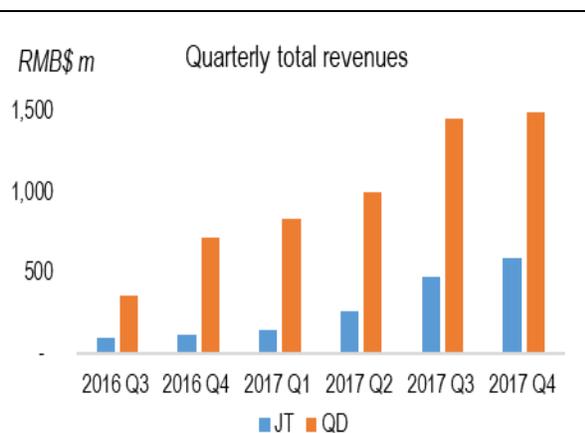




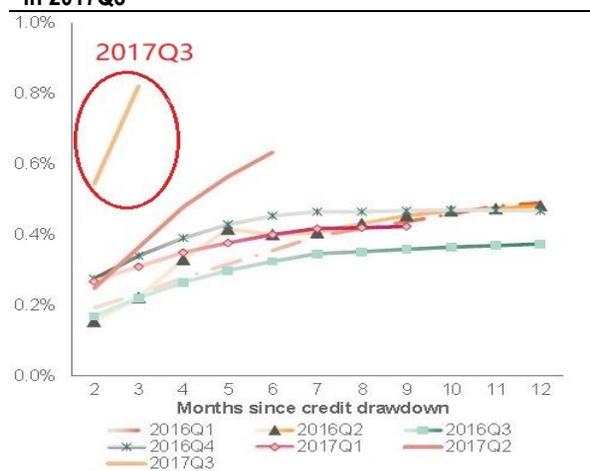
Chart of the week – Surviving regulatory clampdown

Figure 1: Jianpu and Qudian both see revenue increase despite unfavorable regulatory landscape



Source: Company data

Figure 2: Qudian M1+delinquency rate by vintage: overall strong credit performance but delinquencies up in 2017Q3



Source: Company data

Jianpu Technology and Qudian have announced their 4Q17 results recently. Amid regulatory clampdowns in online lending industry, both companies managed to grow their revenue qoq, despite a slowdown in growth rate (Figure 1). Qudian has actively shifted its product mix towards online purchase installment loans and car loans, and adjusted loan pricing. It's worth noted that Qudian's delinquencies picked up notably for the 3Q17 vintage (Figure 2) although its overall delinquency rate is still at a relatively low level. This is not surprising as the regulatory cleanup triggered systemic defaults in the payday loan industry. Please see our sector report on the online consumer finance industry [here](#).

AMTD Research
Michelle Li
+852 3163-3383
michelle.li@amtdgroup.com



AMTD Research
Yiyi Wang
+852 3163-3380
yiyi.wang@amtdgroup.com

News of the week

Mar 6, 2018

Jianpu Technology

China

Jianpu Technology Revenue Soars, Loss Deepens

Jianpu Technology Inc., an online platform that recommends and links financial products to consumers, announced higher-than-expected revenue for its fourth quarter, but a significantly larger loss than analysts had projected.

Source: [01Caijing](#)

Mar 9, 2018

VCredit

China

VCredit Files for Hong Kong IPO

Internet finance firm VCredit Holdings is gearing up for its reported initial public offering in Hong Kong as the frontline regulator of companies listed in China's special administrative region released its IPO prospectus.

Source: [01Caijing](#)

Mar 12, 2018

Qudian

China

Qudian Net Income Up 275%, Overdue Slightly Increases

Qudian Inc. (NYSE: QD), an online small consumer credit provider in China, today announced its unaudited financial results for the fourth quarter 2017 and full year ended December 31, 2017.

Source: [Yicai](#)

Our view

Qudian has delivered strong results despite tighter scrutiny on online lending last year. The company seems have structurally shifted its product mix toward purchase installment loans and car loans.

Mar 6, 2018

2345 Network

China

2345 Network Suspected of 'Disguised Initial Coin Offerings'

Chinese payday loan lender 2345 Network Holding Group has released a white paper regarding the Blockchain implementation in the company before Lunar New Year, becoming first one ever to publish blockchain whitepaper in A-share market.

Source: [01Caijing](#)

Mar 9, 2018

VCredit

China

Two Chinese Fintech Firms Hong Kong Trading Debut via Backdoor Listing

Two Chinese P2P lenders Jimu and Dafy Finance respectively have completed a so called backdoor listing by taking over a locally listed company in Hong Kong earlier this week, which is a trending market among Chinese fintech startups for fundraising in the capital market.

Source: [01Caijing](#)

Our view

A-share market has profitability requirements so most Chinese fintech start-ups rush to raise funds overseas amid tightened regulations in China. The backdoor listing in Hong Kong is also trending among unprofitable technology firms as it provides a shortcut to list and has relaxed rules to allow dual-class share listings.

Mar 12, 2018

Ant Financial

China

Ant Financial's Consumer lending said to reach \$95b

Ant Financial's consumer lending has reached at least 600 billion yuan (\$95 billion) despite the affiliate of Alibaba Group Holding Ltd. facing a tougher environment for securitizing its loans, people familiar with the matter said.

Source: [Tencent](#)

Mar 6, 2018

Cybersecurity

World Economic Forum Leads Creation of Fintech Cyber Security Consortium

The World Economic Forum has led the creation of an industry consortium focused on improving the cybersecurity of financial technology companies, as collaboration between fintechs and financial institutions grows. The consortium's founding members include Citigroup Inc (C.N), online lender Kabbage, the Depository Trust & Clearing Corporation, Zurich Insurance Group (ZURN.S) and Hewlett Packard Enterprise (HPE.N), the companies said on Tuesday. The group will create a framework to assess the security level of fintech companies and data aggregators, whose preparedness against hacks is seen as increasingly important to the stability of the wider financial industry, the companies said.

Source: [Reuters](#)

Mar 8, 2018

Cryptocurrency

US

U.S. Regulator Urges Registration of Cryptocurrency Exchanges

The U.S. Securities and Exchange Commission said on Wednesday that many online trading platforms for cryptocurrencies should be registered with the regulator and subject to additional rules. In a statement, the SEC said these "potentially unlawful" platforms may be giving investors an unearned sense of safety. And it said many of these platforms likely need to register with the SEC as a national securities exchange or an alternate trading system.

Source: [Reuters](#)

Mar 8, 2018

Cryptocurrency

US

Virtual Currencies Are Commodities, U.S. Judge Rules

Virtual currencies like bitcoin can be regulated as commodities by the U.S. Commodity Futures Trading Commission, a federal judge ruled Tuesday. U.S. District Judge Jack Weinstein in Brooklyn ruled that the CFTC had standing to bring a fraud lawsuit against New York resident Patrick McDonnell and his company Coin Drop Markets, allowing the case to go forward.

Source: [Reuters](#)

Our view

This ruling could have significant impact on cryptocurrency trading as brokers would potentially face stricter oversight if cryptocurrencies are viewed as a commodity. Again, it is important for investors to understand the financial and regulatory risks involved before any investment decision

Mar 8, 2018

Cryptocurrency

Japan

Japan Punishes Seven Cryptocurrency Exchanges over Regulatory Lapses

Japan punished seven cryptocurrency exchanges, ordering two of them to suspend business, in an effort to shore up consumer protection after a \$530 million theft of digital money from Tokyo-based Coincheck Inc earlier this year. The Financial Services Agency (FSA) criticized the exchanges for lacking the proper internal control systems, and ordered them to make improvement in areas from risk management to preventing the criminal use of digital money. The FSA rap on Thursday briefly drove down bitcoin prices.

Source: [Reuters](#)

Mar 8, 2018

Fintech

Europe

EU Proposes Crowdfunding 'Passports' in Boost for Fintech

The European Commission has proposed crowdfunding “passports” for the European Union in a draft law that forms part of efforts to boost growth in the financial technology sector. Crowdfunding allows start-ups to collect small sums of money from many individuals as an alternative to a bank loan, still the main source of funding for small and medium sized companies. “An EU crowdfunding license would help crowdfunding platforms scale up in Europe,” the EU’s financial services commissioner Valdis Dombrovskis said in a statement.

Source: [Reuters](#)

Mar 9, 2018

Cryptocurrency

China

PBOC Governor Says Bitcoin Not a Legitimate Method of Payment

China does not recognize Bitcoin and other digital currencies as legitimate forms of payment, the central bank governor, Zhou Xiaochuan, said on Friday. “We do not currently recognize Bitcoin and other digital currencies as a tool like paper money, coins and credit cards for retail payments,” Zhou told reporters on the sidelines of the annual parliament session.

Source: [Reuters](#)

Our view

China has already taken a series of steps in recent months to clamp down on the cryptocurrency market. But on a positive note, Zhou said authorities are adopting a “dynamic” approach in regulating cryptocurrency, indicating the regulatory approach could ease as the technology becomes more mature.

Mar 9, 2018

Cryptocurrency

Europe

EU banking Watchdog Sets Out 'Roadmap' to Regulate Fintech

The European Union’s banking watchdog set out a “roadmap” on Friday to help plug gaps in how the rapidly evolving financial technology sector is regulated, but urged caution in tackling cryptocurrencies. New EU rules from January make it easier for start-ups to offer traditional banking services such as payments. Andrea Enria, head of the European Banking Authority, said the watchdog will analyze the nature of services provided by fintech firms “with a view to ensuring that similar services, entailing comparable risks, are regulated in a consistent way across the EU”.

Source: [Reuters](#)

Mar 9, 2018

Payment

Hong Kong

Hong Kong to Launch Faster Payment System in September

The Hong Kong Monetary Authority said a faster payment system will be launched in September this year across 20 banks and eight e-payment operators. The de facto central bank’s announcement indicates the development of the new payment scheme is nearing completion.

Source: [21Jingji](#)

Our view

Hong Kong is moving in the right direction but still lagging since many countries have already achieved this sort of real time retail payment system years ago. The authorities may increase R&D spending to promote innovation and technology.

IMPORTANT DISCLOSURES

Analyst Certification

We, Michelle Li and Yiyi Wang, hereby certify that (i) all of the views expressed in this research report reflect accurately our personal views about the subject companies and their securities; and (ii) no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by us in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

AMTD Global Markets Limited

Address: 23/F & 25/F, Nexxus Building, No. 41 Connaught Road Central, Central, Hong Kong

Tel: (852) 3163-3288 **Fax:** (852) 3163-3289

GENERAL DISCLOSURES

The research report is prepared by AMTD Global Markets Limited and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients' particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD, its group companies, or any of its or their directors or employees ("AMTD Group") do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any mean is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any mean to any other person without the prior written consent of AMTD Global Markets Limited.