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# 神州數字

**China Binary New Fintech Group**

**神 州 數 字 新 金 融 科 技 集 團**

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

**(Stock Code: 8255)**

## **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors of China Binary New Fintech Group (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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**FINANCIAL HIGHLIGHTS**

	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>2020</b> <b>(Audited)</b> <b>RMB'000</b>
Results (for the year ended 31 December)		
— Revenue	<b>49,020</b>	31,929
— Gross profit	<b>39,830</b>	21,899
— Loss for the year	<b>(94,655)</b>	(70,435)
Loss for the year attributable to:		
— Owners of the Company	<b>(88,275)</b>	(67,149)
— Non-controlling interests	<b>(6,380)</b>	(3,286)
	<b>(94,655)</b>	(70,435)
Loss per share (RMB cents)		
— Basic and Diluted	<b>(18.39)</b>	(13.99)
Financial Position (as at 31 December)		
— Non-current assets	<b>125,760</b>	74,621
— Current assets	<b>1,297,653</b>	194,023
— Current liabilities	<b>1,314,535</b>	146,639
— Non-current liabilities	<b>43,539</b>	388
— Total equity	<b>65,339</b>	121,617

For 2021, the Group recorded operating revenue of approximately RMB49,020,000, representing an increase of approximately RMB17,091,000 or 53.53% as compared to approximately RMB31,929,000 in 2020. For 2021, the Group's cost of revenue was approximately RMB9,190,000, representing a decrease of approximately RMB840,000 or 8.38% as compared to RMB10,030,000 in 2020. Gross profit for 2021 amounted to approximately RMB39,830,000, representing an increase of approximately RMB17,931,000 or 81.88% as compared to approximately RMB21,899,000 in 2020.

For 2021, the Group incurred a loss of approximately RMB94,655,000, representing an increase of approximately RMB24,220,000 as compared to the loss of approximately RMB70,435,000 in 2020.

## RESULTS

The board of Directors (the “Board”) announces the preliminary unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 (the “Year”) together with the comparative audited figures for the previous financial year ended 31 December 2020 as set as follow. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	Notes	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Revenue	5	49,020	31,929
Cost of revenue		<u>(9,190)</u>	<u>(10,030)</u>
Gross profit		39,830	21,899
Other income and gains, net	5	588	2,489
Fair value loss on financial assets at fair value through profit or loss		(1,228)	—
Fair value gain on intangible assets		—	711
Selling and distribution expenses		(25,400)	(12,780)
Administrative and other expenses		(86,222)	(57,754)
Expected credit losses on contract assets		(488)	(2,511)
Expected credit losses on financial assets		(21,074)	(11,567)
Impairment loss on other non-current assets		—	(11,850)
Share of result of associates		(12)	25
Finance costs		<u>(919)</u>	<u>(314)</u>
Loss before income tax	6	(94,925)	(71,652)
Income tax credit	7	<u>270</u>	<u>1,217</u>
<b>Loss for the year</b>		<u><b>(94,655)</b></u>	<u><b>(70,435)</b></u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		(3,820)	(93,957)
Change in fair value of intangible assets		43,283	31,660
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences in translating foreign operations		<u>(1,086)</u>	<u>(1,338)</u>
Other comprehensive income for the year		<u><b>38,377</b></u>	<u><b>(63,635)</b></u>
<b>Total comprehensive income for the year</b>		<u><b>(56,278)</b></u>	<u><b>(134,070)</b></u>

		2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
	<i>Note</i>		
<b>Loss for the year attributable to:</b>			
Owners of the Company		(88,275)	(67,149)
Non-controlling interests		<u>(6,380)</u>	<u>(3,286)</u>
		<u><b>(94,655)</b></u>	<u><b>(70,435)</b></u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		(49,791)	(130,784)
Non-controlling interests		<u>(6,487)</u>	<u>(3,286)</u>
		<u><b>(56,278)</b></u>	<u><b>(134,070)</b></u>
Loss per share (RMB cents)			
— Basic and Diluted	9	<u><b>(18.39)</b></u>	<u><b>(13.99)</b></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2021*

		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,330</b>	2,593
Right-of-use assets		<b>4,192</b>	1,386
Intangible assets		<b>93,433</b>	50,949
Other non-current assets		<b>150</b>	150
Financial assets at fair value through other comprehensive income		<b>15,390</b>	19,210
Interests in associates		<b>—</b>	333
Loan receivables		<b>10,265</b>	—
		<hr/>	<hr/>
Total non-current assets		<b>125,760</b>	74,621
		<hr/>	<hr/>
<b>Current assets</b>			
Trade receivables	10	<b>—</b>	7,135
Contract assets		<b>317</b>	468
Loan receivables		<b>16,178</b>	—
Prepayments, deposits and other receivables		<b>17,261</b>	24,495
Inventories		<b>4</b>	4
Financial assets at fair value through profit or loss		<b>15,015</b>	—
Cash and cash equivalents held on behalf of customers		<b>1,224,800</b>	126,796
Cash and bank balances		<b>24,078</b>	35,125
		<hr/>	<hr/>
Total current assets		<b>1,297,653</b>	194,023
		<hr/>	<hr/>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	11	<b>3,064</b>	3,994
Contract liabilities		<b>6,342</b>	3,098
Deposits from customers		<b>1,224,800</b>	126,796
Other payables and accruals		<b>75,091</b>	10,169
Lease liabilities		<b>4,062</b>	1,401
Current tax liabilities		<b>1,176</b>	1,181
		<hr/>	<hr/>
Total current liabilities		<b>1,314,535</b>	146,639
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		<b>(16,882)</b>	47,384
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>108,878</b>	122,005
		<hr/>	<hr/>

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
<b>Non-current liabilities</b>		
Lease liabilities	61	110
Other payables	17,642	—
Amount due to the ultimate holding company	25,836	—
Deferred tax liabilities	<u>—</u>	<u>278</u>
Total non-current liabilities	<u>43,539</u>	<u>388</u>
<b>NET ASSETS</b>	<u>65,339</u>	<u>121,617</u>
<b>Equity attributable to owners of the Company</b>		
Issued capital	2,941	2,941
Reserves	<u>33,337</u>	<u>83,128</u>
	36,278	86,069
<b>Non-controlling interests</b>	<u>29,061</u>	<u>35,548</u>
<b>TOTAL EQUITY</b>	<u>65,339</u>	<u>121,617</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 May 2011. Its issued shares are listed on GEM of the Stock Exchange. The Company's registered office and principal place of business are located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and Room 1506, 15/F, Jinhui Building, Qiyang Road, Wangjing, Chaoyang District, Beijing, the People's Republic of China (the "PRC") respectively.

The Company is an investment holding company. The Group is principally engaged in the provision of (i) online transaction services; (ii) software technology services; and (iii) financial services.

The Directors consider the immediate and ultimate holding company of the Company to be Data King Limited, a limited liability company incorporated in British Virgin Islands ("BVI"). The ultimate controlling party is Mr. Sun Jiangtao ("Mr. Sun"), the chairman of the Board (the "Chairman"), executive Director and chief executive officer of the Company (the "CEO").

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income, certain intangible assets and financial assets at fair value through profit or loss, which are measured at fair value.

### (c) Functional and presentation currency

The consolidated financial statements have been presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

### **3. ADOPTION OF HKFRSs**

The consolidated financial statements have been prepared in accordance with HKFRSs (as defined in note 2(a)). The accounting policies adopted for the Year are consistent with those adopted in the audited consolidated financial statements for the year ended 31 December 2020, except for those that relate to new/revised standards or interpretations that are effective for the first time for accounting periods beginning on or after 1 January 2021.

The Group has adopted all of the new and revised HKFRSs which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2021. A summary of the significant accounting policies adopted by the Group is set out in the section headed “Notes to the Consolidated Financial Statements” in the annual report of the Company for the Year (the “Annual Report”) to be sent to the shareholders of the Company (the “Shareholders”) in due course.

None of these amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period.

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the application of them is unlikely to have a significant impact on the Group’s future consolidated financial statements.

### **4. SEGMENT REPORTING**

The chief operating decision-maker has been identified as the executive directors. The segments are managed separately as each business offers different services and requires different business strategies. The Group’s service lines identified as reportable operating segments are as follow:

- (i) Online transaction services;
- (ii) Software technology services; and
- (iii) Financial services.

All of the revenue from external customers and major non-current assets of the Group are derived from activities or located in the PRC. Accordingly, no geographical information is presented.



The following is an analysis of the Group's revenue and results, assets and liabilities and other information by reportable and operating segments:

	Online transaction services RMB'000	Software technology services RMB'000	Financial services RMB'000	Unallocated RMB'000	Total RMB'000
Year ended 31 December 2021 (unaudited)					
Segment revenue — external	<u>6,844</u>	<u>5,627</u>	<u>36,549</u>	<u>—</u>	<u>49,020</u>
Segment results	<u>169</u>	<u>(2,689)</u>	<u>(46,235)</u>	<u>—</u>	<u>(48,755)</u>
Unallocated expenses					<u>(45,900)</u>
Loss for the year					<u>(94,655)</u>
<b>Assets</b>					
Segment assets	7,837	8,830	1,304,210	—	1,320,877
Unallocated assets					
— Financial assets at fair value through other comprehensive income					13,690
— Other non-current assets					150
— Cash and cash equivalents					748
— Others					<u>87,948</u>
Total assets					<u>1,423,413</u>
<b>Liabilities</b>					
Segment liabilities	(3,790)	(1,352)	(1,302,433)	—	(1,307,575)
Unallocated liabilities					
— Others					<u>(50,499)</u>
Total liabilities					<u>(1,358,074)</u>
<b>Other information</b>					
Interest income	41	1	12	3	57
Interest expense	—	—	(168)	(751)	(919)
Impairment loss on interests in associates	—	(16)	—	(305)	(321)
Share of result of associates	—	(12)	—	—	(12)
Depreciation of property, plant and equipment	(217)	(6)	(200)	(231)	(654)
Depreciation of right-of-use assets	—	—	(968)	(2,680)	(3,648)
Amortisation of intangible assets	(13)	—	(842)	(19)	(874)
Fair value gain on intangible assets					
— cryptocurrencies	—	—	—	42,283	42,283
Expected credit losses on financial assets	(243)	(7,665)	(3,480)	(9,686)	(21,074)
Expected credit losses on contract assets	—	(488)	—	—	(488)
Income tax credit	—	—	—	270	270
Additions to property, plant and equipment	<u>—</u>	<u>—</u>	<u>370</u>	<u>48</u>	<u>418</u>

	Online transaction services RMB'000	Software technology services RMB'000	Financial services RMB'000	Unallocated RMB'000	Total RMB'000
Year ended 31 December 2020 (audited)					
Segment revenue — external	<u>9,055</u>	<u>11,042</u>	<u>11,832</u>	<u>—</u>	<u>31,929</u>
Segment results	<u>249</u>	<u>5,475</u>	<u>(6,312)</u>	<u>—</u>	<u>(588)</u>
Unallocated expenses					<u>(69,847)</u>
Loss for the year					<u>(70,435)</u>
<b>Assets</b>					
Segment assets	10,082	47,892	163,220	—	221,194
Unallocated assets					
— Financial assets at fair value through other comprehensive income					16,410
— Other non-current assets					150
— Cash and cash equivalents					8,151
— Others					<u>22,739</u>
Total assets					<u>268,644</u>
<b>Liabilities</b>					
Segment liabilities	(4,782)	(3,043)	(131,999)	—	(139,824)
Unallocated liabilities					
— Others					<u>(7,203)</u>
Total liabilities					<u>(147,027)</u>
<b>Other information</b>					
Interest income	83	215	126	13	437
Interest expense	—	—	(32)	(282)	(314)
Share of result of associates	—	28	—	(3)	25
Depreciation of property, plant and equipment	(219)	(8)	(167)	(251)	(645)
Depreciation of right-of-use assets	—	—	(153)	(3,433)	(3,586)
Amortisation of intangible assets	—	—	(845)	(39)	(884)
Impairment loss on other non-current assets	—	—	—	(11,850)	(11,850)
Fair value gain on intangible assets					
— cryptocurrencies	—	29,555	—	2,816	32,371
Expected credit losses on financial assets	52	(86)	(208)	(11,325)	(11,567)
Expected credit losses on contract assets	—	(2,511)	—	—	(2,511)
Income tax (expense)/credit	(18)	—	—	1,235	1,217
Additions to property, plant and equipment	<u>40</u>	<u>—</u>	<u>59</u>	<u>214</u>	<u>313</u>

None of the customers individually contributed 10% or more of the Group's revenue for the Year. Revenues from one customer of the Group's software technology services segment amounted to RMB6,730,000, which represented more than 10% of the Group's revenue for the year ended 31 December 2020.

## 5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
<b>Revenue from contracts with customers</b>		
Provision of online transaction services	6,844	9,055
Provision of software technology services	5,627	11,042
Provision of financial services	<u>36,293</u>	<u>11,832</u>
	<u>48,764</u>	<u>31,929</u>
<b>Revenue from other sources</b>		
Provision of financial services	<u>256</u>	<u>—</u>
	<u>49,020</u>	<u>31,929</u>
<b>Other income and gains, net:</b>		
Interest income	57	437
Exchange losses	(281)	(433)
Return from other non-current assets	76	41
Dividend income from financial assets at fair value through other comprehensive income	—	51
Dividend income from financial assets at fair value through profit or loss	590	—
Recovery from other receivables	—	1,500
Written back of other payables	—	608
Others	<u>146</u>	<u>285</u>
	<u>588</u>	<u>2,489</u>

## 6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Auditors' remuneration	846	784
Amortisation of intangible assets	874	884
Depreciation of property, plant and equipment	654	645
Depreciation of right-of-use assets	3,648	3,586
Loss on disposal of property, plant and equipment	—	28
Development costs ( <i>note</i> )	23,801	13,043
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	52,701	35,978
Pension scheme contributions	13,051	2,546
Short term lease expenses	701	121
Low value lease expenses	<u>47</u>	<u>567</u>

*Note:* Development costs mainly comprise staff costs of RMB23,801,000 for the Year (2020: RMB12,390,000), which are also included in the employee benefit expenses disclosed separately above. The Group did not capitalise any development costs for the Year (2020: nil).

## 7. INCOME TAX CREDIT

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Current tax — PRC enterprise income tax		
— tax for the year	—	485
— Under provision in respect of prior year	<u>8</u>	<u>7</u>
	8	492
Deferred tax	<u>(278)</u>	<u>(1,709)</u>
Income tax credit	<u>(270)</u>	<u>(1,217)</u>

Taxes on profits assessable in the PRC have been calculated at the applicable tax rates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations of the PRC, the PRC enterprise income tax rate of all the PRC subsidiaries was 25% on their taxable profits for the years ended 31 December 2021 and 2020, except for Shenzhoufu (Beijing) Software Technology Co., Ltd. ("Shenzhoufu Software", one of our subsidiaries) which was entitled to certain preferential tax treatment.

Shenhoufu Software successfully obtained the “National High Technology Enterprise” status in 2014. The status was renewed in 2017, and this qualification is valid for another 3 years commencing from December 2017. The qualification has expired in December 2020. Accordingly, the applicable PRC enterprise income tax rate from January to November 2020 was 15%, and the applicable PRC enterprise income tax rate from December 2020 is 25%.

Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates.

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and BVI during the years ended 31 December 2021 and 2020. No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits derived in Hong Kong for the years ended 31 December 2021 and 2020.

## 8. DIVIDEND

No dividend was proposed or paid during the years ended 31 December 2021 and 2020.

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of RMB88,275,000 (2020: RMB67,149,000) and the weighted average number of 480,000,000 ordinary shares in issue (2020: 480,000,000) of the Company.

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020, and hence the diluted loss per share is the same as basic loss per share.

## 10. TRADE RECEIVABLES

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Trade receivables from:		
— Third parties	7,135	7,135
Less: expected credit loss on trade receivables	<u>(7,135)</u>	<u>—</u>
	<u>—</u>	<u>7,135</u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The Group normally does not grant credit period to its customers. For a minor portion of customers who are granted credit period, the credit period is generally 90 days. The Group seeks to apply strict control over its outstanding receivables to minimise credit risk. All the trade receivables are non-interest bearing.

The aging analysis of trade receivables (net of impairment losses) based on transaction date are as follows:

	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	2020 (Audited) RMB'000
0 to 3 months	—	—
3 to 6 months	—	7,134
6 months to 1 year	<u>—</u>	<u>1</u>
	<u>—</u>	<u>7,135</u>

As at 31 December 2020, the trade receivables balance was attributable to the segment of software services. The management of the Group considered the balance of trade receivables of approximately RMB7,135,000, which was aged over 1 year, was irrecoverable. As such, an impairment loss of approximately RMB7,135,000 was recognised in profit or loss during the Year.

## 11. TRADE PAYABLES

Trade payables are non-interest bearing. The Group is normally granted credit terms ranging from 1–30 days.

The aging analysis of trade payables based on transaction date are as follows:

	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	2020 (Audited) RMB'000
0 to 3 months	<b>2,180</b>	3,306
3 to 6 months	<b>85</b>	—
6 months to 1 year	<b>19</b>	101
Over 1 year	<u><b>780</b></u>	<u>587</u>
	<u><b>3,064</b></u>	<u>3,994</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of (i) online transaction services; (ii) software technology services; and (iii) financial services. For a detailed review of each of our businesses, please see the section headed “Financial Review” below.

### **FINANCIAL REVIEW**

#### **Revenue**

During the Year, the Group recorded an operating revenue of approximately RMB49,020,000, representing an increase of approximately RMB17,091,000 or 53.53% as compared to that of approximately RMB31,929,000 for last year. The major movements in revenue during the Year was as follows:

#### **1. *Online transaction services***

Due to the rapid growth of mobile payment industry in recent years, the Group’s revenue from online transaction services has been decreasing over the past few years. To respond with our current situation, our Group on one hand exercised control over expenses, and on the other hand explored other businesses by leveraging on our current resources.

During the Year, revenue from online transaction services amounted to approximately RMB6,844,000 (2020: RMB9,055,000). The Group is now concentrating its operational resources on the financial services business which offers more business opportunities, resulting in a reduction in revenue from online transaction services.

#### **2. *Software technology services***

The Group’s provision of software technology services mainly include the services via its self-developed software system and other related technical services.

The revenue from software technology services for the Year was approximately RMB5,627,000 (2020: RMB11,042,000). The aforementioned decrease was attributable to the Group’s priority towards development and promotion of its financial services as its major stream of business.

#### **3. *Financial services***

As more Chinese and Chinese corporates are migrating or doing business worldwide, more Chinese demand overseas banking service to facilitate their personal and business activities, such as payment collection and remittance, deposits, foreign exchange, and global investment management. While at the same time, as Chinese are getting wealthier, they are looking for asset allocation in other countries and looking for overseas investment opportunities.

However, given their relatively small size and the cultural difference between Chinese and western societies, they either face difficulties in obtaining banking and financial services from traditional global banks or do not have satisfactory user-experience in using the services of traditional global banks. The Group, in particular its management team who are generally Chinese, are able to understand the needs of these potential Chinese clients. The management of the Group also believes that effective communication with the clients is crucial to the success of this business. In view of the market needs, the Group, since August 2019, has self-designed and developed the web-base and mobile banking platform to provide financial and banking services to these global customers with an aim to provide comprehensive one-stop services to clients and enhance user-experience to provide quality services.

The Group has developed the financial services business on a global perspective and currently holds qualifications in the United States (“US”), European Union district and Australasia, which is believed to have covered a majority of overseas export destination for the clients. The Group is currently contemplating to obtain further financial services qualifications in other regions to broaden its geographic coverage.

The Group will continue to monitor the customers needs and design products and services which could capture their needs. The Group also intends to expand its product portfolio and services (such as trust and asset management) to tap into a wider base of customers.

During the Year, the Group’s revenue from financial services was mainly derived from banking business and revenue from the provision of financial services amounted to approximately RMB36,549,000 (2020: RMB11,832,000). The increase was mainly due to the Group’s substantial efforts in promoting its financial services to expand its customer base.

## **Cost of Revenue**

During the Year, the cost of revenue of the Group decreased by approximately RMB840,000 or 8.38% to approximately RMB9,190,000 from approximately RMB10,030,000 in 2020. Such decrease in the cost was mainly attributable to the decrease in the volume of online transaction services.

## **Gross Profit**

During the Year, the gross profit of the Group was approximately RMB39,830,000, representing an increase of approximately RMB17,931,000 or 81.88% as compared to approximately RMB21,899,000 in 2020, and the gross profit margin in 2021 increased to approximately 81.25% from approximately 68.59% in 2020. Such increase in gross profit was mainly attributable to decrease in the volume of online transaction services and the increase in the volume of financial services with relative higher gross margin.



## **Selling and Distribution Expenses**

The selling and distribution expenses of the Group increased by approximately RMB12,620,000 or 98.75% from approximately RMB12,780,000 in 2020 to approximately RMB25,400,000 in 2021. The increase in selling and distribution expenses was attributable to the increase in salaries of sales personnel of the financial services business and marketing expenses during the Year.

## **Administrative and Other Expenses**

During the Year, the administrative and other expenses of the Group were approximately RMB86,222,000, representing an increase of approximately RMB28,468,000 or 49.29% as compared to approximately RMB57,754,000 in 2020. Such increase in administrative expenses was mainly due to the increase in the Group's staff costs.

## **Income Tax Credit**

During the Year, the income tax credit of the Group was approximately RMB270,000 (2020: RMB1,217,000) with the effective tax rate of 0.2% (2020: 1.70%).

## **Loss for the Year**

During the Year, the loss of the Group was approximately RMB94,655,000, representing an increase of approximately RMB24,220,000 as compared to the loss of approximately RMB70,435,000 in 2020.

## **Liquidity, Financial Resources and Capital Structure**

As at 31 December 2021, cash and bank balances of the Group were approximately RMB24,078,000 (2020: RMB35,125,000), which were mainly denominated in Renminbi ("RMB"), US dollars ("US\$") and Hong Kong dollars ("HK\$"). The Group's cash and cash equivalents held on behalf of customers were approximately RMB1,224,800,000 (2020: RMB126,796,000), which were denominated in RMB, US\$ and HKD.

As at 31 December 2021, the Group had total non-current assets of approximately RMB125,760,000 (2020: RMB74,621,000). The financial assets at fair value through other comprehensive income were approximately RMB15,390,000 (2020: RMB19,210,000). The total current assets were approximately RMB1,297,653,000 (2020: RMB194,023,000). The current assets mainly included financial assets at fair value through profit or loss, and prepayments, deposits and other receivables. The total current liabilities were approximately RMB1,314,535,000 (2020: RMB146,639,000). As at 31 December 2021, the Group's current ratio was 0.99 (2020: 1.32). The Group's gearing ratio was nil as at 31 December 2021 (2020: nil).

## **Foreign Exchange Risk**

The principal businesses operated by the Group were denominated in RMB, while some assets and liabilities were denominated in US\$ or HK\$. Any material fluctuation of exchange rate from US\$ and HK\$ against RMB will affect the financial results of the Group. The Group will continue to monitor its foreign currency exposure closely. During the Year, the Group incurred a foreign exchange loss of approximately RMB281,000 (2020: RMB433,000) due to exchange rates changes.

## **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 evaluation of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## **Employees and Remuneration Policies**

As at 31 December 2021, the Group had 281 employees (2020: 135). For the Year, the Group's staff costs, including Directors' remuneration, amounted to approximately RMB65,752,000 (2020: RMB38,524,000).

The Group believes that employees are one of its most important assets. To meet the requirements of business development, staff costs in 2021 were increased as compared to last year. The Group also actively provides training opportunities for employees to strengthen their working skills. The Group also adopted a share option scheme as an incentive to the Directors and other eligible participants.

## **Contingent Liabilities and Guarantees**

As at 31 December 2021, the Group did not have any external guarantee obligation, did not involve in any pending litigation, and did not have any significant contingent liabilities (2020: nil).

## Significant Investments and Disposal

As at 31 December 2021, the Group's financial assets at fair value through other comprehensive income were approximately RMB15.4 million (2020: RMB19.2 million), which represented approximately 1.08% of the Company's total assets as at 31 December 2021 (2020: 7.15%). Details of the financial assets at fair value through other comprehensive income were set out as follows:

Name of Company	Principal activities	Approximate percentage of interests held by the Group	Fair value costs of investment as at 31 December 2020 <i>RMB'000</i>	Change in fair value recognised in full <i>RMB'000</i>	Transfer upon disposal of financial assets at fair value through other comprehensive income <i>RMB'000</i>	Disposal during the Year <i>RMB'000</i>	Fair value as at 31 December 2021 <i>RMB'000</i>	Dividends or distributions received during the Year <i>RMB'000</i>
Goopal Group	Provision of blockchain technology development services	14.14% (2020: 14.14%)	5,000	(500)	—	—	4,500	—
Jinshi Lubao Equity Investment Fund	Online legal consultancy platform	3.3% (2020: 3.3%)	500	(300)	—	—	200	—
Guangzhou Mengya Investment Enterprise (Limited Partnership)	Pre-IPO investment fund in particular for internet and new technology companies	7% (2020: 7%)	1,000	—	—	—	1,000	—
Shanghai Fache Information Technology Co. Ltd.	Automobile and financing business-to-business platform	1.8% (2020: 1.8%)	600	(100)	—	—	500	—
Beijing Feiniu Moshu Investment Centre (Limited Partnership)	Investment fund for companies in artificial intelligence, blockchain technologies, internet of things, etc.	12.5% (2020: 12.5%)	700	100	—	—	800	—
Mika Mika (Beijing) Food Co. Ltd.	Manufacture and sale of bakery products with e-commerce	2.2% (2020: 2.2%)	400	(100)	—	—	300	—
Beijing Shouyi Information Technology Co. Ltd.	New media platform using blockchain technologies	6% (2020: 6%)	10	80	—	—	90	—
Zhuhai Xiaoyun Technology Co.,Ltd (“Zhuhai Xiaoyun”)	Provisions of big data services, with applications on online payment platform and marketing solutions	5.03% (2020: 5.03%)	11,000	(3,000)	—	—	8,000	—

Name of Company	Principal activities	Approximate percentage of interests held by the Group	Fair value costs of investment as at 31 December 2020 <i>RMB'000</i>	Change in fair value recognised in full <i>RMB'000</i>	Transfer upon disposal of financial assets at fair value through other comprehensive income <i>RMB'000</i>	Disposal during the Year <i>RMB'000</i>	Fair value as at 31 December 2021 <i>RMB'000</i>	Dividends or distributions received during the Year <i>RMB'000</i>
Leyu Limited and its subsidiaries ("Leyu Group")	Provision of microfinancing services	10% (2020: 10%)	—	—	—	—	—	—
Xiamen Rongxin Shangpin Investment Partnership Enterprise (Limited Partnership)	Operation of e-commerce website	5.5% (2020: 5.5%)	—	—	—	—	—	—
Smartchart Inc	Provision of blockchain and smart contract technology services	9% (2020: 9%)	—	—	—	—	—	—
Chong Sing Holdings FinTech Group Limited	Provision of financing and FinTech service, in particular for in third parties payment, internet and online-financing	0.072% (2020: 0.072%)	—	—	—	—	—	—
Total			19,210	(3,820)	—	—	15,390	—

The Company wishes to inform the Shareholder that, the fair value of the Group's respective interests in Zhuhai Xiaoyun and Goopal Group (collectively, the "Significant Investments") owned by the Group comprised approximately 81.22% of the Investments or fair value of approximately RMB12.5 million as at 31 December 2021 (2020: RMB16 million), and principal business of the Significant Investments, namely provisions of (i) big data services, with applications on online payment platform and marketing solutions; and (ii) blockchain technology development services, are in line with the Group's principal business. As at the date of this report, save as disclosed above, the Company has no intention to dispose any other Investments and considers that the holding of the Significant Investments is in the best interest of the Company and the Shareholders as a whole.

The Group will continue to closely monitor the performance of its investments and the market trends.

Save as above, the Group did not involve in any material investment, and had no material capital commitments and no future plans for material investments or purchase of capital assets as at 31 December 2021.

## **Material Acquisition, Disposal of Subsidiaries, Associates and Joint Ventures**

Save for the transaction set out below, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

### **Discloseable Transaction**

On 28 January 2021, the Company, CB International Group, a company incorporated in the Cayman Islands and a direct non-wholly-owned subsidiary of the Company and China Binary Foundation Limited (“CB Foundation”), a charitable institution, entered into a subscription agreement, pursuant to which CB International Group will conditionally allot and issue, and CB Foundation conditionally agreed to subscribe for 27,149,321 new shares in CB International Group, representing approximately 5.8% of the enlarged equity interests in CB International Group, at a total consideration of US\$3,000,000 (equivalent to approximately HK\$23,300,000). Please refer to the Company’s respective announcements dated 28 January 2021, 13 May 2021 and 14 May 2021 for further details.

### **Significant Event After Reporting Period**

The Group did not have any material subsequent event after the Year and up to the date of this announcement.

### **Outlook**

This year, while continuing to provide online transaction services and software technology services, the Company has achieved significant growth in its overseas financial services business. To date, our overseas business have given support to those going-abroad corporations and individuals with our comprehensive range of services including overseas account opening, fund transfer and remittance, e-commerce collection, currency exchange and other financial services. Taking the advantage of the customer base of our overseas banks together with our financial services qualifications around the world, we commenced overseas trust, insurance, asset management and other businesses with an aim to provide our customers with comprehensive global financial services. We have also partnered with the world’s top-notch wealth management companies to launch a variety of quality financial products for our clients, which are highly sought after by them.

Looking ahead, the global economy is bound to face more challenges under the recurring influence of the COVID-19 pandemic and other factors. We are well-prepared, at a time of uncertainty, to meet the growing demand for international financing of the small and medium-sized enterprises with our professional services, quality service portfolio, and digital products. While facilitating the rapid development of businesses of international enterprises, we will also continue to rely on our professional teams to provide more quality service offering and product portfolios for the global asset allocation of the new middle class and provide digital, intelligent and diversified one-stop high-quality financial services to our customers.

## **CORPORATE GOVERNANCE**

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Board and the senior management are dedicated to establishing and maintaining a high level of corporate governance. Various measures have been adopted to enhance the management efficiency of the Company and thus to protect the interest of the Shareholders.

During the Year, the Company has complied with, where applicable, the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules except the deviation as stated below:

Under code provision F.2.2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Sun has been the Chairman and the CEO. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Company has considered the issue of balance of power of authority on the Board and believes the structure of the Company, including strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees, is sufficient to address the potential issue on power concentration. Furthermore, decisions of the Board are made by way of majority votes. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group’s circumstances.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Required Standard of Dealings”) as its own code of conduct for dealings in the securities of the Company by the Directors.

Following a specific enquiry of all Directors made by the Company, each of them confirmed that he had complied with the Required Standard of Dealings regarding securities transactions by the Directors during the Year.

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

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities during the Year.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any rights in relation to convertible securities, options, warrants or similar rights during the Year.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend in respect of the Year (2020: nil).

## **AUDIT COMMITTEE**

The Board has established the audit committee (the “Audit Committee”) on 9 November 2013 with written terms of reference in compliance with the CG code. The terms of reference of the Audit Committee were revised on 29 December 2018 with effect from 1 January 2019. The Audit Committee consists of three members, namely Mr. He Qinghua and Mr. Hou Dong, both are independent non-executive Directors and Ms. Zhang Rong, the non-executive Director. Mr. He Qinghua is the chairman of the Audit Committee. The unaudited annual results for the Year have been reviewed by and agreed with the Audit Committee before submission to the Board for approval. The members of the Audit Committee considered that the results were prepared in accordance with applicable accounting standards and the GEM Listing Rules and sufficient disclosure has been made.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The auditing process for the annual results of the Group for the Year (the “Annual Results”) has not been completed in light of quarantine measures due to the outbreak of Omicron variant of the recent COVID-19 pandemic. The Company’s independent auditor (the “Independent Auditor”) needs additional time to finalise audit procedures (the “Audit Procedures”) for the Annual Results.

The unaudited Annual Results contained herein have not been agreed with the Independent Auditor as required under Rule 18.49 of the GEM Listing Rules. An announcement relating to the audited Annual Results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the HKICPA, which is expected to be completed by 12 April 2022. Shareholders and potential investors should be aware that the preliminary unaudited consolidated Annual Results are subject to possible deviation from the audited Annual Results, which will be included in a separate announcement of the Company about the audited Annual Results expected to be published on or before 12 April 2022. Barring any unforeseen circumstances, the Company expects the Audit Procedures will be completed and to despatch the Annual Report no later than end of April 2022.

## **PUBLICATION OF THE AUDITED ANNUAL RESULTS AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The figures in this announcement are subject to changes resulting from completing the Audit Procedures for the Annual Results.

Subject to completion of audit, the Company currently expects to issue a further announcement on or before 12 April 2022 in relation to the audited Annual Results as agreed by the Independent Auditor and the adjustments (if any) to the unaudited Annual Results contained herein. The Annual Report will be despatched to the Shareholders not later than end of April 2022 and made available on the respective websites of the Stock Exchange and the Company in due course.

**The financial information of the Group for the Year contained herein in respect of the Annual Results have not been audited by the Independent Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**China Binary New Fintech Group**  
**Sun Jiangtao**

*Executive Director, Chairman and Chief Executive Officer*

Beijing, the PRC, 31 March 2022

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

### **Executive Director**

Mr. Sun Jiangtao (*Chairman and Chief Executive Officer*)

### **Non-executive Director**

Ms. Zhang Rong

### **Independent Non-executive Directors**

Mr. Hou Dong, Mr. He Qinghua and Mr. Yang Haoran

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.shenzhoufu.hk](http://www.shenzhoufu.hk).*