans	**9.5%**	12.8%

17. CONVERTIBLE BONDS

The balances as at 30 June 2017 represented 3-year 7% convertible bonds with an aggregate principal amount of HK$1,000,000,000 (equivalent to approximately RMB861,287,000), 3-year 7% convertible bonds with an aggregate principal amount of HK$100,000,000 (equivalent to approximately RMB85,640,000), 3-year 5.9% plus 3-month LIBOR convertible bonds with an aggregate principal amount of US$45,000,000 (equivalent to approximately RMB298,704,000) and 3-year 6% convertible bonds with an aggregate principal amount of HK$300,000,000 (equivalent to approximately RMB236,419,000).

No convertible bonds were issued during the six months ended 30 June 2017.

The movement of the liability and equity components of the convertible bonds is set out below:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
At 31 December 2016 (audited)	1,393,172	165,583	1,558,755
Effective interest expenses	102,296	–	102,296
Interest payables	(49,621)	–	(49,621)
Conversion of convertible bonds	(61,086)	(6,756)	(67,842)
Exchange realignment	(39,710)	–	(39,710)
At 30 June 2017 (unaudited)	**1,345,051**	**158,827**	**1,503,878**

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
Represented by:		
Current liabilities	**270,812**	–
Non-current liabilities	**1,074,239**	1,393,172
	1,345,051	1,393,172

18. SHARE CAPITAL

	Number of shares	Share capital presented as	
	'000	*HK$'000*	*RMB'000*
Authorised:			
At 1 January 2017 and 30 June 2017, ordinary shares of HK$0.02 each	**100,000,000**	**2,000,000**	
At 1 January 2016 and 30 June 2016, ordinary shares of HK$0.1 each	20,000,000	2,000,000	
Issued and fully paid:			
At 1 January 2017, ordinary shares of HK$0.02 each (audited)	21,523,672	430,472	358,259
Exercise of share options	66,430	1,329	1,169
Issue of shares for acquisition of available-for-sale investments	124,397	2,488	2,204
Issue of consideration shares	255,753	5,115	4,296
Conversion of convertible bonds	108,687	2,174	1,916
At 30 June 2017, ordinary shares of HK$0.02 each (unaudited)	**22,078,939**	**441,578**	**367,844**
At 1 January 2016, ordinary shares of HK$0.1 each (audited)	3,875,210	387,521	321,642
Exercise of share options	563	56	47
Issue of shares for acquisition of an associate	258,318	25,832	21,557
At 30 June 2016, ordinary shares of HK$0.1 each (unaudited)	4,134,091	413,409	343,246

19. ACQUISITION OF SUBSIDIARIES

Acquisition of Amigo Technologies

On 25 January 2017, the Group acquired a 51% equity interest in the issued share capital of Amigo Technologies from a third party independent to the Group, at total consideration of Vietnamese Dong ("VND") 286,588,125,000 (equivalent to approximately RMB87,457,000) satisfied by cash. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB70,714,000. Amigo Technologies is engaged in the provision of third party payment services and IT solution services in Vietnam.

Goodwill arose in the acquisition of Amigo Technologies 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 third party payment services segment in Vietnam. 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

	RMB'000 (Unaudited)
Cash	87,457

Minimal acquisition-related cost of the transaction was incurred during the period ended 30 June 2017 and was recognised as administrative expenses.

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

	RMB'000 (Unaudited)
Plant and equipment	1,251
Available-for-sale investments	398
Inventories	4,985
Trade receivables	23,028
Prepayments and other receivables	29,358
Cash and cash equivalents	24,238
Trade and other payables	(18,796)
Borrowings	(31,632)
Net assets identified	32,830

The fair value of trade and other receivables at the date of acquisition amounted to RMB52,386,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB52,386,000 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:

	RMB'000 (Unaudited)
Consideration transferred	87,457
Less: Net assets identified	(32,830)
Add: 49% non-controlling interests	16,087
Goodwill arising on acquisition	70,714

Net cash outflow on acquisition of Amigo Technologies

	RMB'000 (Unaudited)
Cash consideration paid	87,457
Less: cash and cash equivalent balances acquired	(24,238)
	63,219

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.

20. ACQUISITION OF ASSOCIATES

During the period, the Group acquired 33.8% equity interest in Singapore Life Pte. Ltd. from independent third parties to the Group at a consideration of US$21,300,000 (equivalent to approximately RMB145,069,000), which was settled by cash.

21. DISPOSAL OF SUBSIDIARIES

On 30 March 2017, the Group entered into a sales agreement to dispose of its 100% equity interest in 9888.CN Limited and its subsidiaries (collectively referred to as "Disposal Group"), to an independent third party for a total cash consideration of HK$580,000,000 (equivalent to approximately RMB514,170,000).

The aggregate net assets of the subsidiaries disposed of at the date of disposal were as follows:

	RMB'000 (Unaudited)
Plant and equipment	2,012
Intangible assets	40,127
Goodwill	12,027
Loan receivables	40,000
Trade and other receivables	117,302
Bank balances and cash	4,094
Accruals and other payables	(57,905)
Corporate bonds	(89,005)
Deferred tax liabilities	(10,032)
Net assets disposed of	58,620

Gain on disposal of subsidiaries

	RMB'000 (Unaudited)
Consideration received and receivable	514,170
Net assets disposed of	(58,620)
Wavier of amounts due from Disposal Group	(47,452)
Gain on disposal of subsidiaries	408,098

Net cash inflow arising on disposal

	RMB'000 (Unaudited)
Cash consideration received *(Note)*	154,251
Bank balances and cash disposed of	(4,094)
	150,157

Note:

Consideration of HK$174,000,000 (equivalent to approximately RMB154,251,000) has been received during the six months ended 30 June 2017. The remaining balance of HK$406,000,000 (equivalent to approximately RMB359,919,000) has been recognised in other receivables.

22. COMMITMENT

Capital expenditure commitment

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment or intangible assets	**34,242**	9,242

Operating lease arrangement

The Group as lessee

Details of the Group's commitments under non-cancellable operating leases as at 30 June 2017 and 31 December 2016 are set out as follows:

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 2016: 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 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Within one year	**42,035**	20,466
In the second to fifth years inclusive	**50,236**	4,792
	92,271	25,258

23. RELATED PARTY TRANSACTIONS

Significant related party transactions

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

	Notes	**30 June 2017 (Unaudited)** *RMB'000*	30 June 2016 (Unaudited) *RMB'000*
Rental expenses paid to:			
UCF Holdings Group Limited (formerly known as "China UCF Group Co., Limited")	*(i)*	**2,501**	2,380
Beijing Xiaoyun Huayuan Real Estate Co., Ltd.	*(ii)*	**4,004**	–

Notes:

(i) The company is owned by Mr. Zhang Zhenxin, a substantial shareholder of the Company.

(ii) The company is indirectly controlled as to more than 30% by Mr. Zhang Zhenxin, a substantial shareholder of the Company.

Key management personnel remuneration

	30 June 2017 (Unaudited) *RMB'000*	30 June 2016 (Unaudited) *RMB'000*
Basic salaries, allowances and other benefits	**8,027**	5,844
Contribution to retirement benefit scheme	**204**	199
Share-based payment expenses	**25,736**	13,377
	33,967	19,420

24. 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 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	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2017 (unaudited)				
Available-for-sale investments				
Equity securities listed in Hong Kong	82,321	–	–	82,321
Financial assets at fair value through profit or loss ("FVTPL")				
Non-derivative financial assets				
– Held for trading investments	58,758	–	–	58,758
	141,079	–	–	141,079
Financial liabilities at FVTPL				
Preference share of a subsidiary	–	–	172,539	172,539
Provision for financial guarantee	–	–	103,941	103,941
Other financial liabilities	–	–	276,075	276,075
	–	–	552,555	552,555
31 December 2016 (audited)				
Financial assets at FVTPL				
Non-derivative financial assets				
– Held for trading investments	23,502	–	–	23,502
Financial liabilities at FVTPL				
Preference share of a subsidiary	–	–	71,990	71,990
Provision for financial guarantee	–	–	42,837	42,837
Other financial liabilities	–	–	276,075	276,075
	–	–	390,902	390,902

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 30 June 2017 (unaudited) and 31 December 2016 (audited)				
Financial liabilities at FVTPL – Other financial liabilities	Liabilities －RMB276,075,000 (31 December 2016: RMB276,075,000)	Level 3	Binomial option pricing model based on the stock price, volatility, dividend yield, risk free rate and option life *(Notes 2 and 3)*	Dividend yield and the expected volatility taking into account management's expectation of market conditions of specific industries at 0% and at 74.51%, respectively.
– Provision for financial guarantee	Liabilities －RMB103,941,000 (31 December 2016: RMB42,837,000)	Level 3	Present value of the contractually determined stream of future cash flows discounted at the required yield *(Note 1)*	The required yield was determined with reference to the historical default rate and credit rating of the borrowers and remaining time to maturity at 5.39%.
– Preference share of a subsidiary	Liabilities －RMB172,539,000 (31 December 2016: RMB71,990,000)	Level 3	Black-Scholes option pricing model based on the stock price, volatility, dividend yield, risk free rate and option life *(Notes 2 and 3)*	Dividend yield and the expected volatility taking into account management's expectation of market conditions of specific industries at 0% and at 67.59%, respectively.

Notes:

1) An increase in the interest yield used in isolation would result in a decrease in the fair value measurement of the provision for financial guarantee, and vice versa.

2) An increase in the dividend yield used in isolation would result in a decrease in the fair value measurement of other financial liabilities and preference share of a subsidiary, and vice versa.

3) An increase in the volatility used in isolation would result in an increase in the fair value measurement of other financial liabilities and preference share of a subsidiary, 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.

25. EVENT AFTER REPORTING PERIOD

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

Subsequent to the passing of a special resolution in relation to the change of the English name of the Company from "Credit China FinTech Holdings Limited" to "Chong Sing Holdings FinTech Group Limited" and its dual foreign name in Chinese from "中國信貸科技控股有限公司" to "中新控股科技集團有限公司" by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting held on 27 July 2017, a Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands. Further announcement will be made by the Company in respect of the consequential change in the stock short names and the website address of the Company as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Industry Trends

In the first half of 2017, the risk straightening works on FinTech industry in China was implemented intensively. According to Wangdaizhijia, as of the end of June 2017, the number of operational online investment platforms dropped to 2,114, representing a decrease of 334 as compared with that at the end of December 2016, which reflected the deepening of industry rectification, phasing out of problematic platforms, with quality platforms leading the industry's healthy development.

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 the National Internet Finance Association of China). On 5 June 2017, the "Internet Financial Registration Disclosure Service Platform" of NIFA was officially launched online, "First P2P（網信普惠）" under "NCFWX（網信）", the core online investment platform of the Company, became one of the 10 platforms in the first batch. In the first half of 2017, we further expanded and diversified our FinTech ecosystem through acquisition and established a business system comprising seven segments, namely (1) traditional loans, (2) third party payment, (3) online investment, (4) technology-enabled lending, (5) social gaming, (6) asset management and (7) insurance. By leveraging on our ever-growing FinTech service ecosystem, we believe the Company will remain and solidify its market leading position.

Operational Highlights

- *Third party payment*

  UCF Pay Limited*（先鋒支付有限公司）("UCF Pay") has maintained its leading position in the online third party payment service sector in China. The total transaction volume in the first half of 2017 reached RMB240.1 billion, representing a growth of 232% period-on-period (total transaction volume in the first half of 2016: RMB72.4 billion). The monthly transaction volume in 2017 made a number of historic highs, of which, the transaction volume in June exceeded RMB51.0 billion. As of the end of June 2017, UCF Pay's accumulated active users reached 3.98 million. UCF Pay actively explored payment innovation, researched the inner needs of financial industry, and is currently offering integrated solutions including payment integration, cross-border payment, direct banking, banks' fund custody, online lending cloud platform, industrial chain finance and cloud wallet service.

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Shanghai Jifu Xinxi Jishu Fuwu Co., Ltd.*（上海即富信息技術服務有限公司）("Shanghai Jifu"), our mobile point of sale ("POS") provider which is 35% owned by the Group, recorded a total transaction volume of RMB606.8 billion in the first half of 2017, representing a growth of 119% period-on-period (total transaction volume in the first half of 2016: RMB276.7 billion). Total registered users reached 11.98 million as of the end of June 2017, representing a growth of 4.45 million new registered users as compared to that at the end of 2016. The accumulated active users reached 4.85 million as of the end of June 2017, representing a growth of 1.61 million active users as compared to that at the end of 2016. Shanghai Jifu was focused on promoting DianPOS（點刷）/MPOS and Point POS（點POS) business in the first half of 2017 and received positive market feedback, resulting in a substantial growth in both its transaction volume and number of new users.

Amigo Technologies Joint Stock Company ("Amigo Technologies") (in which the Group holds a 51% interest), our payment services provider in Vietnam, recorded total transaction volume of VND70.1 trillion in the first half of 2017, representing a growth of 25.1% period-on-period (total transaction volume in the first half of 2016: VND56.0 trillion). In the first half of 2017, Amigo Technologies' total number of transactions was 60.3 million, representing a growth of 54.6% as compared to 39.0 million in the first half of 2016. Such strong growth is attributable to the significant contribution from COD (cash-on-delivery) services. In addition, Amigo Technologies' newly launched collection services for public administrative agencies and tax departments has started to see a month-on-month increase in transaction volume.

- *Online investment*

  In June 2017, First P2P fully upgraded itself to become "NCFWX（網信）" with a defined positioning as an open FinTech platform, which is committed to providing users with a one-stop comprehensive financial information service and providing financial institutions the port for online users and delivering FinTech technologies to realize the mode sharing of internet financial services. NCFWX（網信）achieved sound operating results in the first half of 2017: its total accumulated transaction volume reached RMB45 billion, representing a period-on-period increase of 26% (total transaction volume in the first half of 2016 was RMB35.8 billion). Its annualized transaction volume of fixed-term products reached RMB20.1 billion, representing a period-on-period increase of 95% in the first half of 2017 (annualized transaction volume in the first half of 2016 was RMB10.3 billion). The average term of products in the first half of 2017 was about 160 days, increased by approximately 56 days as compared with 104 days in the first half of 2016. NCFWX（網信）registered users reached 9.04 million as of the end of June 2017, increased by 1.49 million as compared with that as of the end of 2016. To help improve branding, NCFWX（網信）rolled out a number of contents, such as launch of "Suixinyue" function, "Yingyi" product, "Corporate Finance" channel and "Golden" channel, which further improved user stickiness and user experience.

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- *Technology-enabled lending*

  In the first half of 2017, First House Loan achieved total transaction volume of RMB7.89 billion and its annualized transaction volume reached RMB4.15 billion, or 21% increase period-on-period (annualized transaction volume in the first half of 2016 was RMB3.43 billion). The average term of products in the first half of 2017 was approximately 189 days, up by about 47 days as compared with 142 days in the first half of 2016. During the period, with more than 20% growth in the number of new customers, the existing businesses of First House Loan made steady progress. In terms of product development, First House Loan successfully upgraded "No.5 Youjudai" and launched "No.9 Youjudai", creating growth opportunities.

  Weshare, which is an online customer lending platform, recorded a significant growth in the first half of 2017. As of the end of June 2017, Weshare had 16.79 million accumulated registered users, increased by 7.69 million as compared with that as of the end of 2016. The accumulated transaction volume reached RMB21.3 billion in the first half of 2017, which was 8.5 times of that as in the first half of 2016. Of which, the amount and number of transactions in June 2017 alone reached RMB5.4 billion and 2.99 million, respectively. In the first half of 2017, Weshare developed installment loan product with a higher ticket size, based on "Shandian Jiekuan", its small lending online platform, as well as robo-adviser and products in distribution platforms. Meanwhile, the financial cloud platform, which is focused on big data-based risk management, has officially provided services to clients and has in-depth collaboration with leading companies such as 360 to develop consumer finance products. For market promotion, Weshare established the digitalized marketing system which relied on customer relationship and the operation system for managing the full workflow of users' life cycle. At the same time, it established user relationship chain by leveraging on MGM's social finance in order to lay a solid foundation for customer acquisition with high efficiency and low cost and sizable customer operation.

- *Others*

  As of the end of June 2017, Shenzhen Qiyuan Tianxia Technology Company Limited*（深圳起源天下科技有限公司）("Qiyuan"), a social gaming services provider under the Group, had registered users of 10.73 million. Jidou Xiyou*（激鬥西遊）, a popular mobile game it launched, had accumulated gross billings of RMB153 million. As of the end of June 2017, the registered users of Jidou Xiyou surpassed the 8.15 million mark. In June 2017, Qiyuan successfully launched the new mobile game Texas Hold'em.

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Strategic Highlights

On 26 April 2017, the Group entered into an agreement to acquire 33.8% shares of Singapore Life Pte. Ltd. ("Singapore Life"). The investment is conditional upon the approval from the Monetary Authority of Singapore. Singapore Life has been approved as a fully licensed direct life insurer by the Monetary Authority of Singapore, and shall offer universal life products, standalone term insurance with associated riders, investment-linked plans and wrappers, and endowment assurance. The Directors believe that the investment represents a good opportunity for the Group to expand its FinTech business into the insurance and wealth management sector which is in line with the Company's international strategy to expand outside China.

On 22 May 2017, the Group entered into an agreement to acquire 19.9% shares of Havenport Asset Management Pte. Ltd. ("Havenport"). Havenport is incorporated in Singapore and is engaged in the business of asset management and also operates a funds and managed accounts platform servicing the investing needs of individuals through its network of financial advisory partner firms in Singapore. It holds the Capital Markets Services licence for fund management, dealing and custody from the Monetary Authority of Singapore. The Directors believe that the investment represents a good opportunity for the Group to expand its FinTech business into the asset management sector, enables further improvements of the competencies of our FinTech solutions and is in line with the Group's international strategy.

Financial Review

Revenues

For the six months ended 30 June 2017, the Group reported revenue of approximately RMB1,981.8 million, representing approximately a 4.3-fold increase period-on-period. The increase was primarily attributable to the growth in revenues from online investment and technology-enabled lending services, driven by a strong growth in transaction volume on our key online consumer lending platform Weshare which was acquired in November 2016, and a significant growth in payment transaction volume on our core third party payment platform UCF Pay, as well as a healthy growth in interest and financial consultancy service income driven by an increase in the average size of our loan portfolio during the six months ended 30 June 2017. The following table sets forth the Group's revenues by segment of business for the six months ended 30 June 2017 and 2016.

	For the six months ended 30 June			
	2017		**2016**	
	RMB'000	***% of total revenues***	*RMB'000*	*% of total revenues*
Traditional loans and financing	**291,569**	**14.7**	178,938	47.7
Third party payment services	**144,716**	**7.3**	77,644	20.7
Online investment and technology-enabled lending services	**1,490,191**	**75.2**	105,304	28.0
Others	**55,336**	**2.8**	13,446	3.6
Total	**1,981,812**	**100.0**	375,332	100.0

Traditional loans and financing income

Traditional loans and financing income mainly included interest income, financial consultancy service income and gain on transfer of rights on interest on loan receivables, 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 approximately 14.7% of the Group's total revenues and recorded an increase of approximately 62.9% to approximately RMB291.6 million for the six months ended 30 June 2017. 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 six months ended 30 June 2017 as we had deployed our excess capital raised from capital raising activities 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 of UCF Pay and payment transaction service of Amigo Technologies, generated revenues of approximately RMB144.7 million for the six months ended 30 June 2017, an increase of approximately 86.4% period-on-period. It represented approximately 7.3% of the Group's total revenues, of which UCF Pay reported revenue of approximately RMB140.6 million and Amigo Technologies reported revenue of approximately RMB4.1 million. The increase reflected a significant growth in the total transaction volume on our core third party payment platform UCF Pay to RMB240.1 billion for the six months ended 30 June 2017, an increase of approximately 232% period-on-period.

Online investment and technology-enabled lending service income

Our online investment and technology-enabled lending service income mainly included 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. For the six months ended 30 June 2017, the Group's online investment and technology-enabled lending business recorded revenues of approximately RMB1,490.2 million, representing approximately a 13.2-fold increase period-on-period. It represented approximately 75.2% of the Group's total revenues, of which Financial Workshop, First House Loan and Weshare reported revenues of approximately RMB19.8 million, RMB52.9 million and RMB1,404.7 million, respectively. The increase in the business segment's revenues was driven by continued strong growth in transaction volumes across the online consumer lending platform Weshare.

Others

Others included social gaming service income and IT solution income generated by our 51%-owned subsidiary Qiyuan and 51%-owned subsidiary Amigo Technologies respectively. The social gaming business contributed approximately RMB21.4 million of revenues to the Group while IT solution business contributed approximately RMB34.0 million of revenues to the Group for the six months ended 30 June 2017.

Interest expenses

Interest expenses mainly comprised interest due on bank and other loans, Hong Kong dollar-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 approximately 125.6% period-on-period to approximately RMB187.7 million for the six months ended 30 June 2017. As at 30 June 2017, the Group's external funding increased by approximately 67.5% period-on-period to approximately RMB3,133.7 million, of which bank and other borrowings amounted to approximately RMB1,724.9 million (30 June 2016: approximately RMB759.4 million) and corporate bonds and convertible bonds amounted to approximately RMB1,408.8 million (30 June 2016: RMB1,111.9 million).

Other income and gains or losses

Other income mainly comprised bank interest income, convertible bond interest income and government grants. The Group's other income was offset by the other gains or losses which mainly comprised fair value changes of held for trading investments amounting to approximately RMB5.7 million.

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, provision for financial guarantee and rental expenses. Due to the significant increase in the scale and staff headcount of our online investment and technology-enabled lending and third party payment businesses and provision for financial guarantee amounted to RMB527.3 million, the Group's handling charges, administrative and other operating expenses increased by approximately 766.3% to approximately RMB1,070.5 million for the six months ended 30 June 2017 period-on-period. The increase was partly offset by an approximately 18.9% decrease period-on-period in handling charges for third party payment services to approximately RMB15.6 million for the six months ended 30 June 2017, due to a fall in the average handling fee rates charged by banks, as well as period-on-period lower number of verification payments as a result of higher average amount per transaction volume. As a percentage of revenues, handling charges, administrative and other operating expenses increased to approximately 54.0% for the six months ended 30 June 2017 from approximately 32.9% for the six months ended 30 June 2016.

Share-based payment expenses

Share-based payment expenses of the Group for the six months ended 30 June 2017 increased by approximately 116.2% to approximately RMB91.5 million. The increase in such expenses represented the fair value of all share options granted in July 2016, November 2016, December 2016, and March 2017 respectively over the vesting periods.

Share of results of associates

Share of results of associates for the six months ended 30 June 2017 increased to approximately RMB42.6 million. The period-on period increase was mainly attributable to the contribution from our 35% equity interest in Shanghai Jifu.

Profit for the period

The profit for the six months ended 30 June 2017 was approximately RMB728.7 million, representing an increase of approximately 472.7% period-on-period as compared to approximately RMB127.2 million for the six months ended 30 June 2016. The increase was mainly due to a gain on disposal of subsidiaries of approximately RMB408.1 million and a significant increase in turnover of approximately RMB1,606.5 million despite an increase in interest expenses of approximately RMB104.5 million, handling charges, administrative and other operating expenses of approximately RMB947.1 million, share-based payment expenses of approximately RMB49.2 million and income tax of approximately RMB242.1 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2017 was approximately RMB566.9 million, an increase of approximately 347.3% as compared to approximately RMB126.8 million for the six months ended 30 June 2016. Excluding the non-recurring gain on disposal of subsidiaries, gain on deemed 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, profit attributable to owners of the Company under non-generally accepted accounting principles (“GAAP”) for the six months ended 30 June 2017 was approximately RMB341.7 million, an increase of approximately 98.6% as compared to approximately RMB172.1 million for the six months ended 30 June 2016.

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

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**566,921**	126,754
Adjustments for:		
Share-based payment expenses	**91,510**	42,323
Gain on disposal of subsidiaries	**(408,098)**	(37)
Income tax arised from gain on disposal of subsidiaries	**46,417**	–
Gain on deemed disposal of subsidiaries	**(3,303)**	–
Loss on deemed disposal of an associate	**–**	2,029
Loss on disposal of an associate	**–**	797
Change in fair value of embedded derivative components of convertible bonds	**–**	199
Change in fair value of preference share of a 48%-owned subsidiary	**48,264**	–
Non-GAAP profit attributable to owners of the Company	**341,711**	172,065

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.

OUTLOOK AND STRATEGIES

- ***Third party payment***

  In the second half of 2017, UCF Pay will continue to expand the following businesses proactively:

  - For custody solutions, UCF Pay will assist banks to further strengthen and improve the P2P fund custody solutions system, while at the same time expand and establish cooperation with more commercial banks for their custody business technical services;

- For cross-border payment services, UCF Pay will further integrate its cross-border business resources and develop products such as cross-border collections and cross-border financing based on existing offerings. At the same time, by centering on the layout of "One Belt One Road", UCF Pay will strengthen the business development such as cross-border trade;

- For integration payment, UCF Pay will develop and market its products through developing its merchant network, agent cooperation and bank cooperation. Subsequently, new supporting products will be developed and rolled out to further expand its business development and bring in more merchants and distributors; and

- For direct banking, UCF Pay will continue to increase the number of banks it serves, quickly capture the small and medium-sized bank market shares, continue to expand product portfolio, introduce more new technological functions to meet users' various financial needs.

In the second half of 2017, Shanghai Jifu will focus on promoting smart POS, a product that is launched after two years of research and development. Smart POS integrates convenience services and integration payment as a whole. Shanghai Jifu will take it as its core business, capture its growth potential in payment market and explore customers' financial needs to offer comprehensive financial services for small and micro businesses, and thereby transiting itself from the payment segment to the financial sector, thereby completing the transformation from payment to "payment+".

In the second half of 2017, Amigo Technologies will focus on the application for third-party payment licence and cooperation with banks to roll out new products and services. At the same time, Amigo Technologies will try to boost transaction volume from collection services for public administrative agencies by launching staff training programs in branches across 63 provinces in Vietnam.

- ***Online investment***

  In the second half of 2017, NCFWX will continue to create an open FinTech platform to deliver advanced FinTech ability, operating ability, service ability and platform ability, and grow together with financial institutions and partners to build a healthy, win-win and open financial ecosystem. With the five abilities in terms of comprehensiveness, efficiency, openness, intelligence and sharing as its core, NCFWX will provide users with an all-round comprehensive financial service featuring "finance + technology + lifestyle".

- ***Technology-enabled lending***

  In the second half of 2017, First House Loan will continue to focus on the financing demands of key customer groups and further strengthen its risk management core capabilities. In terms of business development, First House Loan will expand into more innovative real estate financial services categories such as new house market, leasehold market and real estate asset management in order to meet more diversified customer financing needs.

  In the second half of 2017, Weshare will set up diversified product layout by relying on its star product, "Shandian Jiekuan"（閃電借款）, to construct a triune product business system focusing on "micro loans + large amount installment + data distribution platform", expand user frequency spectrum and explore user lifecycle to provide users with diversified services. It will also introduce the robo-advisors to form a closed-loop financial informatization. For financial cloud service, Weshare will continue to give into full play to its superiority in delivering technology, risk control and operating capabilities to provide core value services for more industry-leading customers. Meanwhile, based on the leading advantages of small fast loans in China, Weshare will try to expand its footprints to countries and regions in Southeast Asia with growth potential.

- ***Others***

  In the second half of 2017, Qiyuan plans to roll out new games such as The New Three Swordsmen (《刀劍笑新傳》) in domestic and overseas channels. The mobile game featuring the Hollywood IP "The Hunger Games"(《饑餓遊戲》) contracted by Qiyuan will also be launched into the market in the Greater China region, which is expected to bring considerable user traffic and revenue for the Company.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2017, the Group's source of funds was mainly from cash generated from operations. As at 30 June 2017, the Group had bank balances and cash of approximately RMB907.7 million (31 December 2016: approximately RMB1,233.3 million), of which approximately 93.5%, approximately 0.5%, approximately 5.3% and approximately 0.7% were denominated in Renminbi ("RMB"), US dollars, Hong Kong dollars ("HK$") and VND respectively.

As at 30 June 2017, the Group's interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB3,133.7 million (31 December 2016: approximately RMB3,367.8 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.28 as at 30 June 2017 (31 December 2016: 0.38).

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

INDEBTEDNESS AND CHARGES ON ASSETS

As at 30 June 2017, the Group had long term borrowings amounting to RMB764.8 million (31 December 2016: RMB804.9 million) and short term borrowings amounting to RMB960.1 million (31 December 2016: RMB1,015.3 million), of which RMB119.2 million was interest-bearing at floating rates, and secured by the investment property of the Group with a carrying amount of RMB574.0 million; RMB529.8 million was interest-bearing at fixed rate and secured by share charges on certain wholly-owned subsidiaries; RMB234.9 million was interest-bearing at floating rate and secured by bank deposits of RMB246.1 million; and RMB31.3 million was interest-bearing at fixed rate and secured by trade receivable. The remaining borrowings amounting to RMB809.7 million were unsecured and interest-bearing at fixed rates.

As at 30 June 2017, the Group had long term unsecured corporate bonds in an aggregate principal amount of RMB63.8 million (31 December 2016: RMB154.4 million).

As at 30 June 2017, the Group had long term unsecured liability component of convertible bonds amounting to RMB1,345.1 million (31 December 2016: RMB1,393.2 million).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

– On 25 January 2017, the Group acquired a 51% equity interest in Amigo Technologies at a consideration of VND286,588,125,000 (equivalent to approximately RMB87,457,000) satisfied by cash. Amigo Technologies is principally engaged in the provision of third party payment services and IT solution services in Vietnam.

– On 26 January 2017, the Group subscribed for an aggregate number of 68,639 Series A Preferred Shares in BitFury Group Limited ("BitFury Group" and "Series A Preferred Shares", respectively) at a consideration of US$10,000,015.91 (equivalent to approximately RMB115,714,000) satisfied by issuing a total of 124,397,247 shares of the Company. For details, please refer to the section headed "Issue of Equity Securities" in this announcement.

– On 30 March 2017, the Group entered into a sales agreement to dispose of its 100% equity interest in 9888.CN Limited and its subsidiaries, to an independent third party for a total cash consideration of HK$580,000,000 (equivalent to approximately RMB514,170,000). The transaction was completed on 23 May 2017.

– On 26 April 2017, the Group entered into a subscription and shareholders' agreement with Singapore Life and other shareholders or potential shareholders of Singapore Life, pursuant to which, among other matters, the Group has conditionally agreed to subscribe for new shares of Singapore Life at an aggregate subscription price of US$21,300,000 (equivalent to approximately RMB145,069,000) (the "Investment"). Upon completion of the Investment and the subscription of new shares by the other co-investors, the Group will be holding approximately 33.8% of the issued shares of Singapore Life and the Company will account Singapore Life as an associate.

– On 22 May 2017, the Company, two independent individuals (the "Sellers") and Havenport entered into a sale and purchase agreement in relation to the investment, comprising the acquisition of shares in Havenport from the Sellers and subscription of new shares in Havenport, for an aggregate consideration of approximately S$6,519,000 (equivalent to approximately RMB32,094,000), representing approximately 19.90% of the enlarged share capital of Havenport following the subscription.

STRUCTURED CONTRACTS

For the period ended 30 June 2017, 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 RMB19,000 and RMB1,035,000, respectively, for the six months ended 30 June 2017 (for the year ended 31 December 2016: revenue and a net profit of RMB2,097,000 and RMB119,000, respectively). As at 30 June 2017, the total assets and net assets of Shanghai Yintong were RMB43,884,000 and RMB43,355,000, respectively (as at 31 December 2016: RMB44,534,000 and RMB44,390,000, respectively).

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

For the period from 1 January 2017 to 23 May 2017 (date of disposal), Beijing Phoenix recorded revenue of RMB19,752,000 and a net profit of RMB7,704,000, respectively (for the year ended 31 December 2016: revenue and a net profit of RMB74,665,000 and RMB23,595,000 respectively). Due to the disposal of 9888.CN Limited on 23 May 2017, the holding company of Beijing Phoenix through structured contracts, as at 30 June 2017, the total assets and net assets of Beijing Phoenix were nil (as at 31 December 2016: RMB872,380,000 and RMB78,162,000 respectively).

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(C) 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 2017, UCF Pay recorded revenue and a net profit of RMB149,565,000 and RMB74,946,000, respectively (for the year ended 31 December 2016: revenue and a net profit of RMB203,186,000 and RMB122,001,000, respectively). As at 30 June 2017, the total assets and the net assets of UCF Pay were RMB790,201,000 and RMB415,242,000 respectively (as at 31 December 2016: RMB591,146,000 and RMB340,296,000, respectively).

(D) Qiyuan

For the six months ended 30 June 2017, Qiyuan recorded revenue and a net loss of RMB21,383,000 and RMB6,219,000, respectively (for the year ended 31 December 2016: revenue and a net profit of RMB89,189,000 and RMB62,891,000, respectively). As at 30 June 2017, the total assets and net asset of Qiyuan were RMB125,137,000 and RMB61,887,000, respectively (as at 31 December 2016: RMB146,207,000 and RMB68,106,000, respectively).

(E) Shanghai Jifu

For the six months ended 30 June 2017, Shanghai Jifu recorded revenue and a net profit of RMB757,024,000 and RMB130,444,000, respectively (for the year ended 31 December 2016: revenue and a net profit of 707,159,000 and RMB115,380,000, respectively). As at 30 June 2017, the total assets and the net assets of Shanghai Jifu were RMB512,162,000 and RMB114,831,000 respectively (as at 31 December 2016: RMB489,125,000 and net liabilities of RMB18,161,000). Share of results of associates for the six months ended 30 June 2017 was approximately RMB45.7 million (for the year ended 31 December 2016: RMB40.4 million).

(F) Leyu Limited ("Leyu")

For the six months ended 30 June 2017, Leyu recorded revenue and a net profit of RMB1,404,653,000 and RMB313,769,000, respectively (for the year ended 31 December 2016: revenue and a net profit of RMB121,045,000 and RMB28,772,000, respectively). As at 30 June 2017, the total assets and the net assets of Leyu were RMB1,917,861,000 and RMB299,514,000 respectively (as at 31 December 2016: RMB289,269,000 and net liabilities of RMB14,252,000).

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

Save as disclosed under the sections headed "Industry Trends" and "Outlook and Strategies" in this announcement, the Company had no specific future plans for material investments or capital assets as at 30 June 2017.

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INTERIM DIVIDEND

The Group has resolved not to pay an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities (31 December 2016: Nil).

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital expenditure contracted for but not provided for in its financial statements of approximately RMB34.2 million (31 December 2016: RMB9.2 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 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 operations in the PRC, most of the Group's transactions are denominated in RMB. Given the floating level of RMB against HK$ during the period under review, 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, bank borrowings and corporate bonds are denominated in HK$ 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 has been closely monitoring 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 2017, the Group had a total of 1,028 staff and 15 contractors (31 December 2016: 837 staff and 15 contractors). Total staff costs (including Directors' emoluments) were approximately RMB220.2 million for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB83.3 million). Remuneration is determined by 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, social insurance together with housing provident funds, central provident fund scheme and mandatory social security for its employees in Hong Kong, the PRC, Singapore and Vietnam, 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.

ISSUE OF EQUITY SECURITIES

Entering into a share purchase agreement to subscribe for 205,917 Series A Preferred Shares in 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 representing approximately 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.

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 2017, save as disclosed in the section headed "Issue of Equity Securities" above.

CORPORATE GOVERNANCE

Save as disclosed below, the Board is of the view that the Company has complied with 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 during the six months ended 30 June 2017.

Following the resignation of Mr. Wang Wei as an independent non-executive Director (the "INED") on 1 April 2017, the Company did not have sufficient INEDs representing at least one-third of the Board under Rule 5.05A of the GEM Listing Rules. In compliance with Rule 5.06 of the GEM Listing Rules, the Company appointed Dr. Wang Songqi as an INED on 27 June 2017 and fulfils the aforesaid requirements of Rule 5.05A.

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, the chairman of the Board (the "Chairman"), he was not able to attend the annual general meeting of the Company held on 9 May 2017 (the "AGM"). Mr. Phang Yew Kiat, the vice-chairman and the chief executive officer of the Company, acted as the chairman of the AGM to ensure an effective communication with the Shareholders. The Chairman had enquired about the questions raised and the opinions expressed by the Shareholders at the AGM.

COMPETING INTEREST

For the six months ended 30 June 2017, the Directors were not aware of any business or interest of the Directors, the controlling Shareholder (as defined in the GEM Listing Rules) nor their respective close associates (as defined in the GEM Listing Rules) that competed or might, directly or indirectly, compete with the business of the Group and any other conflicts of interest which any such person or entity has or may have with the Group, save that Mr. Zhang Zhenxin ("Mr. Zhang"), a non-executive Director and a substantial Shareholder (as defined in the GEM Listing Rules), has an interest in the continuing connected transactions relating to a sub-tenancy and master agreement for a business centre, and a sub-tenancy agreement and tenancy agreements for the premises in Beijing, the PRC as announced by the Company on 23 October 2014 and 25 January 2017, respectively. Mr. Zhang is also interested in NCF Wealth Holdings Limited (formerly known as First P2P Limited) ("NCF"), as the sole owner of Great Reap Ventures Limited which is NCF's majority shareholder, and as the 99% registered shareholder of 北京東方聯合投資管理有限公司 (Beijing Dongfang Lianhe Investment Management Limited) which is the operating company of NCF's business in the PRC. Please refer to the Company's announcement dated 12 January 2015 for further details. In addition, Mr. Zhang had a 36% shareholding in 鳳凰資產管理有限公司 (Phoenix Asset Management Limited) which held 51% of the equity interest in 海南先鋒網信小額貸款有限公司 (Hainan Pioneer Internet Microfinance Limited) and was diluted to 24.99% in February 2016. Please refer to the Company's announcement dated 11 August 2014 for further details. However, Mr. Zhang no longer has interest in 鳳凰資產管理有限公司 with effect from 21 April 2017. Mr. Zhang also beneficially owns 36.50% of 上海中鋒商業保理有限公司 (Shanghai Zhongfeng Business Factoring Ltd.).

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its securities dealing code (the "Own Code") regarding dealings in the Company's securities by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). A specific enquiry has been made by the Company with each of those who were the Directors during the six month ended 30 June 2017 and all of them have confirmed that they had complied with the Required Standard of Dealings and the Own Code during such period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises four members, namely Mr. Ge Ming (Chairman), Dr. Ou Minggang, Dr. Wang Songqi and Dr. Yin Zhongli, all being INEDs.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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.

EVENT(S) AFTER THE REPORTING PERIOD

Change of Company Name

Subsequent to the passing of a special resolution in relation to the change of the English name of the Company from "Credit China FinTech Holdings Limited" to "Chong Sing Holdings FinTech Group Limited" and its dual foreign name in Chinese from "中國信貸科技控股有限公司" to "中新控股科技集團有限公司" by the Shareholders at the extraordinary general meeting held on 27 July 2017, a Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands. Further announcement will be made by the Company in respect of the consequential change in the stock short names and the website address of the Company as and when appropriate.

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

Hong Kong, 8 August 2017

As at the date of this announcement, the Directors are as follows:

Executive Directors:
Mr. Phang Yew Kiat *(Vice-Chairman and Chief Executive Officer)*
Mr. Chng Swee Ho
Mr. Sheng Jia

Non-executive Directors:
Mr. Li Mingshan *(Chairman)*
Mr. Li Gang
Mr. Wong Sai Hung
Mr. Zhang Zhenxin
Ms. Zhou Youmeng

INEDs:
Mr. Ge Ming
Dr. Ou Minggang
Dr. Wang Songqi
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).