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CHINA HUIRONG FINANCIAL HOLDINGS LIMITED
中國匯融金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1290)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Highlights for the Year Ended 31 December 2014:

	For the year ended or as at 31 December		
	2014	2013	Change
	RMB'000	*RMB'000*	%
Operating Results			
Revenue	**388,832**	236,664	64.3%
Net revenue	**335,967**	218,743	53.6%
Profit attributable to equity holders	**165,003**	126,731	30.2%
Basic earnings per share (RMB)	**0.161**	0.178	(9.6%)
Dividend per share (HK$)	**0.055**	0.000	—

The Board of directors (the "**Directors**") (the "**Board**") of China Huirong Financial Holdings Limited (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2014 (the "**Reporting Year**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Interest income	*10*	**388,832**	236,664
Interest expense		**(52,866)**	(18,391)
Net interest income		**335,966**	218,273
Other operating income, net		**1**	470
Net revenue		**335,967**	218,743
Administrative expenses	*11*	**(72,769)**	(47,537)
Net charge of impairment allowance on loans to customers	*5(c)*	**(35,919)**	(854)
Other gains/(losses), net		**4,094**	(920)
Profit before income tax		**231,373**	169,432
Income tax expense	*12*	**(66,370)**	(42,701)
Profit for the year, attributable to the equity holders of the Company		**165,003**	126,731
Other comprehensive income for the year, net of tax		**—**	—
Total comprehensive income for the year, attributable to the equity holders of the Company		**165,003**	126,731
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
— Basic and diluted earnings per share	*13*	**0.16**	0.18
Dividends	*14*	**44,628**	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,715**	2,566
Intangible assets		**285**	321
Deferred income tax assets		**10,139**	1,721
		12,139	4,608
Current assets			
Other assets		**17,842**	3,379
Loans to customers	*5*	**1,494,248**	750,114
Amounts due from related parties		**—**	500,000
Cash at bank and on hand	*6*	**855,975**	816,845
		2,368,065	2,070,338
Total assets		**2,380,204**	2,074,946
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	*7*	**8,111**	8,111
Share premium		**592,720**	592,720
Other reserves		**556,713**	534,365
Retained earnings		**342,569**	195,143
Total equity		**1,500,113**	1,330,339

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Liabilities			
Current liabilities			
Other liabilities	*8*	**16,228**	14,074
Current income tax liabilities		**21,519**	9,838
Deferred income tax liabilities		**5,202**	—
Amounts due to related parties		**633**	2,582
Bank borrowings	*9*	**836,509**	718,113
Total liabilities		**880,091**	744,607
Total equity and liabilities		**2,380,204**	2,074,946
Net current assets		**1,487,974**	1,325,731
Total assets less current liabilities		**1,500,113**	1,330,339

NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Huirong Financial Holdings Limited (中國匯融金融控股有限公司) was incorporated in the Cayman Islands on 11 November 2011 as an exempted company with limited liability under the Companies Law (2010 revision) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in pawnshop services through granting collateral-backed loans to customers and entrusted loan business in the People's Republic of China ("China" or the "PRC").

In preparation for the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group has undertaken a reorganisation (the "Reorganisation") to restructure Suzhou Wuzhong Pawnshop Co., Ltd. (蘇州市吳中典當有限責任公司) ("Wuzhong Pawnshop") as a subsidiary of the Company under certain Contractual arrangements. Wuzhong Pawnshop was operated and ultimately controlled by Mr. Zhu Tianxiao (朱天曉), Zhang Xiangrong (張祥榮), Ge Jian (葛健), Chen Yannan (陳雁南), Wei Xingfa (魏興發), Yang Wuguan (楊伍官) and Zhuo You (卓有) (the "Ultimate Shareholders").

The Reorganisation involved primarily the insertion of the Company and its other subsidiaries owned by the Ultimate Shareholders, who also owned Wuzhong Pawnshop, as holding companies of Wuzhong Pawnshop. Accordingly, the Reorganisation is accounted for using the accounting principle which is similar to that of a reverse acquisition. The financial statements of the Group have been prepared on a consolidated basis and are presented using the carrying values of the assets, liabilities and operating results of the companies comprising the Group including Wuzhong Pawnshop.

The Company's shares began to list on the Stock Exchange on 28 October 2013. The consolidated financial statements are presented in thousands of Renminbi (RMB'000), unless otherwise stated.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the HKICPA are set out below. The consolidated financial statements have been prepared under the historical cost convention.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.1.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of customer demand for the Group's pawn loans and entrusted loans; (b) the collection of loan principal and interest upon maturity; and (c) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking into account of reasonably possible changes in operational performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.1.2 Changes in accounting policy and disclosures

(a) ***New and amended standards adopted by the Group***

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014:

HKAS 32 (Amendment)	Financial Instruments: Presentation, on Assets and Liabilities Offsetting
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives
HK(IFRIC) 21	Levies

The adoption of the above new standards, amendments, interpretations as well as other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 did not give rise to any material impact on the Group's results of operations and financial position for the year ended 31 December 2014.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(b) ***New standards and interpretations not yet adopted by the Group***

The following standards, amendments and interpretations have been issued but not effective and have not yet been early adopted by the Group for the year ended 31 December 2014:

Standards	**Key requirements**	**Effective from financial years starting on or after**
Annual improvements 2012	These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect the below standards: ● HKFRS 8, "Operating segments" ● HKAS 16, "Property, plant and equipment" and ● HKAS 38, "Intangible assets" ● HKAS 24, "Related Party Disclosures"	1 July 2014
Annual improvements 2013	The amendments include changes from the 2011–2013 cycle of the annual improvements project that affect 4 standards: ● HKFRS 3, "Business combinations" ● HKFRS 13, "Fair value measurement" ● HKAS 40, "Investment property"	1 July 2014
HKFRS 14	HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services. HKFRS 14 permits eligible first-time adopters of HKFRS to continue their previous GAAP rate-regulated accounting policies, with limited changes. HKFRS 14 requires separate presentation of regulatory deferral account balances in the balance sheet and of movements in those balances in the statement of comprehensive income. Disclosures are required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.	1 January 2016

Standards	Key requirements	Effective from financial years starting on or after
HKFRS 11 (Amendment)	The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business" (as defined in HKFRS 3, Business combinations). Specifically, an investor will need to: • measure identifiable assets and liabilities at fair value; • expense acquisition-related costs; • recognize deferred tax; and • recognize the residual as goodwill. All other principles of business combination accounting apply unless they conflict with HKFRS 11. The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	The amendments clarify when a method of depreciation or amortization based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendment to HKAS 38 establishes a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances: • where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016

Standards	Key requirements	Effective from financial years starting on or after
HKFRS 10 and HKAS 28 (Amendment)	The amendments address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.	1 January 2016
Annual improvements 2014	The amendments include changes from the 2012–2014 cycle of the annual improvements project that affect 4 standards: ● HKFRS 5, "Non-current assets held for sale and discontinued operations" ● HKFRS 7, "Financial instruments: Disclosures" ● HKAS 19, "Employee benefits" ● HKAS 34, "Interim financial reporting"	1 January 2016
HKFRS 15	HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contract(s) with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations; and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control.	1 January 2017.

Standards	Key requirements	Effective from financial years starting on or after
	HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.	
	HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition:	
	IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.	
HKFRS 9	HKFRS 9 (2014), "Financial instruments" replaces the whole of HKAS 39.	1 January 2018
	HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.	

Standards	Key requirements	Effective from financial years starting on or after
	HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS 39.	

The Group is in the process of assessing the impact of these standards and amendments on the consolidated financial statements.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group's consolidated financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgment which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial situation due to their materiality in amount.

(a) Impairment allowances on loans to customers

The Group reviews its loan portfolios to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Contractual Agreements

Under the relevant rules and regulations prevailing in the PRC, wholly foreign-owned enterprises are not allowed to operate pawn-loan business in China. The current registered equity holders of Wuzhong Pawnshop are Wuzhong Jiaye and Hengyue Consulting. As described in Note 2.2.1 above, the Group's wholly owned subsidiary Huifang Tongda entered into a series of Contractual Agreements with Wuzhong Pawnshop, Wuzhong Jiaye, Hengyue Consulting and the equity holders of Wuzhong Jiaye and Hengyue Consulting. Such Contractual Agreements include: (i) a proxy agreement where Wuzhong Jiaye and Hengyue Consulting have irrevocably and unconditionally undertaken to authorise Huifang Tongda to exercise their shareholders' rights under the articles of association of the Wuzhong Pawnshop and applicable PRC laws and regulations; (ii) an exclusive management and consultation service agreement pursuant to which Wuzhong Pawnshop engaged Huifang Tongda on an exclusive basis to provide consultation and other ancillary services, and in return Wuzhong Pawnshop agreed to pay Huifang Tongda the consultancy service fee; (iii) exclusive call option agreement pursuant to which Wuzhong Jiaye and Hengyue Consulting irrevocably and unconditionally granted Huifang Tongda an option to acquire the entire equity interest held by Wuzhong Jiaye and Hengyue Consulting in the Wuzhong Pawnshop and/or all assets of the Wuzhong Pawnshop at a price equivalent to the minimum amount as may be permitted by applicable PRC laws and regulations; and (iv) equity pledge agreement pursuant to which the Ultimate Shareholders granted first priority security interests over their respective equity interests in Wuzhong Jiaye and Hengyue Consulting to Huifang Tongda for guaranteeing the performance of the above the proxy agreement, exclusive management and consultation service agreement, and the exclusive call option agreement. Pursuant to these agreements and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in Wuzhong Pawnshop, management considers that the Group has power over the financial and operating policies of Wuzhong Pawnshop and receive a majority of the economic benefits from its business activities. Accordingly, Wuzhong Pawnshop has been treated as an indirect subsidiary of the Company.

4 SEGMENT INFORMATION

Following the management approach of HKFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board (the chief operating decision-maker) which is responsible for allocating resources to the reportable segments and assesses its performance.

The Group's operation is primarily located in the PRC under one legal entity. The principal business activity is to grant pawn loans secured by collateral to customers, mainly small and medium sized enterprises and individuals in the Greater Suzhou Area. The Group managed its business under one operating and reportable segment in accordance with the definition of a reportable segment under HKFRS 8 for the years ended 31 December 2014 and 2013.

5 LOANS TO CUSTOMERS

The Group

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Pawn loans to customers, gross		
Real estate backed pawn loans	**869,181**	497,302
Equity interest backed pawn loans	**467,430**	250,509
Personal property backed pawn loans	**10,960**	6,580
Entrusted loans	**186,873**	—
	1,534,444	754,391
Less: Impairment allowances		
— Individually assessed	**(19,633)**	(74)
— Collectively assessed	**(20,563)**	(4,203)
	(40,196)	(4,277)
Pawn loans to customers, net	**1,494,248**	750,114

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are within six months. The real estate backed and equity interest backed pawn loans provided to customers bear fixed interest rates ranging from 22.37% to 37.99% per annum in the year ended 31 December 2014 (2013: from 22.37% to 37.99%).

Entrusted loans periods granted to customers are all within one year. Customers bear a fixed interest rate of 12% per annum in the year ended 31 December 2014 (2013: nil).

Loans to customers are all denominated in RMB. The impairment allowances are all related to real estate backed pawn loans, equity interest backed pawn loans and entrusted loans (2013: all related to equity interest backed pawn loans) (Note 3(a)).

As at 31 December 2014, renewed loans amounted to RMB9,700 thousand, all are real estate backed pawn loans (2013: renewed loans amounted to RMB59,310 thousand, comprising real estate backed pawn loans of RMB45,260 thousand and an equity interest backed pawn loan of RMB14,050 thousand). No renewed loans had substantially modified their original contractual terms for the year ended 31 December 2014 (2013: same).

(a) Aging analysis of loans to customers

The aging analysis of loans to customers net of impairment allowances are set out below:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**1,131,098**	449,538
3–6 months	**83,718**	185,217
6–12 months	**103,624**	59,283
12–24 months	**123,853**	41,369
Over 24 months	**51,955**	14,707
	1,494,248	750,114

(b) Reconciliation of allowance account for losses on loans to customers

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Individually assessed		
At beginning of year	**74**	3,957
Impairment losses recognised	**19,559**	191
Net write back of loan provision	**—**	(990)
Loans written off as un-collectible	**—**	(3,084)
At end of year	**19,633**	74
Collectively assessed		
At beginning of year	**4,203**	2,550
Impairment losses recognised	**16,360**	1,653
At end of year	**20,563**	4,203

(c) Net charge on loans to customers

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Net charge/(reversal) of impairment allowance		
Individually assessed	**19,559**	(799)
Collectively assessed	**16,360**	1,653
	35,919	854

6 CASH AT BANK AND ON HAND

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cash on hand	**1,325**	1,643
Demand deposits with banks	**185,034**	337,194
Term deposits with banks with original maturities over 3 months	**669,616**	478,008
	855,975	816,845

Cash at bank and on hand were denominated in the following currencies:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
RMB	**255,567**	220,556
US dollar	**599,613**	585,594
Hong Kong dollar	**795**	10,695
	855,975	816,845

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cash at bank and on hand	**855,975**	816,845
Less: Unrestricted term deposits with banks with original maturities over 3 months	**(606,975)**	(221,938)
Restricted term deposits pledged with banks	**(62,641)**	(256,070)
	186,359	338,837

As at 31 December 2014, US$10,237 thousand (equivalent to RMB62,641 thousand) (2013: US$42,000 thousand (equivalent to RMB256,070 thousand)) are restricted term deposits pledged to banks to secure bank borrowing with principal amount of RMB55,000 thousand (2013: RMB227,000 thousand).

7 SHARE CAPITAL

	Number of shares	Ordinary shares *US$/HK$*	Ordinary shares *RMB*
Authorised:			
As at 31 December 2014 and 2013	10,000,000,000	HK$100,000,000	
Issued and fully paid:			
As at 1 January 2014 and 31 December 2014	1,025,237,000	HK$10,252,370	8,111,008
As at 1 January 2013	7,800,000	HK$78,000	63,000
Split of the originally issued 7,800,000 shares into 650,000,000 shares on 28 October 2013, HK$0.01 each *(a)*	642,200,000	HK$6,422,000	5,080,000
Issuance of ordinary shares on 28 October 2013, HK$0.01 each *(b)*	375,236,000	HK$3,752,360	2,968,000
Over allotment of ordinary shares on 20 November 2013, HK$0.01 each *(c)*	1,000	HK$10	8
As at 31 December 2013	1,025,237,000	HK$10,252,370	8,111,008

(a) On 6 October 2013, resolutions were passed by the shareholders of the Company to split the originally issued 7,800,000 shares into 650,000,000 shares upon the Global Offering, of a par value of HK$0.01 each. The 642,200,000 new shares, amounting to aggregate par value of HK$6,422 thousand (equivalent to RMB5,080 thousand), were subsequently issued and allotted to the holders of the shares whose names appeared on the register of members at the close of business on 28 October 2013 in the same proportion as their then shareholdings in the Company. Issue of the new shares was made out of the "share premium".

(b) On 28 October 2013, the Company issued 375,236,000 ordinary shares of HK$0.01 each at HK$2.18 per share in connection with the Global Offering, and raised gross proceeds of approximately HK$818,014 thousand (equivalent to RMB647,115 thousand). The excess of RMB644,147 thousand over the par value of RMB2,968 thousand for the 375,236,000 ordinary shares issued, net of the relevant incremental costs of RMB46,348 thousand directly contributable to the new shares issued, was credited to "share premium" with amount of RMB597,799 thousand.

(c) On 20 November 2013, the Company issued 1,000 ordinary shares of HK$0.01 each at HK$2.18 per share in connection with the exercise of the over-allotment option, and raised gross proceeds of approximately HK$2,180 (equivalent to RMB1,725). The excess of RMB1,717 over the par value of RMB8 for the 1,000 ordinary shares issued, was credited to "share premium" with amount of RMB1,717.

8 OTHER LIABILITIES

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accrued employee benefits	**10,012**	4,015
Turnover tax and other tax payable	**3,805**	2,371
Accrued expenses	**205**	2,146
Listing costs payable	**—**	3,695
Other financial liabilities	**2,206**	1,847
	16,228	14,074

As at 31 December 2014, the Group and the Company's other financial liabilities were non-interest bearing. The fair value approximates their carrying amounts due to their short maturities (2013: same).

9 BANK BORROWINGS

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Bank borrowings — principal	**835,000**	717,000
Bank borrowings — interest payable	**1,509**	1,113
	836,509	718,113

Bank borrowings are with maturity within one year and bear fixed interest rates ranging from 5.32% to 7.80% per annum in the year ended 31 December 2014 (2013: 5.70% to 7.80%).

As at 31 December 2014, bank borrowings with principal amount of RMB55,000 thousand (2013: RMB227,000 thousand) were secured by restricted term deposits of US$10,237 thousand (2013: US$42,000 thousand) (Note 6).

As at 31 December 2014, bank borrowings with principal amount of RMB370 million (2013: RMB290 million) were guaranteed by Wuzhong Jiaye and the Ultimate Shareholders.

The fair values of bank borrowings approximate their carrying amounts as the discounting impact is not significant.

The Group's borrowings are denominated in RMB.

As at 31 December 2014, the Group has no undrawn borrowing facilities (2013: RMB80 million expiring within one year).

10 INTEREST INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Interest income from loans to customers		
Real estate backed pawn loans	**193,498**	143,662
Equity interest backed pawn loans	**131,253**	82,242
Personal property backed pawn loans	**24,827**	6,747
Entrusted loans	**16,613**	—
Interest income from bank deposits	**22,641**	4,013
	388,832	236,664

Interest income from loans to customers represents all fees received from customers that are an integral part of the effective interest rate, including interest income and administration fee income.

11 ADMINISTRATIVE EXPENSES

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Employee benefit expenses	**24,333**	13,336
Business tax and surcharges	**21,679**	13,846
Value-added tax and surcharges	**10,276**	6,938
Professional and consultancy fees	**3,992**	3,683
Transportation, meal and accommodation	**2,893**	2,512
Auditors' remuneration		
— Audit services	**2,178**	1,558
— Non-audit services	**20**	4
Operating lease payments	**2,390**	2,360
Telephone, utilities and office expenses	**1,223**	611
Depreciation and amortisation	**1,191**	1,472
Advertising costs	**10**	90
Other expenses	**2,584**	1,127
	72,769	47,537

The Group's loan business are subject to business tax and surcharges. Business tax is levied at 5% of revenue from interest income on loans to customers, while surcharges are 12% of business tax payable. Other PRC subsidiaries of the Group are subject to value-added tax and surcharges. Under the exclusive management and consultation service agreement between Wuzhong Pawnshop amd Huifang Tongda, Wuzhong Pawnshop has engaged Huifang Tongda on an exclusive basis to provide consultation and other ancillary services. Such consultancy service fee income is subject to output value-added tax at 6% while surcharges are 12% of value-added tax payable.

12 INCOME TAX EXPENSE

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax	**75,152**	42,509
Deferred income tax	**(8,782)**	192
	66,370	42,701

The difference between the actual income tax charge in the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**231,373**	169,432
Tax calculated at statutory tax rates	**59,383**	42,599
Tax effect of:		
— Expenses not deductible for tax purposes	**1,448**	102
— Adjustment in respect of prior years	**337**	—
— PRC withholding tax	**5,202**	—
Tax charge	**66,370**	42,701

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in the British Virgin Islands are not subject to any income tax according to relevant rules and regulations.

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2014 (2013: 16.5%).

According to the Corporate Income Tax Law of the PRC (the "CIT Law"), the income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable corporate tax rate of 25% on the estimated assessable profits based on existing legislations, interpretations and practices.

Pursuant to the CIT Law, a 10% withholding tax is levied on the dividends declared by the foreign investment enterprise established in Mainland China to its immediate holding company incorporated outside Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group accrued for PRC withholding tax with amount of RMB5,202 thousand based on the tax rate of 10% on a proportion of the earnings generated by certain PRC entities for the year ended 31 December 2014 (2013: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that a majority of these earnings will probably not be distributed in the foreseeable future.

13 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for each of the year is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares in issue during 2013, the 650,000,000 shares of the Company issued and allotted in connection with the Reorganisation (Note 1), had been treated as if those shares were in issue since 1 January 2013.

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company (RMB'000)	**165,003**	126,731
Weighted average number of ordinary shares in issue (in thousands)	**1,025,237**	712,540
Basic earnings per share (RMB)	**0.16**	0.18

(b) Dilutive earnings per share

As there were no options or shares in issue with potential dilutive effect during the years ended 31 December 2014 and 2013, diluted earnings per share is the same as basic earnings per share.

14 DIVIDEND

No dividend has been paid or declared by the Company since its incorporation. No dividends have been paid or declared by any of the companies comprising the Group for the years ended 31 December 2014 and 2013.

A dividend of HK$0.055 per share in respect of the year ended 31 December 2014 amounting to an aggregate of HK$56,388 thousand (equivalent to approximately RMB44,628 thousand) is to be proposed at the annual general meeting on 28 May 2015. These financial statement do not reflect this dividend payable.

The aggregate amount of the dividends paid and proposed during 2014 and 2013 have been disclosed in consolidated statements of comprehensive income in accordance with Hong Kong Companies Ordinance.

15 COMMITMENTS

Operating lease commitments

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
No later than 1 year	**1,590**	2,763
Later than 1 year and no later than 5 years	**1,593**	3,337
Later than 5 years	**—**	—
	3,183	6,100

16 LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments. Such outflows would deplete available cash resources for customer lending. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets.

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flow. The Group expected to fund the future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand or within 1 month	1–6 months	6–12 months	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2014				
Bank borrowings	48,232	336,289	484,270	868,791
Amounts due to related parties	633	—	—	633
Other financial liabilities	2,458	—	—	2,458
Total financial liabilities	51,323	336,289	484,270	871,882
As at 31 December 2013				
Bank borrowings	—	237,113	514,441	751,554
Listing costs payable	3,695	—	—	3,695
Amounts due to related parties	2,582	—	—	2,582
Other financial liabilities	1,847	—	—	1,847
Total financial liabilities	8,124	237,113	514,441	759,678

Sources of liquidity are regularly reviewed by the finance department of the Group to ensure the availability of sufficient liquid funds to meet all obligations.

17 MARKET RISK

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The Group's exposure to market risk is primarily attributable to interest rate risk arising from loans to customers, bank balances and bank borrowings. The Group has established policies and procedures for monitoring and managing market risk.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposures to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

The most significant interest-bearing assets and liabilities are loans to customers and bank borrowings, which both bear fixed interest rates to generate cash flows independent from market interest rates. Contractual interest rate re-pricing is matched with maturity date of each pawn loan granted to customer, or maturity date of bank borrowings. As at respective balance sheet dates, maturity dates of loans to customers are all within six months, whilst maturity dates of bank borrowings are within 12 months. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of loans to customers, bank borrowings and interest bearing bank deposits and related party balances.

Based on the simulations performed and with other variables held constant, should the benchmark interest rate had been 100 basis points higher/lower, the profit before income tax would have been decreased/increased by approximately RMB774 thousand for the year ended 31 December 2014 (2013: RMB1,710 thousand), mainly as a result of higher/lower interest income on term deposits with banks and interest expense on fixed-rate bank borrowings arising from interest rate repricing.

Interest rates on interest-bearing financial assets, primarily loans to customers, are not primarily affected by the changes in the benchmark rate in the market. Instead, they are much more influenced by demand and supply as well as bilateral negotiation, which makes a quantitative sensitivity analysis based on the benchmark rate unrepresentative.

(b) Foreign exchange risk

The Group operates principally in the PRC. The majority of recognised assets and liabilities are denominated in RMB and the majority of transactions are settled in RMB. The Group does not hold or issue any derivative financial instruments to manage its exposure to foreign currency risk.

As at 31 December 2014, other than deposit with banks denominated in US dollar and Hong Kong dollar totaling RMB600,407 thousand (2013: RMB596,289 thousand), the Group did not have significant assets or liabilities that were denominated in currencies other than RMB. Should US dollar had weakened/strengthened by 1% against RMB with all other variables held constant, the profit before income tax would have been RMB6,004 thousand lower/higher for the year ended 31 December 2014 (2013: lower/higher RMB5,920 thousand), mainly as a result of foreign exchange losses/gains on translation of US dollar and Hong Kong dollar denominated balances.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

The year of 2014 was full of challenges. The PRC economy is stepping into a new cycle during which it has been undergoing a slowdown in growth, and experiencing the short term pain of structural adjustment and the aftermath of the economic stimulation policies promulgated previously. Small and medium-sized enterprises, which are our major customers, are directly affected by the pressures of slower growth, slower turnover and upgrading and restructuring. Suzhou Wuzhong Pawnshop Co., Ltd., the PRC Operating Entity of the Group, is mainly engaged in provision of loans which are primarily secured by real estate collateral in Suzhou. Therefore, the fluctuations in real estate market of Suzhou will cast significant impacts on the Company's operation. Despite a dampened housing market across the country in the year of 2014, the real estate market in Suzhou has managed to maintain a steady performance due to sound industrial structure and strong purchasing power in Suzhou.

Under the market changes mentioned in the forgoing, the Group's business review in 2014 is as follows:

1.1 *Significant growth in business scale of the Group*

In February 2014, the approved registered capital of Suzhou Wuzhong Pawnshop Co. Ltd., the PRC Operating Entity of the Group, increased from RMB500,000 thousand to RMB1,000,000 thousand. As our registered capital is directly proportional to the amount of loan we can grant to our customers, the increase in our registered capital has further consolidated our leading position in the industry.

The following table sets out the details of total new loans and renewed loans secured by real estate collateral, equity interest collateral and inventory collateral, and entrusted loans we granted during the indicated periods:

	Year ended 31 December	
	2014	2013
Total new loan amount granted (RMB in millions)	**3,628**	1,182
Total number of new loans granted	**256**	108
Total loan amount renewed (RMB in millions)	**207**	303
Total number of loans renewed	**11**	31
Average loan repayment period (days)	**78**	149

In the expansion of business scale, the Group at the same time focused on the provision of short-term secured financing with a short cycle and fast recovery. During the Reporting Year, the average loan repayment period shortened to 78 days from 149 days for the year ended 31 December 2013.

1.2 *Continued increase in outstanding loans to customers*

As at 31 December 2014, our outstanding loans to customers were RMB1,494,248 thousand, representing an increase of 99.2% as compared to that as at 31 December 2013.

	As at 31 December		
	2014	2013	Growth
	RMB'000	*RMB'000*	*%*
Pawn loans to customers, net			
— Real estate backed pawn loans	**858,934**	497,302	72.7%
— Equity interest backed pawn loans	**440,471**	246,232	78.9%
— Personal property backed pawn loans	**10,960**	6,580	66.6%
— Entrusted loans	**183,883**	—	—
	1,494,248	750,114	99.2%

1.3 *Stable yield performance of loans to customers*

During the Reporting Year, our gross loan yield remained stable at 32.6% (for the year ended 31 December 2013: 32.3%).

1.4 *Increased impairment allowance to reflect changes in market environment*

As at 31 December 2014, the Group had outstanding loans that individually impaired amounting to RMB25,893 thousand, representing 1.7% of the outstanding loans granted to customers (before provision). The above loans are expected to incur impairment loss of RMB19,633 thousand, representing 1.3% of the outstanding loans granted to customers. In light of the changes in market environment, impairment allowances were made to adequately reflect the Group's market risk exposure. As at 31 December 2014, the impairment allowance made by the Group amounted to RMB40,196 thousand, representing 2.6% of the outstanding loans granted to customers (before provision).

The Group has been exploring opportunities to expand its business. We have commenced our online P2P lending business by establishing an internet financial platform, Suzhou Money (www.suzhoumoney.com), which has been officially launched since early 2015.

The Group proposed to acquire equity interests of a microfinance company known as Suzhou Wuzhong District Dongshan Agricultural Microfinance Co., Ltd. in 2015. For details of the acquisition, please refer to the announcement dated 30 March 2015.

2. FINANCIAL REVIEW

During the Reporting Year, the Company maintained its growth momentum in financial results. Net revenue of the year 2014 was RMB335,967 thousand, representing an increase of 53.6% as compared to that of 2013; profit attributable to equity holders was RMB165,003 thousand, representing an increase of 30.2% as compared to that of year 2013.

During the Reporting Year, the actual profit attributable to equity holders was RMB165,003 thousand after deducting the two expense items below:

(i) a provision for withholding tax of RMB5,202 thousand (2013: Nil). Pursuant to the CIT Law, the dividends declared by the foreign investment enterprise established in Mainland China to its immediate holding company incorporated outside Mainland China are subject to a 10% withholding tax when remitted abroad. Even though such expenses would not give rise to a present tax obligation of the Group before remitting the dividend abroad, the Group accrued such income tax expenses based on its best estimate.

(ii) employee remuneration and benefit expenses of RMB4,771 thousand (2013: nil) recognised in respect of the share option scheme. The shareholders of the Company approved and adopted a share option scheme on 26 May 2014. On 16 June 2014, a total of 50,000,000 share options to subscribe up to a total of 50,000,000 ordinary shares of the Company of HK$0.01 each were granted under the share option scheme by the Company. As a result, the Group recognised employee remuneration and benefit expenses in an amount of RMB4,771 thousand in respect of the share option scheme. Such expenses did not lead to cash outflow from the Group, and were recorded as the Group's capital reserves upon recognition of the employee benefit expenses without any effect on the Group's total equity.

For the convenience of comparison, without considering the effect of the two items mentioned above, the operating net profit during the Reporting Year would be RMB174,976 thousand, up by approximately 38.1% over 2013.

The financial review is summarised as follows:

2.1 *Interest income, interest costs and net interest margin*

Interest income: During the Reporting Year, our interest income increased by 64.3% from 2013 to RMB388,832 thousand (2013: RMB236,664 thousand), mainly attributable to the growth in loans granted to customers. Interest income from the top five customers accounted for 33.6% of total interest income for the Reporting Year (2013: 41.0%).

Interest cost: During the Reporting Year, our interest costs increased by 187.5% from 2013 to RMB52,866 thousand (2013: RMB18,391 thousand), primarily due to substantially higher average amount of bank borrowings during the reporting period as compared with the same period of last year.

Net interest margin: Net interest margin equals net interest income divided by the average of the beginning and the ending balances of interest earning assets, which equals the sum of the balances of loans to customers and deposits with banks. Net interest margin was 17.2% during the Reporting Year (2013: 18.1%).

2.2 *Administrative expenses*

The administrative expenses during the Reporting Year amounted to RMB72,769 thousand, an increase of RMB25,232 thousand or 53.1% from that of 2013 (2013: RMB47,537 thousand). The increase was mainly due to:

(i) the increases in business tax and surcharges and value-added tax and surcharges amounting to RMB7,833 thousand and RMB3,338 thousand respectively, totalling RMB11,171 thousand, which were mainly due to an increased in turnover tax payable in accordance with relevant tax laws along with the growth in the interest income and profit for the PRC Operating Entity.

(ii) the increase in employee remuneration and benefits of RMB10,997 thousand, which was mainly due to the growth in business, interest income and profit which caused an increase in employee remuneration and benefits amounting to RMB6,226 thousand, and employee remuneration and benefits amounting to RMB4,771 thousand recognised in respect of the share option scheme (the employee remuneration and benefits recognised in respect of the share option scheme did not lead to a cash outflow from the Group, and were recorded as the Group's capital reserves upon recognition of the employee benefit expenses without any effect on the Group's total equity).

During the Reporting Year, the ratio of administrative expenses to net revenue remained stable at 21.7% (2013: 21.7%).

2.3 *Net charge of impairment allowance*

During the Reporting Year, net charge of impairment allowance was RMB35,919 thousand, comprised of individually assessed impairment allowance of RMB19,559 thousand and collectively assessed impairment allowance of RMB16,360 thousand.

For the year ended 31 December 2013, net charge of impairment allowance was RMB854 thousand.

The significant increase in net charge of impairment allowance during the Reporting Year was mainly because the additional impairment allowance were required to adequately reflect the Group's market risk exposure in light of changes in the operating environment.

2.4 *Income Tax Expenses*

During the Reporting Year, the income tax expenses amounted to RMB66,370 thousand, an increase of 55.4% as compared to that of 2013.

The income tax expenses included withholding tax of RMB5,202 thousand (2013: Nil). Pursuant to the CIT Law, the dividends declared by the foreign investment enterprise established in Mainland China to its immediate holding company incorporated outside Mainland China are subject to a 10% withholding tax when remitted abroad. Even though such expenses would not give rise to a present tax obligation of the Group before remitting the dividend abroad, the Group accrued such income tax expenses based on its best estimate.

Excluding the effect of withholding tax, the effective tax rate during the Reporting Year was 26.4% (2013: 25.2%).

2.5 *Profit attributable to equity holders and return on assets*

During the Reporting Year, profit attributable to equity holders was RMB165,003 thousand (2013: RMB126,731 thousand), representing an increase of 30.2% over that of 2013.

During the Reporting Year, return on average assets was 7.4% (2013: 8.6%) and return on average equity was 11.7% (2013: 13.1%). The decline in return on average assets and equity was resulted from the fact that the funds raised in the initial public offering of the shares of the Company were used to grant loans to customers and began to generate interest income after completion of increasing the approved registered capital of the PRC Operating Entity to RMB1,000,000 thousand from RMB500,000 thousand in February 2014. Accordingly, with a larger capital and equity base, the return on average assets and equity was affected.

3. LOANS TO CUSTOMERS

3.1 *Loan portfolio*

The table below sets out the details of loans we granted to customers as of the dates indicated:

	As at 31 December	
	2014	2013
Gross loans to customers, inclusive of principal and interest (RMB'000)		
Loans secured by real estate collateral	**869,181**	497,302
Loans secured by equity interest collateral	**467,430**	250,509
Loans secured by personal property collateral	**10,960**	6,580
Entrusted loans	**186,873**	—
Total	**1,534,444**	754,391
Number of loans outstanding		
Loans secured by real estate collateral	**78**	52
Loans secured by equity interest collateral	**42**	21
Loans secured by personal property collateral	**850**	806
Entrusted loans	**5**	—
Total	**975**	879
Average loan amount (RMB'000)		
Loans secured by real estate collateral	**11,143**	9,564
Loans secured by equity interest collateral	**11,129**	11,929
Loans secured by personal property collateral	**12.9**	8.2
Entrusted loans	**37,375**	—

Our principal activity is to provide our customers with pawn loans secured by real estate, equity interest or personal property collateral. Besides, we started to provide entrusted loans since 2014. According to the contractual arrangements between the PRC Operating Entity and Huifang Tongda, Huifang Tongda charges the exclusive management and consultation service fees on the PRC Operating Entity. To improve its capital efficiency, Huifang Tongda provides entrusted loans business to its customers after evaluating the credit status of such customers, including their business performance, financial position and repayment ability.

An entrusted loan is a lending arrangement whereby we provide funds to an entrusted bank and request the bank to on-lend the funds to our designated customer according to our specific instructions as to the identity of the borrower, loan amount, term and interest rate, and assist in collecting the loan. Entrusted loan is only an intermediate business of the entrusted bank, which does not assume any credit risk of any form.

3.2 *Loan classification and impairment allowances*

The table below sets out the details of the classification of loans we granted to customers as of the dates indicated:

	As at 31 December			
	2014		2013	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Neither past due nor impaired	**1,230,672**	**80.20%**	682,537	90.48%
Past due but not impaired (i)	**277,879**	**18.11%**	71,780	9.51%
Individually impaired (ii)	**25,893**	**1.69%**	74	0.01%
Gross	**1,534,444**	**100.00%**	754,391	100.00%
Less: Impairment allowance (iii)	**(40,196)**	**2.62%**	(4,277)	0.57%
Net	**1,494,248**	**—**	750,114	—

(i) The increased percentage of loans that are past due but not impaired was due to slower repayment of capital of some customers.

As at 31 December 2014, loans that were past due but not impaired amounted to RMB277,879 thousand, including loans secured by real estate collateral of RMB259,241 thousand, accounting for 93.3%, and loans secured by equity interest collateral of RMB18,638 thousand, accounting for 6.7%. The loans are either fully secured by real estate collateral with a reasonably ascertainable market value, or in the case of equity interest backed pawn loans, there has not been a significant change in the customers' credit quality and the balances are considered fully recoverable.

(ii) Loans to customers which were individually impaired as at 31 December 2014 amounted to RMB25,893 thousand, with an estimated loss of RMB19,633 thousand. The estimated loss is due to the difficult operations of a small number of customers and is measured based on the difference between the carrying amount and the present value of estimated future cash flows of the credit assets.

(iii) In light of the changes in market environment, impairment allowances were made to adequately reflect the Group's market risk exposure. As at 31 December 2014, the impairment allowance for loans secured by real estate collateral, loans secured by equity interest collateral and entrusted loans amounted to RMB40,196 thousand, representing 2.6% of the outstanding loans granted to customers (before provision).

The following table sets forth the breakdown of our impairment allowance as of the indicated dates:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Loans secured by real estate collateral	**(10,247)**	—
Loans secured by equity interest collateral	**(26,959)**	(4,277)
Loans secured by personal property collateral	**—**	—
Entrusted loans	**(2,990)**	—
Total	**(40,196)**	(4,277)

The balance of impairment allowance of RMB40,196 thousand comprised of individually assessed impairment allowance of RMB19,633 thousand and collectively assessed impairment allowance of RMB20,563 thousand.

3.3 *Loans under legal proceedings*

As at 31 December 2014, among the loans to customers that were past due but not impaired, nine loans secured by real estate collateral amounting to RMB65,632 thousand are currently under legal proceedings. No loss is expected to be incurred on such loans. The loans are fully secured by real estate collateral with a reasonably ascertainable market value and considered fully recoverable.

Among the loans that were individually impaired, one loan secured by equity interest collateral amounting to RMB10,434 thousand is currently under legal proceedings. Individually assessed impairment allowance of RMB4,174 thousand was provided on such loans.

As at 31 December 2013, six loans secured by real estate collateral amounting to RMB22,493 thousand were under legal proceedings.

4. CREDIT RISK MANAGEMENT

According to our internal policy, the principal amount of a loan we grant to a loan applicant is individually negotiated with the applicant but the appraised loan-to-value ratio of the loan is capped at 50% for equity interest collateral and 70% for real estate collateral.

The following table sets forth a breakdown by collateral type of (i) aggregate loan amount; (ii) appraised value of collateral at time of loan approval; and (iii) the weighted average appraised loan-to-value ratio as of the granting dates of loans outstanding as of the indicated date:

	31 December 2014	31 December 2013
Aggregate loan amount (RMB in millions)		
Real estate collateral	**869.2**	497.3
Equity interest collateral	**467.4**	250.5
Appraised value of collateral at time of loan approval (RMB in millions)		
Real estate collateral	**1,491.7**	933.8
Equity interest collateral	**2,215.3**	1,022.8
Range of appraised loan-to-value ratios		
Loans secured by real estate collateral	**24%-70%**	24%-70%
Loans secured by equity interest collateral	**4%-46%**	5%-50%
Weighted average appraised loan-to-value ratio		
Loans secured by real estate collateral	**57%**	55%
Loans secured by equity interest collateral	**27%**	30%

5. TOTAL EQUITY AND CAPITAL MANAGEMENT

5.1 *Total Equity*

Our total equity as at 31 December 2014 was RMB1,500,113 thousand, representing an increase of RMB169,774 thousand or 12.8% as compared with that as at 31 December 2013. The increase was due to: (i) profit attributable to equity holders amounting to RMB165,003 thousand during the Reporting Year, and (ii) employee benefit expenses amounting to RMB4,771 thousand recognised by the Group for the share option scheme as the Group's capital reserves since such expenses did not result in cash outflow from the Group.

5.2 *Gearing ratio management*

We monitor capital risk on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt represents bank borrowings less cash and cash equivalents. Total equity represents total equity as stated in the consolidated statement of financial position. Total capital is the sum of net debt and total equity.

Our gearing ratio as at 31 December 2014 was 30% (2013: 22%).

6. BANK BORROWINGS AND PLEDGE OF ASSETS

The following table sets forth our bank borrowings as of the indicated dates:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Bank borrowings — principal	**835,000**	717,000
Bank borrowings — interest payable	**1,509**	1,113
Total	**836,509**	718,113

(i) As at 31 December 2014, the principal of bank borrowings was RMB835,000 thousand, including borrowings of the PRC Operating Entity amounting to RMB300,000 thousand (2013: the principal of bank borrowings was RMB717,000 thousand, including borrowings of the PRC Operating Entity amounting to RMB230,000 thousand). The remaining RMB535,000 thousand was borrowings of Huifang Technology and Huifang Tongda as the source of funds for the capital increase of RMB500,000 thousand for the PRC Operating Entity by Huifang Tongda.

(ii) Bank borrowings are made in the currency of RMB with maturity within one year and bear fixed interest rates ranging from 5.32% to 7.80% per annum during the Reporting Year (2013: 5.70% to 7.80%).

As at 31 December 2014, bank borrowings with principal amount of RMB55 million were secured by the Group's restricted term deposits of US$10,237,149 (equivalent to approximately RMB63 million) (2013: bank borrowings with principal amount of RMB227 million were secured by the Group's restricted term deposits of US$41,999,985 (equivalent to approximately RMB256 million)).

As at 31 December 2014, bank borrowings with principal amount of RMB370 million were guaranteed by Wuzhong Jiaye and the Ultimate Shareholders (2013: bank borrowings with principal amount of RMB290 million were guaranteed by Wuzhong Jiaye and the Ultimate Shareholders).

7. CAPITAL EXPENDITURE

Our capital expenditure consists primarily of purchases of property, plant and equipment. Our capital expenditure was RMB304 thousand during the Reporting Year (2013: RMB171 thousand).

8. SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

8.1 *Capital Contributions to Huifang Technology*

As at 31 December 2013, Huifang Technology had a registered capital of US$98,100,000 and paid-up capital of US$87,099,985. On 26 January 2014, the paid-up capital of Huifang Technology was changed to US$96,100,000 with an actual capital increase of US$9,000,015. The capital increase was contributed by Huifang Investment with the funds raised from the Global Offering.

8.2 *Capital Contributions to the PRC Operating Entity*

On 12 February 2014, the approved registered capital of the PRC Operating Entity was increased from RMB500,000 thousand to RMB1,000,000 thousand. For more details, please refer to the disclosures in the section headed "Use of Proceeds" in the 2013 annual report of the Company.

9. CONTINGENCIES, CONTRACTUAL OBLIGATIONS, LIQUIDITY AND FINANCIAL RESOURCES

9.1 *Contingencies*

As at 31 December 2014 and 31 December 2013, the Group did not have any significant contingent liabilities.

9.2 *Commitments*

The Group leases various buildings under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. Further details are set out in the paragraph headed "15 Commitments" in the section headed "Notes to Financial Statements".

9.3 *Liquidity and Capital Resources*

a. *Cash Flow Analysis*

As at 31 December 2014, the Group's cash and cash equivalents amounted to RMB186,359 thousand, representing a decrease of RMB152,478 thousand as compared with that at the beginning of the year. The following table sets forth a summary of our cash flows for the indicated periods:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Net cash (outflow)/inflow from operating activities	**(270,174)**	(818,008)
Net cash (outflow)/inflow from investing activities	**(304)**	(4)
Net cash (outflow)/inflow from financing activities	**118,000**	1,097,768
Increase/(Decrease) in cash and cash equivalents	**(152,478)**	279,756
Cash and cash equivalents at beginning of period	**338,837**	59,081
Cash and cash equivalents at end of period	**186,359**	338,837

Net Cash Flow from Operating Activities

During the Reporting Year, net cash outflow from operating activities amounted to RMB270,174 thousand. Apart from the income from normal operating activities, the reasons accounting for the change in cash flow mainly include: (i) the cash inflow generated from amounts due from the Ultimate Shareholders of RMB500,000 thousand for the year ended 31 December 2013 upon completion of the capital contribution into the PRC Operating Entity during the Reporting Year; and (ii) the cash outflow from the increase in loans granted to customers of RMB780,053 thousand.

Net Cash Flow from Financing Activities

Net cash inflow from financing activities during the Reporting Year amounted to RMB118,000 thousand, which was generated from new bank borrowings.

b. *Liquidity Risk*

Details of liquidity risk are set out in the paragraph headed "16 Liquidity Risk" in the section headed "Notes to Financial Statements".

10. MARKET RISK

Details of market risk are set out in the paragraph headed "17 Market Risk" in the section headed "Notes to Financial Statements".

11. HUMAN RESOURCE AND EMPLOYEE BENEFITS

As of 31 December 2014, the Group had a total of 112 full-time employees, a decrease by 6 from 118 as of 31 December 2013. We will adjust the number of our employees and our remuneration policy based on the development of our business and review of our employees' performance.

During the Reporting Year, employee remuneration and benefits increased by RMB10,997 thousand or 82.5% from year 2013 to RMB24,333 thousand. The increase was mainly due to the growth in business, interest income and profit which caused an increase in employee remuneration and benefits amounting to RMB6,226 thousand, and employee remuneration and benefits amounting to RMB4,771 thousand recognised in respect of the share option scheme. The shareholders of the Company approved and adopted a share option scheme on 26 May 2014. On 16 June 2014, the Company granted a total of 50,000,000 share options under the share option scheme.

Pursuant to the applicable PRC regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We have been in compliance with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material respects. We are not subject to any collective bargaining agreements.

12. FUTURE PLANS RELATING TO MATERIAL INVESTMENTS

Save as disclosed in this announcement, the Group has no plans for material investments or acquisition of capital assets. However, the Group will continue to seek new business opportunities.

13. EVENTS AFTER REPORTING YEAR

Save as disclosed in this announcement, there is no significant event after 31 December 2014.

PROSPECTS

Looking into 2015, (i) the Group plans to establish two branch pawnshops in Nanjing and Nantong city, respectively, in Jiangsu Province, so as to maintain our leading position as a short-term secured financing service provider in China. For further details of the two branches, please refer to the announcement of the Company dated 20 March 2015; (ii) the Group successfully launched an online financial service platform, namely, Suzhou Qian Dai (www.suzhoumoney.com) in early 2015, which is designed to provide a regulated, safe and reliable online platform for peer-to-peer financial services business. For further details of this new online service platform, please refer to the announcement of the Company dated 17 March 2015; and (iii) we plan to apply the Group's retained earnings for acquisitions of microfinance companies to further expand our customer base and financial solution offering in order to develop the Group into a comprehensive financing service provider. For further details of the proposed acquisition by the Company of equity interests in a microfinance company known as Suzhou Wuzhong District Dongshan Agricultural Microfinance Co., Ltd., please refer to the announcement of the Company dated 30 March 2015.

FINAL DIVIDEND

The Board has proposed to declare a final dividend of HK$0.055 per Share in respect of the year ended 31 December 2014 (2013: Nil). The final dividend will be paid to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 4 June 2015. Based on the 1,025,237,000 shares in issue as at 31 December 2014, the payment of the final dividend is expected to amount to approximately HK$56,388,035, which will be paid on or before Tuesday, 30 June 2015. The retained profit will be primarily used for the Group's business developments and/or acquisitions of suitable business opportunities in the PRC.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Year.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

In the opinion of the Board, the Company has complied with all the applicable principles and code provisions of the CG Code through the Reporting Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all the Directors of the Company and they have confirmed that they have complied with the Model Code throughout the Reporting Year.

CHANGE IN DIRECTORS' INFORMATION

Starting from the date of 2014 Interim Report and up to the date of this announcement, changes in the information of the Directors of the Company are as follows:

Mr. Feng Ke, an independent non-executive Director of the Company, has ceased to be an independent director of Sichuan Guang'an AAA Public Co., Ltd (四川廣安愛眾股份有限公司) (Stock code: 600979, a company listed on the Shanghai Stock Exchange) on 29 September 2014 and Beijing CCID Media Investments Co., Ltd. (北京賽迪傳媒投資股份有限公司) (Stock code: 000504, a company listed on the Shenzhen Stock Exchange) on 19 December 2014 respectively.

ANNUAL RESULTS AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has met with the auditor of the Company to review the annual results of the Group for the year ended 31 December 2014.

The figures in respect of the results announcement of the Group for the year ended 31 December 2014 have been reviewed and agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 28 May 2015. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015 (both dates inclusive) and Wednesday, 3 June 2015 to Thursday, 4 June 2015 (both dates inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Friday, 22 May 2015. In order to qualify for the proposed final dividend (subject to the approval by shareholders at the forthcoming annual general meeting), all transfer of shares accompanied by share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the abovementioned address for registration before 4:30 p.m. on Tuesday, 2 June 2015.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cnhuirong.com). The annual report for the year ended 31 December 2014 containing all relevant information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the above websites in due course.

DEFINITION

Unless otherwise required by the context, terms used in this results announcement shall have the same meanings as those defined in the prospectus of the Company dated 16 October 2013.

By Order of the Board
China Huirong Financial Holdings Limited
Chen Yannan
Chairman

Hong Kong, March 30, 2015

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yannan, Mr. Wu Min and Mr. Mao Zhuchun. The non-executive directors of the Company are Mr. Zhuo You, Mr. Cao Jian and Mr. Zhang Cheng; the independent non-executive directors of the Company are Mr. Zhang Huaqiao, Mr. Feng Ke and Mr. Tse Yat Hong.