

Submission Data File

General Information	
Form Type*	10-K/A
Contact Name	Edgar Agents, LLC
Contact Phone	732-780-5036
Filer Accelerated Status*	Not Applicable
Filer File Number	
Filer CIK*	0001439299 (Consumer Capital Group, Inc.)
Filer CCC*	*****
Filer is Shell Company*	N
Filer is Smaller Reporting Company	Yes
Filer is Voluntary Filer*	N
Filer is Well Known Seasoned Issuer*	N
Confirming Copy	No
Notify via Website only	No
Return Copy	No
SROS*	NONE
Depositor CIK	
Period*	12-31-2015
ABS Asset Class Type	
ABS Sub Asset Class Type	
Sponsor CIK	
(End General Information)	

Document Information	
File Count*	3
Document Name 1*	f10k2015a1_consumercapital.htm
Document Type 1*	10-K/A
Document Description 1	Amendment No.1 to Annual Report
Document Name 2*	f10k2015a1ex32i_consumercap.htm
Document Type 2*	EX-32.1
Document Description 2	Certification
Document Name 3*	f10k2015a1ex32ii_consumercap.htm
Document Type 3*	EX-32.2
Document Description 3	Certification
(End Document Information)	

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-K/A
(Amendment No. 1)**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-54998

Consumer Capital Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	26-2517432
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
136-82 39th Ave, 4th Floor, Unit B Flushing, New York	11354
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **718-395-8150**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: None	Name of each exchange on which registered: None
-------------------------------------	---

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.0001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Accelerated filer	<input type="checkbox"/>	Large accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter: \$62,396,586.

Number of the issuer's common stock outstanding as of July 15, 2016: 31,165,740 shares of common stock, par value \$0.0001 per share.

Documents incorporate by reference: None.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1A Risk Factors	1
PART II	
Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations	
PART IV	
Item 15 Exhibits, Financial Statement Schedules	38
Signatures	39

EXPLANATORY NOTE

Consumer Capital Group, Inc. (the “Company”) is filing this Amendment No. 1 to its Comprehensive Annual Report on Form 10-K for the fiscal years ended December 31, 2014 and December 31, 2015 (“Amendment No. 1”) to amend the Comprehensive Annual Report which was originally filed with the Securities and Exchange Commission (the “SEC”) on February 2, 2016 (the “Original Annual Report”). The purpose of this Amendment No. 1 is to amend the corresponding disclosure in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section (“MD&A”) relating to the financial statement for the fiscal years ended December 31, 2015 and to include quarterly information for fiscal year 2015, as well as the corresponding disclosure in MD&A. In addition, this Amendment No. 1 amends the Original Annual Report to include certain risk factor that discusses the implications that may result from Company’s failure to timely file periodic and annual reports in the fiscal years ended December 31, 2014 and December 31, 2015.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Amendment No.1 also contains new certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Accordingly, Amendment No.1 includes the currently dated certifications as exhibits.

Except as described above, no attempt has been made in this Amendment No. 1 to modify or update the other disclosures in the Original Annual Report. Amendment No. 1 continues to speak as of the date of the Original Annual Report, and the Company has not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Annual Report. Accordingly, Amendment No. 1 should be read in conjunction with the Original Annual Report.

Item 1A. Risk Factors.

We have a limited operating history in a new and evolving market, which makes it difficult to evaluate our future prospects.

The market for China's online consumer finance marketplaces is new and may not develop as expected. The regulatory framework for this market is also evolving and may remain uncertain for the foreseeable future. Potential borrowers and investors may not be familiar with this market and may have difficulty distinguishing our services from those of our competitors. Convincing potential new borrowers and investors of the value of our services is critical to increasing the volume of loan transactions facilitated through our marketplace and to the success of our business.

We launched our online marketplace in 2015 and have a limited operating history. As our business develops or in response to competition, we may continue to introduce new products or make adjustments to our existing products, or make adjustments to our business model. In connection with the introduction of new products or in response to general economic conditions, we may impose more stringent borrower qualifications to ensure the quality of loans on our platform, which may negatively affect the growth of our business. Any significant change to our business model may not achieve expected results and may have a material and adverse impact on our financial conditions and results of operations. It is therefore difficult to effectively assess our future prospects. The risks and challenges we encounter or may encounter in this developing and rapidly evolving market may have impacts on our business and prospects. These risks and challenges include our ability to, among other things:

- navigate an evolving regulatory environment;
- expand the base of borrowers and investors served on our marketplace;
- broaden our loan product offerings;
- enhance our risk management capabilities;
- improve our operational efficiency;
- cultivate a vibrant consumer finance ecosystem;
- maintain the security of our platform and the confidentiality of the information provided and utilized across our platform;
- attract, retain and motivate talented employees; and
- defend ourselves against litigation, regulatory, intellectual property, privacy or other claims.

If we fail to educate potential borrowers and investors about the value of our platform and services, if the market for our marketplace does not develop as we expect, or if we fail to address the needs of our target market, or other risks and challenges, our business and results of operations will be harmed.

If we are unable to maintain or increase the volume of loan transactions facilitated through our marketplace or if we are unable to retain existing borrowers or investors or attract new borrowers or investors, our business and results of operations will be adversely affected.

To maintain the high growth momentum of our marketplace, we must continuously increase the volume of loan transactions by retaining current participants and attracting more users. We intend to continue to dedicate significant resources to our user acquisition efforts, including establishing new acquisition channels, particularly as we continue to grow our marketplace and introduce new loan products. If there are insufficient qualified loan requests, investors may be unable to deploy their capital in a timely or efficient manner and may seek other investment opportunities. If there are insufficient investor commitments, borrowers may be unable to obtain capital through our marketplace and may turn to other sources for their borrowing needs and investors who wish to exit their investments prior to maturity on the secondary loan market may not be able to do so in a timely manner.

The overall transaction volume may be affected by several factors, including our brand recognition and reputation, the interest rates offered to borrowers and investors relative to market rates, the effectiveness of our risk control, the repayment rate of borrowers on our marketplace, the efficiency of our platform, the macroeconomic environment and other factors. In connection with the introduction of new products or in response to general economic conditions, we may also impose more stringent borrower qualifications to ensure the quality of loans on our platform, which may negatively affect the growth of loan volume. If any of our current user acquisition channels become less effective, if we are unable to continue to use any of these channels or if we are not successful in using new channels, we may not be able to attract new borrowers and investors in a cost-effective manner or convert potential borrowers and investors into active borrowers and investors, and may even lose our existing borrowers and investors to our competitors. If we are unable to attract qualified borrowers and sufficient investor commitments or if borrowers and investors do not continue to participate in our marketplace at the current rates, we might be unable to increase our loan transaction volume and revenues as we expect, and our business and results of operations may be adversely affected.

The laws and regulations governing the peer-to-peer lending service industry in China are developing and evolving and subject to changes. If our practice is deemed to violate any PRC laws or regulations, our business, financial conditions and results of operations would be materially and adversely affected.

Due to the relatively short history of the peer-to-peer lending service industry in China, the regulatory framework governing our industry is under development by the PRC government. Currently, the PRC government has yet to officially promulgate any specific rules, laws or regulations to specially regulate the peer-to-peer lending service industry. On July 18, 2015 the PBOC together with nine other PRC regulatory agencies jointly issued a series of policy measures applicable to the online peer-to-peer lending service industry titled the Guidelines on Promoting the Healthy Development of Internet Finance, or the Guidelines. The Guidelines introduced formally for the first time the regulatory framework and basic principles for administering the peer-to-peer lending service industry in China.

The Guidelines call for active government support of China's internet finance industry, including the online peer-to-peer lending service industry, and clarify the division of responsibility among regulatory agencies. The Guidelines specify that the China Banking Regulatory Commission, or the CBRC, will have primary regulatory responsibility for the online peer-to-peer lending service industry in China and state that online peer-to-peer lending service providers should operate as information intermediaries and are prohibited from engaging in illegal fund-raising and providing "credit enhancement services," which we believe are generally perceived in the online peer-to-peer lending industry to mean providing guarantees to investors in relation to the return of loan principal and interest. This interpretation is based upon comments made at a public forum held on September 27, 2014, during which a senior CBRC officer mentioned several requirements that the CBRC is contemplating for future regulation of the peer-to-peer lending service industry, which include, among others, that a peer-to-peer lending service provider (i) is neither a credit intermediary bearing credit risk nor a transaction platform, but an information intermediary between lenders and borrowers, (ii) should not hold investors' funds or set up any capital pools, and (iii) must not provide guarantees for lenders in relation to the loan principal and interest, or bear any system risk or liquidity risk. In addition to prohibiting illegal fund-raising and the provision of "credit enhancement services," the Guidelines provide additional requirements for China's internet finance industry, including the use of custody accounts with qualified banks to hold customer funds as well as information disclosure requirements, among others. However, the Guidelines only set out the basic principles for promoting and administering the online peer-to-peer lending service industry, and were not accompanied by any implementing rules. The Guidelines instead urge the relevant regulatory agencies to adopt implementing rules at the appropriate time.

On December 28, 2015, the CBRC published a discussion draft of the Interim Administrative Measures for the Business Activities of Peer-to-Peer Lending Information Intermediaries, or the Draft Measures. The Draft Measures define the “peer-to-peer lending information intermediaries,” or the Information Intermediaries, as the financial information intermediaries that are engaged in peer-to-peer lending information business and provide lenders and borrowers with lending information services, such as information collection and publication, credit rating, information interaction and loan facilitation. In consistency with the Guidelines, the Draft Measures prohibit the Information Intermediaries from providing “credit enhancement services” or creating “capital pools,” and require, among other things, (i) that the Information Intermediary operating telecommunication services must apply for relevant telecommunication licenses; (ii) that the Information Intermediary intending to provide peer-to-peer lending information agency services (excluding its subsidiaries and branches) must make relevant filings and registrations with local financial regulatory authorities with which it is registered after obtaining business license; and (iii) that the name of Information Intermediary must contain the phrase “peer-to-peer lending information intermediary.”

The Draft Measures list the following businesses that an Information Intermediary must not, by itself or on behalf of a third party, participate in: (i) using its internet financing platform to finance itself or its affiliates; (ii) directly and indirectly collecting and consolidating funds from lenders; (iii) providing security or guarantee of principals and interests to lenders; (iv) advertising or introducing financing projects to non-real-name registered users; (v) extending loans, except as otherwise permitted by laws and regulations; (vi) dividing maturity periods of financing projects; (vii) selling bank wealth management products, securities firm assets management products, funds, insurance or trust products; (viii) mixing or bundling its business with, or acting as an agent for, the investment, sales, promotion or brokerage or other businesses of any other institutions, except as otherwise permitted by laws, regulations and applicable peer-to-peer lending rules; (ix) deliberately fabricating or exaggerating the veracity or profitability of financing projects, concealing their defects and risks, advertising or promoting with ambiguous languages or through other deceptive means, falsifying information or disseminating inaccurate or incomplete information to tarnish the reputations of others and to mislead lenders and borrowers; (x) providing peer-to-peer information agency services for financing projects of which the purpose is to invest in stock market; (xi) carrying on equity crowdfunding, in-kind crowdfunding or other similar business; and (xii) other activities prohibited by laws, regulations and relevant peer-to-peer lending rules.

The Draft Measures also set out certain additional requirements applicable to Information Intermediaries on, among other things, the real-name registration of lenders and borrowers, the limitation of offline business of Information Intermediaries, the risk control, cyber and information security, the limit of fund collection period (up to 10 business days), allocation of charges, personal credit management, file management, lenders and borrowers protection, prohibition on making decisions by Information Intermediaries on behalf of lenders, administration of electronic signatures and information disclosure.

Any violation of the Draft Measures by an Information Intermediary after they come into effect, may subject such Information Intermediary to certain penalties as determined by applicable laws, and regulations, or by relevant government authorities if the applicable laws and regulations are silent on the penalties. The applicable penalties may include but not limited to, criminal liabilities, warning, rectification, tainted integrity record and fines up to RMB30,000 (US\$4,631).

It is uncertain when the Draft Measures would be signed into law and whether the final version would have any substantial changes to the current draft. If the Draft Measures are enacted as proposed, we may have to adjust our operating practices. For instance, we may need to modify the existing or develop a new process for investors who wish to use our automated investing tool to ensure that all the investment decisions are made and confirmed by investors as required by the Draft Measures, which may in turn cause us to incur additional operating expenses. The enactment of the Draft Measures may also materially impact our corporate governance practice and increase our compliance costs.

In addition to the Guidelines and the Draft Measures, there are certain other rules, laws and regulations relevant or applicable to the online peer-to-peer lending service industry, including the PRC Contract Law, the General Principles of the Civil Law of the PRC, and related judicial interpretations promulgated by the Supreme People's Court. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Online Peer-to-Peer Lending."

To comply with existing rules, laws, regulations and governmental policies relating to the peer-to-peer lending service industry, we have implemented various policies and procedures, which we believe set the best practice in the industry, including, without limitation, the following: (i) we do not use our own capital to invest in loans facilitated through our online marketplace; (ii) we do not commit to provide guarantees to investors under any agreement for the full return of loan principal and interest; (iii) we do not hold investors' funds and funds loaned through our platform are deposited into and settled by a third-party custody account managed by a qualified bank, China Guangfa Bank; (iv) we have obtained the internet information services license, or the ICP license, as an internet information provider from the relevant local counterpart of the Ministry of Industry and Information Technology in accordance with applicable laws; (v) we fully disclose on our website all relevant information to investors and borrowers, such as disclosure to borrowers regarding interest rates, payment schedule, transaction fees, and other charges and penalties; and (vi) we have been making strong effort to maintain the security of our platform and the confidentiality of the information provided and utilized across our platform. However, due to the lack of detailed rules and the fact that the rules, laws and regulations are expected to continue to evolve in this newly emerging industry, we cannot be certain that our existing practices would not be deemed to violate any existing or future rules, laws and regulations.

In particular, we cannot rule out the possibility that some of the services we provide to investors, such as the automated investing tool and our services to a trust, might be viewed as not being in full compliance. Our automated investing tool automatically allocates committed funds from multiple investors among multiple approved borrowers, which goes beyond the simple one-to-one matching between investors and borrowers and could be viewed as violating some of these requirements. In addition, if our automated investing tool fails to match committed investors with approved borrowers in a timely manner, we might be deemed to hold investors' funds and form a capital pool incidentally.

Moreover, although the Guidelines prohibit online peer-to-peer lending service providers from providing "credit enhancement services," it is uncertain how the "credit enhancement services" mentioned in the Guidelines will be interpreted due to the lack of detailed implementing rules in the Guidelines. However, given (i) the prohibition by the Draft Measures on providing security or guarantee of principals and interests to lenders, and (ii) the requirements mentioned by the CBRC officer during the public forum held on the September 27, 2014, we believe it is generally perceived in the online peer-to-peer lending industry to mean providing guarantees to investors in relation to the return of loan principal and interest. Under our risk reserve fund arrangement, if a loan is delinquent for a certain period of time, we may withdraw a sum from the risk reserve fund to repay investors the principal and accrued interest for the defaulted loan unless the risk reserve fund is depleted. In order to continue to attract new and retain existing investors and to remain consistent with the current industry practice in China, our current risk reserve funding policy aims to have sufficient cash in the risk reserve fund to cover expected payouts, which is based on our current business intention but not legal obligation. Subject to the terms and limits in our agreements with investors, we currently allow investors to fully recover their outstanding principal and accrued interest in the event of loan default. We intend to continue this practice for the foreseeable future. However, as the industry continues to evolve and becomes more sophisticated and our business develops, we may revisit our policy or the terms on which we offer the risk reserve fund service such that investors may recover less than 100% of the outstanding principal and accrued interest of the defaulted loan. Although the purpose of the risk reserve fund is to limit investor losses due to borrower defaults and not to provide investors with guarantees in relation to the return of loan principal and interest, we cannot rule out the possibility that our current risk reserve fund model or any variations thereof might be viewed by the PRC regulatory bodies as providing, to a certain extent, a form of guarantee or otherwise a form of "credit enhancement service" prohibited under the Guidelines. Furthermore, if the risk reserve fund is viewed by the PRC regulatory bodies as providing a form of guarantee, under the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases, or the Private Lending Judicial Interpretations, issued by the Supreme People's Court on August 6, 2015 and being effective on September 1, 2015, if requested by the investor with the court, we may be required to assume the obligations as to the defaulted loan as a guarantor.

As of the date of this annual report, we have not been subject to any material fines or other penalties under any PRC laws or regulations including those governing the peer-to-peer lending service industry in China. The Guidelines do not set out the liabilities that will be imposed on the service providers who fail to comply with the principles and requirements contained thereunder, nor do other applicable rules, laws and regulations contain specific liability provisions specially as to the peer-to-peer lending platform or similar online marketplace like us. However, if our practice is deemed to violate any rules, laws or regulations, we may face injunctions, including orders to cease illegal activities, and may be exposed to other penalties as determined by the relevant government authorities as well. If such situations occur, our business, financial condition and prospects would be materially and adversely affected. In addition, given the evolving regulatory environment in which we operate, we cannot rule out the possibility that the PRC government will institute a licensing regime covering our industry. If such a licensing regime were introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

If our loan products do not achieve sufficient market acceptance, our financial results and competitive position will be harmed.

We incur expenses and consume resources upfront to develop, acquire and market new loan products. New loan products must achieve high levels of market acceptance in order for us to recoup our investment in developing, acquiring and bringing them to market.

Our existing or new loan products and changes to our platform could fail to attain sufficient market acceptance for many reasons, including but not limited to:

- our failure to predict market demand accurately and supply loan products that meet this demand in a timely fashion;
- borrowers and investors using our platform may not like, find useful or agree with any changes;
- our failure to properly price new loan products;
- defects, errors or failures on our platform;
- negative publicity about our loan products or our platform's performance or effectiveness;
- views taken by regulatory authorities that the new products or platform changes do not comply with PRC laws, rules or regulations applicable to us; and
- the introduction or anticipated introduction of competing products by our competitors.

We cannot rule out the possibility that there may be a mismatch between the investor's expected timing of exit and the maturity date of the loans to which the automated investing tool allocates the investor's funds. Investors using our automated investing tool typically invest for a shorter period than the terms of the underlying loans. If we are unable to find another investor to take over the remainder of the loans from the original investor that uses our automated investing tool at the time of his expected exit, then the original investor will have to remain invested in the loans and his expectation of liquidity would not be satisfied. If such mismatches occur in a widespread manner, investor acceptance of or satisfaction with our automatic investing tool would be adversely impacted.

If our new loan products do not achieve adequate acceptance in the market, our competitive position, results of operations and financial condition could be harmed.

If we do not compete effectively, our results of operations could be harmed.

The online consumer finance marketplace industry in China is intensely competitive and evolving. We compete with a large number consumer finance marketplaces. We also compete with financial products and companies that attract borrowers, investors or both. With respect to borrowers, we primarily compete with traditional financial institutions, such as consumer finance business units in commercial banks, credit card issuers and other consumer finance companies. With respect to investors, we primarily compete with other investment products and asset classes, such as equities, bonds, investment trust products, bank savings accounts, real estate and alternative asset classes.

Our competitors operate with different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to new regulatory, technological and other developments. Some of our current and potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms. Our competitors may also have longer operating histories, more extensive borrower or investor bases, greater brand recognition and brand loyalty and broader partner relationships than us. Additionally, a current or potential competitor may acquire one or more of our existing competitors or form a strategic alliance with one or more of our competitors. Our competitors may be better at developing new products, offering more attractive investment returns or lower fees, responding faster to new technologies and undertaking more extensive and effective marketing campaigns. In response to competition and in order to grow or maintain the volume of loan transactions facilitated through our marketplace, we may have to offer higher investment return to investors or charge lower transaction fees, which could materially and adversely affect our business and results of operations. If we are unable to compete with such companies and meet the need for innovation in our industry, the demand for our marketplace could stagnate or substantially decline, we could experience reduced revenues or our marketplace could fail to achieve or maintain more widespread market acceptance, any of which could harm our business and results of operations.

If we fail to promote and maintain our brand in an effective and cost-efficient way, our business and results of operations may be harmed.

We believe that developing and maintaining awareness of our brand effectively is critical to attracting new and retaining existing borrowers and investors to our marketplace. Successful promotion of our brand and our ability to attract qualified borrowers and sufficient investors depend largely on the effectiveness of our marketing efforts and the success of the channels we use to promote our marketplace. Our efforts to build our brand have caused us to incur significant expenses, and it is likely that our future marketing efforts will require us to incur significant additional expenses. These efforts may not result in increased revenues in the immediate future or at all and, even if they do, any increases in revenues may not offset the expenses incurred. If we fail to successfully promote and maintain our brand while incurring substantial expenses, our results of operations and financial condition would be adversely affected, which may impair our ability to grow our business.

Our reputation may be harmed if information supplied by borrowers is inaccurate, misleading or incomplete, including if the borrowers use the loan proceeds for purposes other than as originally provided.

Borrowers supply a variety of information that is included in the loan listings on our marketplace. We do not verify all the information we receive from borrowers, and such information may be inaccurate or incomplete. For example, we often do not verify a borrower's home ownership status or intended use of loan proceeds, and the borrower may use loan proceeds for other purposes with increased risk than as originally provided. Moreover, investors do not, and will not, have access to detailed financial information about borrowers. If investors invest in loans through our platform based on information supplied by borrowers that is inaccurate, misleading or incomplete, those investors may not receive their expected returns and our reputation may be harmed. Moreover, inaccurate, misleading or incomplete borrower information could also potentially subject us to liability as an intermediary under the PRC Contract Law.

Fraudulent activity on our marketplace could negatively impact our operating results, brand and reputation and cause the use of our loan products and services to decrease.

We are subject to the risk of fraudulent activity both on our marketplace and associated with borrowers, investors and third parties handling borrower and investor information. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraud. Significant increases in fraudulent activity could negatively impact our brand and reputation, reduce the volume of loan transactions facilitated through our platform and lead us to take additional steps to reduce fraud risk, which could increase our costs. High profile fraudulent activity could even lead to regulatory intervention, and may divert our management's attention and cause us to incur additional expenses and costs. Although we have not experienced any material business or reputational harm as a result of fraudulent activities in the past, we cannot rule out the possibility that any of the foregoing may occur causing harm to our business or reputation in the future. If any of the foregoing were to occur, our results of operations and financial conditions could be materially and adversely affected.

Misconduct, errors and failure to function by our employees and third-party service providers could harm our business and reputation.

We are exposed to many types of operational risks, including the risk of misconduct and errors by our employees and third-party service providers. Our business depends on our employees and third-party service providers to interact with potential borrowers and investors, process large numbers of transactions and support the loan collection process, all of which involve the use and disclosure of personal information. We could be materially adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. In addition, the manner in which we store and use certain personal information and interact with borrowers and investors through our marketplace is governed by various PRC laws. It is not always possible to identify and deter misconduct or errors by employees or third-party service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees or third-party service providers take, convert or misuse funds, documents or data or fail to follow protocol when interacting with borrowers and investors, we could be liable for damages and subject to regulatory actions and penalties.

Furthermore, as we rely on certain third-party service providers, such as third-party payment platforms and custody and settlement service providers, to conduct our business, if these third-party service providers failed to function properly, we cannot assure you that we would be able to find an alternative in a timely and cost-efficient manner or at all. Any of these occurrences could result in our diminished ability to operate our business, potential liability to borrowers and investors, inability to attract borrowers and investors, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations. borrowers from participating in our marketplace, which may adversely affect our business.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

Any prolonged slowdown in the Chinese or global economy may have a negative impact on our business, results of operations and financial condition. In particular, general economic factors and conditions in China or worldwide, including the general interest rate environment and unemployment rates, may affect borrower willingness to seek loans and investor ability and desire to invest in loans. Economic conditions in China are sensitive to global economic conditions. The global financial markets have experienced significant disruptions since 2008 and the United States, Europe and other economies have experienced periods of recession. The recovery from the lows of 2008 and 2009 has been uneven and there are new challenges, including the escalation of the European sovereign debt crisis from 2011 and the slowdown of China's economic growth since 2012 which may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have also been concerns over unrest in Ukraine, the Middle East and Africa, which have resulted in volatility in financial and other markets. There have also been concerns about the economic effect of the tensions in the relationship between China and surrounding Asian countries. If present Chinese and global economic uncertainties persist, many of our investors may delay or reduce their investment in the loans facilitated through our platform. Adverse economic conditions could also reduce the number of qualified borrowers seeking loans on our platform, as well as their ability to make payments. Should any of these situations occur, the amount of loans facilitated through our platform and our net revenues will decline, and our business and financial conditions will be negatively impacted. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Our ability to protect the confidential information of our borrowers and investors may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions.

Our platform collects, stores and processes certain personal and other sensitive data from our borrowers and investors, which makes it an attractive target and potentially vulnerable to cyber attacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause confidential borrower and investor information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with borrowers and investors could be severely damaged, we could incur significant liability and our business and operations could be adversely affected.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, in connection with the audits of our consolidated financial statements as of and for the two years ended December 31, 2014 and 2015, we identified “material weaknesses,” and other control deficiencies including significant deficiencies in our internal control over financial reporting. We also have a history of not filing our periodic reports in a timely manner. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, or PCAOB, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

One material weakness that has been identified related to our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements. The other material weakness that has been identified related to our lack of comprehensive accounting policies and procedures manual in accordance with U.S. GAAP.

We have implemented a number of measures to address the material weaknesses that have been identified in connection with the audits of our consolidated financial statements as of and for the two years ended December 31, 2014. However, there is no assurance that we will not have any material weakness in the future. Failure to discover and address any control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud. Ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Our platform and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.

Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for borrowers and investors using our platform, delay introductions of new features or enhancements, result in errors or compromise our ability to protect borrower or investor data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of borrowers or investors or liability for damages, any of which could adversely affect our business, results of operations and financial conditions.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

Our business depends on the continued efforts of our senior management. If one or more of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our business operations depend on the continued services of our senior management, particularly the executive officers named in this annual report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

Competition for employees is intense, and we may not be able to attract and retain the qualified and skilled employees needed to support our business.

We believe our success depends on the efforts and talent of our employees, including risk management, software engineering, financial and marketing personnel. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical, risk management and financial personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment.

In addition, we invest significant time and expenses in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our services and our ability to serve borrowers and investors could diminish, resulting in a material adverse effect to our business.

Increases in labor costs in the PRC may adversely affect our business and results of operations.

The economy in China has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control our labor costs or pass on these increased labor costs to our users by increasing the fees of our services, our financial condition and results of operations may be adversely affected.

We do not have any business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Currently, we do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services on our platform.

Our business could also be adversely affected by the effects of Zika virus, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having Zika virus, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS or other epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to Arki Network Services, our consolidated variable interest entity, do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of internet-based businesses, such as distribution of online information, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (except e-commerce) and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record in accordance with the Guidance Catalog of Industries for Foreign Investment promulgated in 2007, as amended in 2011 and in 2015, respectively, and other applicable laws and regulations.

It is uncertain whether any new PRC laws, rules or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. In particular, in January 2015, the Ministry of Commerce, or MOC, published a discussion draft of the proposed Foreign Investment Law for public review and comments. Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise, or an FIE. Under the draft Foreign Investment Law, variable interest entities would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors, and be subject to restrictions on foreign investments. However, the draft law has not taken a position on what actions will be taken with respect to the existing companies with the “variable interest entity” structure, whether or not these companies are controlled by Chinese parties. It is uncertain when the draft would be signed into law and whether the final version would have any substantial changes from the draft. Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations” below. If the ownership structure, contractual arrangements and business of our company, Arki Network Services are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of Arki Network Services, revoking the business licenses or operating licenses of Arki Network Services, shutting down our servers or blocking our online platform, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from our initial public offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of Arki Network Services, and/or our failure to receive economic benefits from Arki Network Services, we may not be able to consolidate its results into our consolidated financial statements in accordance with U.S. GAAP.

Any failure by Arki Network Services, our consolidated variable interest entity, or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

If Arki Network Services, our consolidated variable interest entity, or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of Arki Network Services were to refuse to transfer their equity interest in Arki Network Services to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final and parties cannot appeal arbitration results in court unless such rulings are revoked or determined unenforceable by a competent court. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our consolidated variable interest entity, and our ability to conduct our business may be negatively affected. See “—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to you and us.”

The shareholders of Arki Network Services, our consolidated variable interest entity, may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The equity interests of Arki Network Services, our consolidated variable interest entity, are held by Mr. Jianmin Gao, our President, CEO and Chairman of the Board, and Fei Gao, COO and Director. Their interests in Arki Network Services may differ from the interests of our company as a whole. These shareholders may breach, or cause Arki Network Services to breach, the existing contractual arrangements we have with them and Arki Network Services, which would have a material adverse effect on our ability to effectively control Arki Network Services and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with Arki Network Services to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreement with these shareholders to request them to transfer all of their equity interests in Arki Network Services to a PRC entity or individual designated by us, to the extent permitted by PRC laws. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Arki Network Services, we would have to rely on legal proceedings, which could result in the disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We may lose the ability to use and benefit from assets held by Arki Network Services, our consolidated variable interest entity, that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

Arki Network Services, our consolidated variable interest entity, holds certain assets that are material to the operation of our business, including domain names and an ICP license. Under the contractual arrangements, our consolidated variable interest entity may not and its shareholders may not cause it to, in any manner, sell, transfer, mortgage or dispose of its assets or its legal or beneficial interests in the business without our prior consent. However, in the event Arki Network Services's shareholders breach these contractual arrangements and voluntarily liquidate Arki Network Services, or Arki Network Services declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If Arki Network Services undergoes a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations.

Substantially all of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, China's economic growth has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us.

The PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning the peer-to-peer lending service industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, including the regulatory principles raised by the CBRC, and avoid conducting any activities that may be deemed as illegal fund-raising, forming capital pool or providing guarantee to investors under the current applicable laws and regulations, the PRC government authority may promulgate new laws and regulations regulating the peer-to-peer lending service industry in the future, such as the Draft Measures. See “—Risks Related to Our Business—The laws and regulations governing the peer-to-peer lending service industry in China are developing and evolving and subject to changes. If our practice is deemed to violate any PRC laws or regulations, our business, financial conditions and results of operations would be materially and adversely affected.” We cannot assure you that our practices would not be deemed to violate any PRC laws or regulations relating to illegal fund-raising, forming capital pools or the provision of credit enhancement services. Moreover, developments in the peer-to-peer lending service industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict online consumer finance marketplaces like us, which could materially and adversely affect our business and operations. Furthermore, we cannot rule out the possibility that the PRC government will institute a licensing regime covering our industry at some point in the future. If such a licensing regime were introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could materially and adversely affect our business and impede our ability to continue our operations.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The MOC published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The MOC is currently soliciting comments on this draft and substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs. Once an entity is considered to be an FIE, it may be subject to the foreign investment restrictions or prohibitions set forth in a “negative list” to be separately issued by the State Council later. If an FIE proposes to conduct business in an industry subject to foreign investment “restrictions” in the “negative list,” the FIE must go through a market entry clearance by the MOC before being established. If an FIE proposes to conduct business in an industry subject to foreign investment “prohibitions” in the “negative list,” it must not engage in the business. However, an FIE that is subject to foreign investment “restrictions,” upon market entry clearance, may apply in writing for being treated as a PRC domestic investment if it is ultimately “controlled” by PRC government authorities and its affiliates and/or PRC citizens. In this connection, “control” is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% or more of the voting rights of the subject entity; (ii) holding less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders’ meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a “negative list,” to be separately issued by the State Council at a later date, if the FIE is engaged in an industry listed in the negative list. Unless the underlying business of the FIE falls within the negative list, which calls for market entry clearance by the MOC, prior approval from the government authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the FIE.

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is included in the “negative list” as restricted industry, the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC companies or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as MOC market entry clearance or certain restructuring of our corporate structure and operations, to be completed by companies with existing VIE structure like us, there may be substantial uncertainties as to whether we can complete these actions in a timely manner, or at all, and our business and financial condition may be materially and adversely affected.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from an investment implementation report and an investment amendment report that are required for each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

We only have contractual control over our website. We do not directly own the website due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet information provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the State Council Information Office, the MITT, and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.

Our online marketplace, operated by our consolidated variable interest entity, Arki Network Services, may be deemed to be providing commercial internet information services, which would require Arki Network Services to obtain an ICP License. An ICP License is a value-added telecommunications business operating license required for provision of commercial internet information services. Arki Network Services, our PRC consolidated variable interest entity has obtained an ICP license as an internet information provider. Furthermore, as we are providing mobile applications to mobile device users, it is uncertain if Arki Network Services will be required to obtain a separate operating license in addition to the ICP License. Although we believe that not obtaining such separate license is in line with the current market practice, there can be no assurance that we will not be required to apply for an operating license for our mobile applications in the future.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, issued by the MITT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this circular, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The circular also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. Arki Network Services owns the relevant domain names in connection with our value-added telecommunications business and has the necessary personnel to operate our website. If an ICP License holder fails to comply with the requirements and also fails to remedy such non-compliance within a specified period of time, the MITT or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP License.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our initial public offering and the concurrent private placement to make loans to or make additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Under PRC laws and regulations, we are permitted to utilize the proceeds from our initial public offering and the concurrent private placement to fund our PRC subsidiary by making loans to or additional capital contributions to our PRC subsidiary, subject to applicable government registration and approval requirements.

Any loans to our PRC subsidiary, which are treated as foreign-invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiary to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE. The statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment as approved by the MOC or its local counterpart and the amount of registered capital of such foreign-invested company.

We may also decide to finance our PRC subsidiary by means of capital contributions. These capital contributions must be approved by the MOC or its local counterpart. On March 30, 2015, SAFE promulgated Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 came into force and replaced both previous Circular 142 and Circular 36 on June 1, 2015. Circular 19 allows all foreign-invested enterprises established in the PRC to use their foreign exchange capitals to make equity investment and removes certain other restrictions provided in Circular 142. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of Circular 19 could result in severe monetary or other penalties. These circulars may significantly limit our ability to use RMB converted from the cash provided by our offshore financing activities to fund the establishment of new entities in China by our PRC subsidiary, to invest in or acquire any other PRC companies through our PRC subsidiary, or to establish new variable interest entities in the PRC.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiary or future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from our initial public offering and our private placement and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

We are required under PRC laws and regulations to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We have not made adequate employee benefit payments. We may be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOC shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOC that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOC or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, replacing earlier rules promulgated in March 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year and who have been granted options or other awards are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary’ ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

Risks Related to Our Common Stock

Our Common Stock has limited public trading market

There is no established public trading market for our Common Stock and there can be no assurance that one will ever develop. Market liquidity will depend on the perception of our operating business and any steps that our management might take to bring us to the awareness of investors. There can be no assurance given that there will be any awareness generated. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business. As a result holders of our securities may not find purchasers for our securities should they to sell securities held by them. Consequently, our securities should be purchased only by investors having no need for liquidity in their investment and who can hold our securities for an indefinite period of time.

We are not likely to pay dividends in the foreseeable future.

We currently intend to retain any future earnings for use in the operation and expansion of our business. Accordingly, we do not expect to pay any dividends in the foreseeable future, but will review this policy as circumstances dictate.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results.

If we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common shares.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we are required to prepare assessments regarding internal controls over financial reporting. In connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover "material weaknesses" in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines "significant deficiency" as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected. We determined that our disclosure controls and procedures over financial reporting are not effective and were not effective as of December 31, 2012 and 2011.

The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that we will implement and maintain adequate controls over our financial process and reporting in the future or that the measures we will take will remediate any material weaknesses that we may identify in the future.

Our failure to timely file certain periodic reports with the SEC poses significant risks to our business, each of which could materially and adversely affect our financial condition and results of operations.

We failed to file our Annual Reports on Form 10-K for the fiscal year ended December 31, 2015 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2015, June 30, 2015 and September 30, 2015. Consequently, we were not compliant with the periodic reporting requirements under the Exchange Act. Our failure to timely file those and possibly future periodic reports with the SEC could subject us to enforcement action by the SEC and shareholder lawsuits. Any of these events could materially and adversely affect our financial condition and results of operations and our ability to register with the SEC public offerings of our securities for our benefit or the benefit of our security holders. Additionally, our failure to file our past periodic reports and future periodic reports has resulted in and could result in investors not receiving adequate information regarding the Company with which to make investment decisions.

Our Common Stock may be subject now and in the future to the SEC's "Penny Stock"

We may be subject now and in the future to the SEC's "penny stock" rules if our shares of Common Stock sell below \$5.00 per share. Penny stocks generally are equity securities with a price of less than \$5.00. The penny stock rules require broker-dealers to deliver a standardized risk disclosure document prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation.

In addition, the penny stock rules require that prior to a transaction; the broker dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. The penny stock rules are burdensome and may reduce purchases of any offerings and reduce the trading activity for shares of our Common Stock. As long as our shares of Common Stock are subject to the penny stock rules, the holders of such shares of Common Stock may find it more difficult to sell their securities.

We may incur significant costs to comply with U.S. corporate governance and accounting requirements

We may incur significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including but not limited to requirements under the Sarbanes-Oxley Act of 2002. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these newly applicable rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. In addition, we may not be able to absorb these costs of being a public company which will negatively affect our business operations

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations relates to the operations and financial condition reported in the audited condensed consolidated financial statements of the Company for the fiscal years ended December 31, 2015 and 2014, and should be read in conjunction with such financial statements and related notes included in this report, and those in the Original Annual Report. Those statements in the following discussion that are not historical in nature should be considered to be forward looking statements that are inherently uncertain. Actual results and the timing of the events may differ materially from those contained in these forward looking statements due to a number of factors, including those discussed in the "Cautionary Note on Forward Looking Statements" set forth elsewhere in this Amendment No. 1 to the Original Annual Report.

FORWARD-LOOKING STATEMENTS:

Certain statements made in this Amendment No. 1 on Form 10-K/A are “forward-looking statements” (within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements use words such as “believe,” “expect,” “should,” “strive,” “plan,” “intend,” “estimate,” “anticipate” or similar expressions. The forward-looking statements included herein are based on current beliefs, assumptions, and are subject to numerous risks and uncertainties. You should carefully read the risk factor disclosure contained in “Item 1A. Risk Factors” of this Amendment No.1 on Form 10-K/A, where we discuss many of the important factors currently known to management that could cause actual results to differ materially from those in our forward-looking statements. Our plans and objectives are based, in part, on assumptions of the continuing expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately, and many of which are beyond our control. Although we believe our assumptions underlying the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. These forward-looking statements are made as of the date of this report, and we assume no obligation to update these forward-looking statements whether as a result of new information, future events, or otherwise, other than as required by law. In light of these assumptions, risks, and uncertainties, the forward-looking events discussed in this report might not occur and actual results and events may vary significantly from those discussed in the forward-looking statements.

Overview

We have been primarily engaging in internet financing services since first quarter of 2015. Prior to that, we operated an online retail platform in China at www.ccmus.com through Arki (Beijing) E-Commerce Technology Corp., our wholly owned subsidiary, and an online retail platform at www.ccgusa.com in the United States. In addition to e-commerce services, we tried to develop a debit card business, through America Arki Fuxin Network Management Co. Ltd., our wholly owned subsidiary. Prior to April 2014, we also operated our meat distribution business through Beijing Beitun Trading Co., Ltd., our 51% owned subsidiary. Through Beijing Beitun Trading Co., Ltd., we purchased meats from suppliers and distributed them to restaurants and food producers in China. On April 1, 2014, the Company sold its entire 51% equity of Beijing Beitun Trading Co. Ltd. As a result of the sale of our equity in Beitun Trading, we no longer operate in the distribution of meat products. Because of the lack of sales generated on our two online retail platforms, we also ceased our E-commerce business in first quarter of 2015.

We currently operate our business through our variable interest entity, America Arki Network Service Beijing Co., Ltd, which holds 51% interest in America Arki (Tianjin) Capital Management Partnership, a wealth management firm, and Shanghai Zhong Hui Financial Information Service Corp., an online consumer finance platform that matches mass retail investors and companies that needs to raise capital through debt or equity financing.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with US GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOREIGN CURRENCY TRANSLATION

The Company’s reporting currency is the U.S. dollar. The Company’s functional currency is the local currency in the PRC, the Chinese Yuan (RMB). The financial statements of the Company are translated into United States dollars in accordance with ASC 830, FOREIGN CURRENCY MATTERS, using year-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues, costs, and expenses and historical rates for equity. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive income. As of December 31, 2015 and December 31, 2014, the cumulative translation adjustment of \$(44,436) and \$131,528, respectively, was classified as an item accumulated of other comprehensive income in the stockholders’ equity (deficit) section of the consolidated balance sheets. For the years ended December 31, 2015 and 2014, the foreign currency translation adjustment to accumulated other comprehensive income (deficit) was a loss of \$191,032 and a gain of \$68,198, respectively.

REVENUE RECOGNITION

We recognize revenue from product sales or services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectability is reasonably assured.

E-commerce Revenue Recognition

We evaluate whether it is appropriate to record the net amount of sales earned as commissions. We are not the primary obligor nor are we subject to inventory risk as the agreements with our suppliers specify that they have the responsibility to provide the product or service to the customer. Also, the amounts we earn from our vendors/suppliers is based on a fixed percentage and bound contractually. Additionally, the Company does not have any obligation to resolve disputes between the vendors and the customers that purchase the products on our website. Any disputes involving damaged, non-functional, product returns, and/or warranty defects are resolved between the customer and the vendor. The Company has no obligation for right of return and/or warranty for any of the sales completed using its website. Since we are not primarily obligated and amounts earned are determined using a fixed percentage, a fixed-payment schedule, or a combination of the two, we record our revenues as commissions earned on a net basis.

Our sales are net of promotional discounts and rebates and are recorded when the products are shipped and title passes to customers. Revenues are recorded net of sales and consumption taxes. We periodically provide incentive offers to our customers to encourage purchases. Such offers include current discount offers, such as percentage discounts off current purchases, inducement offers, such as daily sweepstakes reward opportunities that is based on volume of purchases, and other similar offers. Current discount offers and inducement offers are presented as a net amount in "Net revenues."

We record deferred revenue when cash is received in advance of the performance of services or delivery of goods. Deferred revenue is also recorded to account for the seven day grace period offered to customers for potential product disputes, if any. Deferred revenue was \$0 as of December 31, 2015 and 2014.

P2P platform Servicing fee income

Borrowers typically pay us a servicing fee on each payment received. The service fees compensate us for the costs we incur in servicing the related loan, including managing funding from investors, payments to investors and maintaining borrower' account portfolios. We record servicing fees paid by borrower as a component of operating revenue when received. Deferred revenue was \$3,720,050 as of December 31, 2015.

Interest income on loans

Interest on loan receivables is accrued monthly in accordance with their contractual terms and recorded in accrued interest receivable. The Company does not charge prepayment penalty from customers.

Distribution Revenue Recognition

We record product sales and shipping revenues, net of return allowances, when the products are shipped and title passes to customers. Return allowances, which reduce product revenue, are estimated using historical experience. Revenue from product sales and services rendered is recorded net of sales and consumption taxes.

DISCONTINUED OPERATIONS

On April 1, 2014, the Company sold its entire 51% equity interest of Beijing Beitun Trading Co. Ltd. ("Beitun") to Yifan Zhang for \$41,030 (RMB255,000). Yifan Zhang is the daughter of Ms. Wei Guo, the shareholder and managing director of Beitun. See "Note 21 - DISCONTINUED OPERATIONS" to the consolidated financial statements for additional information.

CASH AND CASH EQUIVALENTS

We consider all investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents primarily represent funds invested in bank checking accounts, money market funds and domestic Chinese bank certificates of deposit. At December 31, 2015 and 2014, the Company had no cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, advance to suppliers, prepaid expenses, other receivables, other assets, accounts payable, accrued liabilities, other payables, related party payables, convertible note, short term debt and derivative liabilities. These financial instruments are measured at their respective fair values. For fair value measurement, US GAAP establishes a three-tier hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 include other inputs that are directly or indirectly observable in the marketplace.

Level 3 unobservable inputs which are supported by little or no market activity.

Fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying value of cash and cash equivalents, accounts receivable, advance to suppliers, prepaid expenses, other receivables, other assets, account payable, accrued liabilities, other payables, convertible note and short term debt approximates their fair value due to their short-term maturities.

The Company's Level 3 valuation relates to derivative liabilities measured using management's estimates of fair value as well as other significant inputs, such as volatility and risk free interest rate, which may be unobservable. See Note 15.

The Company has determined the estimated fair value amounts presented in these financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Management believes it is not practical to estimate the fair value of related party payables because the transactions cannot be assumed to have been consummated at arm's length, the terms are not deemed to be market terms, there are no quoted values available for these instruments, and an independent valuation would not be practical due to the lack of data regarding similar instruments, if any, and the associated potential costs.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, "*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*". The amendments in the ASU change the criteria for reporting discontinued operations while enhancing disclosures in this area. It also addresses sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in U.S. GAAP. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The amendments in the ASU are effective in the first quarter of 2015 for public organizations with calendar year ends. Early adoption is permitted. The Company does not expect the adoption to have a significant impact on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The ASU also supersedes some cost guidance included in Subtopic 605-35, Revenue Recognition-Construction-Type and Production-Type Contracts. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanged for those goods or services. The standard is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently in the process of evaluating the impact of the adoption on its consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, “*Accounting for Share-based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved After the Requisite Service Period*”. The guideline requires performance targets, which affect vesting and can be achieved after the requisite service period, to be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If achievement of the performance target becomes probable before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The amendments are effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements. The Company does not expect these changes to have a material impact on the Company’s consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, “*Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*”. The amendment in the ASU provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. The amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2016. Earlier adoption is permitted. The Company does not expect the adoption to have a significant impact on its consolidated financial statements.

In November 2014, the FASB issued ASU 2014-16, “*Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity*”. The amendments clarify how current US GAAP should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the amendments clarify that an entity should consider all relevant terms and features, including the embedded derivative feature being evaluated for bifurcation, in evaluating the nature of the host contract. Furthermore, the amendments clarify that no single term or feature would necessarily determine the economic characteristics and risks of the host contract. Rather, the nature of the host contract depends upon the economic characteristics and risks of the entire hybrid financial instrument. The amendments in this ASU also clarify that, in evaluating the nature of a host contract, an entity should assess the substance of the relevant terms and features (i.e., the relative strength of the debt-like or equity-like terms and features given the facts and circumstances) when considering how to weight those terms and features. Specifically, the assessment of the substance of the relevant terms and features should incorporate a consideration of: (1) the characteristics of the terms and features themselves (for example, contingent versus noncontingent, in-the-money versus out-of-the-money); (2) the circumstances under which the hybrid financial instrument was issued or acquired (e.g., issuer-specific characteristics, such as whether the issuer is thinly capitalized or profitable and well-capitalized); and (3) the potential outcomes of the hybrid financial instrument (e.g., the instrument may be settled by the issuer issuing a fixed number of shares, the instrument may be settled by the issuer transferring a specified amount of cash, or the instrument may remain legal-form equity), as well as the likelihood of those potential outcomes. The amendments in this ASU apply to all entities that are issuers of, or investors in, hybrid financial instruments that are issued in the form of a share. The amendments in this ASU are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. Retrospective application is permitted to all relevant prior periods. The Company does not expect the adoption to have a significant impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, “*Consolidation (Topic 810): Amendments to the Consolidation Analysis*”. The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments: 1. Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities. 2. Eliminate the presumption that a general partner should consolidate a limited partnership. 3. Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. 4. Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The ASU will be effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company is currently in the process of evaluating the impact of the adoption on its consolidated financial statements.

Condensed Consolidated Quarterly Financial Statements

Consolidated Balance Sheets – Year ended December 31, 2015

**CONSUMER CAPITAL GROUP, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
ASSETS				
Cash	\$ 8,566	\$ 717,455	\$ 570,192	\$ 2,739,145
Accounts receivable	118,749	96,492	118,141	-
Advances to suppliers	43,771	98,684	122,286	38,302
Prepaid expenses	-	-	-	18,571
Interest receivables	-	-	-	843,953
Other receivables	369,067	551,573	617,865	395,152
Loan receivable, net	18,529,838	21,558,344	36,777,293	37,818,473
Deferred cost	10,813	10,836	10,758	813,548
Total current assets	<u>19,080,804</u>	<u>23,033,384</u>	<u>38,216,535</u>	<u>42,667,144</u>
Property and equipment, net	10,460	31,523	29,216	30,489
Goodwill	-	-	-	217,529
Deferred tax asset	-	-	-	307,057
Total non-current assets	<u>10,460</u>	<u>31,523</u>	<u>29,216</u>	<u>555,075</u>
Total assets	<u>\$ 19,091,264</u>	<u>\$ 23,064,907</u>	<u>\$ 38,245,751</u>	<u>\$ 43,222,219</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Accounts payable	\$ 85,464	\$ 184,235	\$ 182,892	\$ -
Advances from customer	3,197	3,204	3,181	-
Loan from individuals	16,493,484	20,047,084	32,316,319	36,944,600
Accrued interest payables	-	-	-	131,538
Accrued liabilities	-	-	-	202,825
Payroll payables	13,290	-	648	-
Taxes payables	-	10,495	19,833	1,056,225
Other payables	67,321	28,038	17,394	339
Payable to shareholder	-	-	-	85,067
Related party payables	1,358,843	1,254,345	2,063,067	1,688,003
Deferred revenue	3,374,758	3,698,571	4,820,613	3,720,050
Total liabilities	<u>\$ 21,396,357</u>	<u>\$ 25,225,972</u>	<u>\$ 39,423,947</u>	<u>\$ 43,828,647</u>
Stockholders' deficit				
Common stock, \$0.0001 par value, 100,000,000 shares authorized (1)	\$ 1,981	\$ 1,981	\$ 2,981	\$ 3,117
Discount on common stock issued to founders	(130,741)	(130,741)	(130,741)	(130,741)
Additional paid-in capital (2)	3,375,701	3,375,701	3,375,701	4,402,476
Accumulated other comprehensive income	(37,283)	123,286	404,053	(44,436)
Accumulated deficit	(5,273,533)	(5,360,907)	(5,167,472)	(5,169,728)
Total Consumer Capital Group, Inc. stockholders' deficit	<u>(2,063,875)</u>	<u>(1,990,680)</u>	<u>(1,515,478)</u>	<u>(939,312)</u>
Non-controlling interest in subsidiary	(241,218)	(170,385)	337,282	332,884
Total stockholders' deficit	<u>(2,305,093)</u>	<u>(2,161,065)</u>	<u>(1,178,196)</u>	<u>(606,428)</u>
Total liabilities and stockholders' deficit	<u>\$ 19,091,264</u>	<u>\$ 23,064,907</u>	<u>\$ 38,245,751</u>	<u>\$ 43,222,219</u>

(1) 19,808,440 as of March 31, 2015 and June 30, 2015; 29,808,440 as of September 30, 2015; 31,165,740 as of December 31, 2015

(2) The capital accounts of the Company have been retroactively restated to reflect the equivalent number of common shares based on the exchange ratio of the merger transaction in determining the basic and diluted weighted average shares.

Consolidated Quarterly Statements of Operations for the years ended December 31, 2015

CONSUMER CAPITAL GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For the three months ended March 31,		For the three months ended June 30,		For the six months ended June 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	\$ -	\$ 1,142,840	\$ 695,833	\$ -	\$ 695,833	\$ -	\$ 2,227,752	\$ -	\$ 2,923,585	\$ -
Cost of sales	-	1,127,921	-	-	-	-	-	-	-	-
Gross profit	-	14,919	695,833	-	695,833	-	2,227,752	-	2,923,585	-
Operating expenses:										
Selling expenses	-	16,425	386,216	4,269	386,216	10,105	1,456,156	9,266	1,842,372	19,371
General & administrative expenses	158,460	214,257	469,624	255,666	628,084	465,706	380,478	87,797	1,008,562	553,503
Loss from disposal of subsidiary	-	-	-	6,842	-	6,842	-	-	-	6,842
Total operating expenses	158,460	230,682	855,840	266,777	1,014,300	482,653	1,836,634	97,063	2,850,934	579,716
Operating loss	(158,460)	(215,763)	(160,007)	(266,777)	(318,467)	(482,653)	391,118	(97,063)	72,651	(579,716)
Other income (expenses)										
Other income	154	53	(154)	127	-	180	-	-	-	180
Other income - related party	-	-	-	(195)	-	(612)	-	(88)	-	(700)
Other expense	-	(437)	-	-	-	-	-	-	-	-
Change in fair value of derivative liabilities	-	(219,287)	-	48,471	-	(170,816)	-	(2,914,550)	-	(3,085,366)
Interest expense	-	(33,291)	(810)	(37,123)	(810)	(70,414)	(176)	(10,521)	(986)	(80,935)
Total other income (expenses)	154	(252,962)	(964)	11,280	(810)	(241,662)	(176)	(2,925,159)	(986)	(3,166,821)
Income (Loss) from continuing operations before taxes	(158,306)	(468,725)	(160,971)	(255,497)	(319,277)	(724,315)	390,942	(3,022,222)	71,665	(3,746,537)
Provision for income taxes	-	23	10,957	-	10,957	-	10,313	-	21,270	-
Net income (loss) from continuing operations	(158,306)	(468,748)	(171,928)	(255,497)	(330,234)	(724,315)	380,629	(3,022,222)	50,395	(3,746,537)
Discontinued operations										
Income from discontinued operations, net of income taxes	-	-	-	-	-	70	-	-	-	70
Loss on disposal of subsidiary	-	-	-	-	-	-	-	-	-	-
Loss from discontinued operations, net of income taxes	-	-	-	-	-	70	-	-	-	70
Net income (loss)	\$ (158,306)	\$ (468,748)	\$ (171,928)	\$ (255,497)	\$ (330,234)	\$ (724,245)	\$ 380,629	\$ (3,022,222)	\$ 50,395	\$ (3,746,467)
Less: Net income (loss) attributable to non-controlling interest	(77,855)	34	(84,554)	-	(162,409)	34	187,193	-	24,784	34
Net income (loss) attributable to Consumer Capital Group, Inc.	(80,451)	(468,782)	(87,374)	(255,497)	(167,825)	(724,279)	193,436	(3,022,222)	25,611	(3,746,501)
Amounts attributable to Consumer Capital Group Inc.:										
Continuing operations, net of income taxes	(80,451)	(468,782)	(87,374)	(255,497)	(167,825)	(724,349)	193,436	(3,022,222)	25,611	(3,746,571)
Discontinued operations, net of income taxes	-	-	-	-	-	70	-	-	-	70
Net income (loss) attributable to Consumer Capital Group, Inc.	\$ (80,451)	\$ (468,782)	\$ (87,374)	\$ (255,497)	\$ (167,825)	\$ (724,279)	\$ 193,436	\$ (3,022,222)	\$ 25,611	\$ (3,746,501)
Basic and diluted income (loss) per common shares										
Continuing operations	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ 0.01	\$ (0.16)	\$ 0.00	\$ (0.20)
Discontinued operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Weighted average number of common shares outstanding - basic and diluted	19,514,279	19,072,532	19,808,440	19,072,532	19,662,172	19,072,532	20,467,781	19,077,629	19,931,244	19,074,401
Comprehensive income (loss)										
Net income (loss)	\$ (158,306)	\$ (468,748)	\$ (171,928)	\$ (255,497)	\$ (330,234)	\$ (724,245)	\$ 380,629	\$ (3,022,222)	\$ 50,395	\$ (3,746,467)
Foreign currency translation adjustments	(332,174)	16,691	648,130	(7,894)	315,956	8,797	285,285	481	601,241	9,278
Comprehensive income (loss), net of tax	\$ (490,480)	\$ (452,057)	\$ 476,202	\$ (263,391)	\$ (14,278)	\$ (715,448)	\$ 665,914	\$ (3,021,741)	\$ 651,636	\$ (3,737,189)
Comprehensive income (loss) attributable to non-controlling interest	(241,218)	757	70,833	10,947	(170,385)	10,190	507,667	-	337,282	10,190
Comprehensive income (loss) attributable to Consumer Capital Group, Inc.	\$ (249,262)	\$ (452,814)	\$ 405,369	\$ (274,338)	\$ 156,107	\$ (725,638)	\$ 158,247	\$ (3,021,741)	\$ 314,354	\$ (3,747,379)

Consolidated Quarterly Statements of Cash Flows for the years ended December 31, 2015

CONSUMER CAPITAL GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31,		For the six months ended June 30,		For the nine months ended September 30,	
	2015	2014	2015	2014	2015	2014
Operating Activities						
Net income (loss)	\$ (80,451)	\$ (468,748)	\$ (167,825)	\$ (724,245)	\$ 25,611	\$ (3,746,467)
Adjustments to reconcile net income (loss) to cash flows from operating activities:						
Depreciation expense	72,001	3,732	50,940	6,857	53,246	10,025
Amortization of debt discount	-	27,961	-	64,047	-	73,491
Change in fair value of derivative liabilities	-	219,287	-	170,815	-	3,085,366
Loss on disposal of subsidiary	-	-	-	6,841	-	6,841
Minority interests in operations of consolidated subsidiaries	(241,218)	-	(170,385)	-	337,282	-
Change in operating assets and liabilities:						
Accounts receivable	(118,749)	10,945	(96,492)	10,829	(118,141)	10,829
Advances to suppliers	(43,771)	370,701	(98,684)	366,747	(122,286)	366,747
Inventories	-	(139,482)	-	(137,994)	-	(137,994)
Prepaid expenses	1,200	11,313	1,200	67,255	1,200	60,167
Deferred Cost	(10,813)	-	(10,836)	-	(10,758)	-
Other receivables	(364,156)	(239)	(546,662)	(237)	(612,954)	(237)
Other assets	-	(2,054)	-	(4,430)	-	(1,528)
Accounts payable	85,464	(18,018)	184,235	(17,785)	182,892	(17,785)
Accrued expenses	(144,821)	5,713	(144,821)	68,597	(144,821)	37,011
Advances from customers	3,197	-	3,204	-	3,181	-
Deferred revenue	3,374,758	-	3,698,571	-	4,820,613	-
Taxes payable	-	(9,367)	10,495	(9,428)	19,833	(9,488)
Payable to shareholder	(85,127)	1,020	(85,127)	2,416	(85,127)	4,467
Derivative liabilities	(213,498)	-	(213,498)	-	(213,498)	-
Other payables	(22,577)	4,924	(75,151)	4,873	(85,146)	91,627
Cash flows provided by(used in) operating activities	2,211,439	17,688	2,339,164	(124,842)	4,051,127	(166,928)
Investing Activities						
Loan to receivable	(18,529,838)	-	(21,558,344)	-	(36,777,292)	-
Equipment Purchased	(1,704)	-	(22,765)	-	(20,459)	-
Cash increased on investment of subsidiary	-	-	-	(2,506)	-	(2,506)
Cash flows used in investing activities	(18,531,542)	-	(21,581,109)	(2,506)	(36,797,751)	(2,506)
Financing Activities						
Proceeds from third party debt	-	16,387	-	(64,848)	-	154,048
Proceeds from related party debt	35,267	1,052,181	(69,231)	1,139,566	739,491	1,162,415
Principal payments on related party debt	-	-	-	(1,162,395)	-	-
Payments to third party debt	-	-	-	129,695	-	(64,852)
Principal payments on related party debt	-	(1,174,928)	-	-	-	(1,162,395)
Proceeds from issuance of shares	-	-	-	-	801,912	-
Accrued interest payable	16,493,484	-	20,047,084	-	32,316,320	-
Cash flows provided by(used in) financing activities	16,528,751	(106,360)	19,977,853	42,018	33,857,723	89,216
Effect of exchange rate on cash and cash equivalents	(240,811)	(1,752)	(59,182)	(2,599)	(581,636)	(9,961)
Change in cash and cash equivalents during the period	(32,163)	(90,424)	676,726	(85,330)	529,463	(90,179)
Cash at beginning of the period	40,729	101,685	40,729	101,686	40,729	101,686
Cash at end of the period	\$ 8,566	\$ 11,261	\$ 717,455	\$ 13,757	\$ 570,192	\$ 11,507
Supplemental disclosure of non-cash financing activity:						
Debt discount from derivative liabilities	\$ -	\$ 30,991	\$ -	\$ 74,491	\$ -	\$ 73,491
Conversion of convertible notes	\$ 63,709	\$ 15,000	\$ 63,709	\$ 15,000	\$ 63,709	\$ 27,000
Settlement of derivative liabilities into additional paid-in capital	\$ -	\$ 5,922	\$ -	\$ 5,922	\$ -	\$ 33,816
Supplemental disclosure of cash flow information						
Income taxes paid	\$ -	\$ 23	\$ 10,957	\$ 23	\$ 21,270	\$ 23
Interest paid	\$ 317,006	\$ -	\$ 866,731	\$ -	\$ 1,787,963	\$ -

Consolidated Statement of Changes in Stockholders' Deficit

CONSUMER CAPITAL GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock		Discounted on Common Stock	Additional Paid-In Capital	Accumulated Earnings/ (Deficit)	Accumulated Other Comprehensive Income	Shareholders' deficit	Non- controlling Interest	Total
	Shares	Amount							
Balance at December 31, 2014	19,394,079	\$ 1,940	\$ (130,741)	\$3,311,992	\$ (5,193,082)	\$ 131,528	\$ (1,878,363)	\$ -	\$(1,878,363)
Conversion of Convertible Notes	414,361	41	-	63,709	-	-	63,750	-	63,750
Net Loss	-	-	-	-	(80,451)	-	(80,451)	(77,855)	(158,306)
Foreign Currency Translation Adjustment	-	-	-	-	-	(168,811)	(168,811)	(163,363)	(332,174)
Balance at March 31, 2015 (Unaudited)	19,808,440	\$ 1,981	\$ (130,741)	\$3,375,701	\$ (5,273,533)	\$ (37,283)	\$ (2,063,875)	\$ (241,218)	\$(2,305,093)
Net Loss	-	-	-	-	(87,374)	-	(87,374)	(84,554)	(171,928)
Foreign Currency Translation Adjustment	-	-	-	-	-	160,569	160,569	155,387	315,956
Balance at June 30, 2015 (Unaudited)	19,808,440	\$ 1,981	\$ (130,741)	\$3,375,701	\$ (5,360,907)	\$ 123,286	\$ (1,990,680)	\$ (170,385)	\$(2,161,065)
New Issues	10,000,000	1,000	-	-	-	-	1,000	-	1,000
Net Income	-	-	-	-	193,435	-	193,435	187,193	380,628
Foreign Currency Translation Adjustment	-	-	-	-	-	280,767	280,767	320,474	601,241
Balance at September 30, 2015 (Unaudited)	29,808,440	\$ 2,981	\$ (130,741)	\$3,375,701	\$ (5,167,472)	\$ 404,053	\$ (1,515,478)	\$ 337,282	\$(1,178,196)
New Issues	1,357,300	136	-	1,026,775	-	-	1,026,911	-	1,026,911
Net Loss	-	-	-	-	(2,256)	-	(2,256)	533,676	531,420
Foreign Currency Translation Adjustment	-	-	-	-	-	(448,489)	(448,489)	(327,564)	(776,053)
Capital injection to Zhonghui from minority shareholders	-	-	-	-	-	-	-	(210,510)	(210,510)
Balance at December 31, 2015 (Audited)	31,165,740	\$ 3,117	\$ (130,741)	\$4,402,476	\$ (5,169,728)	\$ (44,436)	\$ (939,312)	\$ 332,884	\$(606,428)

Results of Operations

The following table sets forth the results of our operations for the periods indicated in U.S. dollars:

	For The Years Ended December 31,	
	2015	2014
Revenues	\$ 5,025,558	\$ 38,962
Operating expenses:		
Selling expenses	2,565,109	9,484
General and administrative expenses	2,639,126	973,438
Business taxes	300,846	-
Total operating expenses	<u>5,505,081</u>	<u>982,922</u>
Operating loss	<u>(479,523)</u>	<u>(943,960)</u>
Provision for loan losses	915,982	-
Other income (expenses)		
Other income	-	374,057
Interest income	5,324,704	-
Change in fair value of derivative liabilities	213,498	(359,056)
Loss on debt default	-	(31,250)
Other expense	(99,896)	-
Interest expense	(3,026,796)	(115,550)
Total other income (expenses)	<u>2,411,510</u>	<u>(131,799)</u>
Income (Loss) from continuing operations before taxes	1,016,105	(1,075,759)
Provision for income taxes	434,291	-
Net income (loss) from continuing operations	581,814	(1,075,759)
Discontinued operations		
Income from discontinued operations, net of income taxes	-	70
Loss on disposal of subsidiary	-	(47,871)
Loss from discontinued operations, net of income taxes	<u>-</u>	<u>(47,801)</u>
Net income (loss)	581,814	(1,123,560)
Less: Net income attributable to Non-controlling interest	558,460	34
Net income (loss) attributable to Consumer Capital Group, Inc.	\$ 23,354	\$ (1,123,594)
Amounts attributable to Consumer Capital Group, Inc.		
Continuing operations, net of income taxes	23,354	(1,075,793)
Discontinued operations, net of income taxes	<u>-</u>	<u>(47,801)</u>
Net income (loss) attributable to Consumer Capital Group, Inc.	<u>\$ 23,354</u>	<u>\$ (1,123,594)</u>
Basic and diluted earnings (loss) per common shares		
Continuing operations	\$ 0.00	\$ (0.06)
Discontinued operations	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding - basic and diluted (1)	22,420,839	19,120,493
Comprehensive income (loss)		
Net income (loss)	\$ 581,814	\$ (1,123,560)
Foreign currency translation adjustment	(191,032)	68,198
Comprehensive income (loss), net of tax	\$ 390,782	\$ (1,055,362)
Comprehensive income (loss) attributable to non-controlling interest	<u>-</u>	<u>(757)</u>
Comprehensive income (loss) attributable to Consumer Capital Group, Inc.	<u>\$ 390,782</u>	<u>(1,054,605)</u>

Fiscal Years Ended December 31, 2015 and 2014

Sale.

During the year ended December 31, 2015, we had sales of 5,025,558, compared to sales of \$38,962 for the year ended December 31, 2014, an increase of \$4,986,596. The significant sales increase was mainly attributable to the change of our business as we shifted our core business from e-commerce to internet financing with the Arki Tianjin and the acquisition of Zhong Hui.

Operating expenses.

Operating expenses totaled \$5,505,081 for the year ended December 31, 2015, compared to \$982,922 for the year ended December 31, 2014, an increase of \$4,522,159. The increase is mainly attributed to the increase in selling expenses and general & administrative expenses.

Selling, general and administrative expenses.

Selling expenses increased from \$9,484 for the year ended December 31, 2014 to \$2,565,109 for the year ended December 31, 2015, an increase of \$2,555,625. The increase is mainly attributed to the increase in expenses relating to the sales of our services and products.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$2,639,126 for the year ended December 31, 2015, compared to \$973,438 for the year ended December 31, 2014, an increase of \$1,665,688. The increase is mainly attributed to the increase in compensation expenses, legal expense, and other professional fees.

Business Tax.

Business tax increased from \$0 for the year ended December 31, 2014 to \$300,846 for the year ended December 2015, an increase of \$300,846.

Loss from operations.

As a result of the factors described above, operating loss was \$479,423 for the year ended December 31, 2015, compared to operating loss of \$943,960 for the year ended December 31, 2014, a decrease of operating loss approximately \$464,437.

Other income and expenses.

We did not generate any other income for the year ended December 31, 2015, compared to \$374,057 for the year ended December 31, 2014. Our interest income was \$5,324,705 for the year ended December 31, 2015, compared to \$0 for the year ended December 31, 2014. We incurred 3,026,796 in interest expense for the year ended December 31, 2015, compared to \$115,550 for the year ended December 31, 2014. Expenses from changes in the fair value of our derivative as a result of adopting ASC 82010 was an income of \$213,498 for the year ended December 31, 2015, compared to a loss of \$359,056 for the year ended December 31, 2014. We incurred \$0 in loss on debt default for the year ended December 31, 2015, compared to \$31,250 for the year ended 2014. The total other income was \$2,411,510 for the year ended December 31, 2015, compared to a total other expense of \$131,799 for the year ended December 31, 2014.

Income tax.

We received a tax credit of \$434,291 for the year ended December 31, 2015, compared to \$0 for the year ended December 31, 2014.

Net loss from continuing operations.

As a result of the factors described above, our net income from continuing operations for the year ended December 31, 2015 was \$581,814, compared to net loss of \$1,075,759 for the year ended December 31, 2014, an increase in loss of \$1,657,573.

Net loss from discontinued operations.

Net loss from Beitun (our discontinued business) for the years ended December 31, 2015 and 2014 were \$0 and \$47,801, respectively and were included in net loss from discontinued operations.

Net loss.

Our net income for the year ended December 31, 2015 was \$581,814, compared to net loss of \$1,123,560 for the year ended December 31, 2014, an increase of net income of \$1,705,374. The increase is mainly due to the shift of our core business in 2015.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation loss for the year ended December 31, 2015 was \$191,032, compared to translation gain of \$68,198 for the year ended December 31, 2014, a decrease of \$259,230.

Net income (loss) available to common stockholders.

Net loss available to our common stockholders was \$23,354, or of \$0.00 per share (basic and diluted), for the year ended December 31, 2015, compared to net loss of \$1,123,594, or loss of \$0.06 per share (basic and diluted), for the year ended December 31, 2014.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

During the three months ended March 31, 2015, we did not generate any revenue, compared to revenue of \$1,142,840 for the three months ended March 31, 2014, a decrease of \$1,142,840. The significant revenue decrease was due to the significant decrease of our sales in products and services.

Operating expenses totaled \$158,460 for the three months ended March 31, 2015, compared to \$230,682 for the three months ended March 31, 2014, a decrease of \$72,222. The decrease is mainly attributed to the decrease in selling expenses and general & administrative expenses.

Selling, general and administrative expenses.

Selling expenses decreased from \$16,425 for the three months ended March 31, 2014 to \$0 for the three months ended March 31, 2015, a decrease of \$16,425. The increase is mainly attributed to the decrease of marketing expenses relating to the sales of our products.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$158,460 for the three months ended March 31, 2015, compared to \$214,257 for the three months ended March 31, 2014, a decrease of \$55,797. The decrease is mainly attributed to the decrease in compensation expenses, legal expense, and other professional fees.

Loss from operations.

As a result of the factors described above, operating loss was \$158,460 for the three months ended March 31, 2015, compared to operating loss of \$215,763 for the three months ended March 31, 2014, a decrease of approximately \$57,303.

Other income and expenses.

We generated \$154 in other income for the three months ended March 31, 2015, compared to \$53 for the three months ended March 31, 2014. We incurred \$0 in other expense for the three months ended March 31, 2015, compared to \$437 incurred for the three months ended March 31, 2014. We incurred \$0 in interest expense for the three months ended March 31, 2015, compared to an interest expense of \$33,291 for the three months ended March 31, 2014. We incurred \$0 in expense from the change in fair value of derivative liabilities for the three months ended March 31, 2015, compared to \$219,287 for the three months ended March 31, 2014. As a result, we generated a total other income of \$154 for the three months ended March 31, 2015, compared to a total expense of \$252,962 for the three months ended March 31, 2014. The significant increase is primarily due to the decrease of expense relating to the change in fair value of derivative liabilities and interest expense.

Net loss.

Our net loss for the three months ended March 31, 2015 was \$158,306, compared to net loss of \$468,748 for the three months ended March 31, 2014, a decrease of net loss of \$310,442. The decrease of net loss is mainly due to the decrease of operating expenses.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation loss for the three months ended March 31, 2015 was \$332,174, compared to translation gain of \$16,691 for the three months ended March 31, 2014, a decrease of \$348,865.

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

During the three months ended June 30, 2015, we generated revenue of \$695,833, compared to revenue of \$0 for the three months ended June 30, 2014, an increase of \$695,833. The significant revenue increase was due to the launch of new business in online financial services.

Operating expenses totaled \$855,840 for the three months ended June 30, 2015, compared to \$266,777 for the three months ended June 30, 2014, an increase of \$589,063. The increase is mainly attributed to the increase in selling expenses and general & administrative expenses, offset by the decrease of loss from disposal of subsidiary.

Selling, general and administrative expenses.

Selling expenses increased from \$4,269 for the three months ended June 30, 2014 to \$386,216 for the three months ended June 30, 2015, an increase of \$381,947. The increase is mainly attributed to the increase of marketing expenses relating to the sales of our products and services.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$469,624 for the three months ended June 30, 2015, compared to \$255,666 for the three months ended June 30, 2014, an increase of \$213,958. The increase is mainly attributed to the increase in compensation expenses, legal expense, and other professional fees.

Loss from operations.

As a result of the factors described above, operating loss was \$160,007 for the three months ended June 30, 2015, compared to operating loss of \$266,777 for the three months ended June 30, 2014, an increase of approximately \$106,770.

Other income and expenses.

We did not generate any other income for the three months ended June 30, 2015, compared to an income of \$127 and an expense of \$195 to related party for the three months ended June 30, 2014. We incurred \$154 in other expense for the three months ended June 30, 2015, compared to \$68 incurred for the three months ended June 30, 2014. We incurred \$810 in interest expense for the three months ended June 30, 2015, compared to an interest expense of \$37,123 for the three months ended June 30, 2014. We incurred \$0 in expense from the change in fair value of derivative liabilities for the three months ended June 30, 2015, compared to an income of \$48,471 for the three months ended June 30, 2014. As a result, we incurred a total other expense of \$964 for the three months ended June 30, 2015, compared to a total income of \$11,280 for the three months ended June 30, 2014. The significant decrease is primarily due to the decrease of change in fair value of derivative liabilities.

Net loss.

Our net loss for the three months ended June 30, 2015 was \$171,928, compared to net loss of \$255,497 for the three months ended June 30, 2014, a decrease of net loss of \$83,569. The decrease of net loss is mainly due to the decrease of operating expenses.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation gains for the three months ended June 30, 2015 was \$648,130, compared to translation loss of \$7,894 for the three months ended June 30, 2014, an increase of \$656,024.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

During the six months ended June 30, 2015, we generated revenue of \$695,833, compared to revenue of \$0 for the three months ended June 30, 2014, an increase of \$695,833. The significant revenue increase was due to the launch of new business in online financial services.

Operating expenses totaled \$1,014,300 for the six months ended June 30, 2015, compared to \$482,653 for the six months ended June 30, 2014, an increase of \$531,647. The increase is mainly attributed to the increase in selling expenses and general & administrative expenses, offset by the decrease of loss from disposal of subsidiary.

Selling, general and administrative expenses.

Selling expenses increased from \$10,105 for the six months ended June 30, 2014 to \$386,216 for the three months ended June 30, 2015, an increase of \$376,111. The increase is mainly attributed to the increase of marketing expenses relating to the sales of our products and services.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$628,084 for the six months ended June 30, 2015, compared to \$465,706 for the six months ended June 30, 2014, an increase of \$162,378. The increase is mainly attributed to the increase in compensation expenses, legal expense, and other professional fees.

Loss from operations.

As a result of the factors described above, operating loss was \$318,467 for the six months ended June 30, 2015, compared to operating loss of \$482,653 for the six months ended June 30, 2014, a decrease of approximately \$164,186.

Other income and expenses.

We did not generate any other income for the six months ended June 30, 2015, compared to an income of \$180 and an expense of \$612 to related party for the six months ended June 30, 2014. We incurred \$0 in other expense for the six months ended June 30, 2015, compared to \$0 incurred for the six months ended June 30, 2014. We incurred \$810 in interest expense for the six months ended June 30, 2015, compared to an interest expense of \$70,414 for the six months ended June 30, 2014. We incurred \$0 in expense from the change in fair value of derivative liabilities for the six months ended June 30, 2015, compared to \$170,816 for the six months ended June 30, 2014. As a result, we incurred a total other expense of \$810 for the six months ended June 30, 2015, compared to a total expense of \$241,662 for the six months ended June 30, 2014. The significant decrease is primarily due to the decrease of change in fair value of derivative liabilities.

Net loss.

Our net loss for the six months ended June 30, 2015 was \$330,234, compared to net loss of \$724,245 for the six months ended June 30, 2014, a decrease of net loss of \$394,011. The decrease of net loss is mainly due to the increase of revenue and increase of operating expenses, offset by the decrease of total other expenses.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation gains for the six months ended June 30, 2015 was \$315,956, compared to translation gain of \$8,797 for the six months ended June 30, 2014, an increase of \$307,159.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

During the three months ended September 30, 2015, we generated revenue of \$2,227,752, compared to revenue of \$0 for the three months ended September 30, 2014, an increase of \$2,227,752. The significant revenue increase was due to the launch of new business in online financial services.

Operating expenses totaled \$1,836,634 for the three months ended September 30, 2015, compared to \$97,063 for the three months ended June 30, 2014, an increase of \$1,739,571. The increase is mainly attributed to the increase in selling expenses and general & administrative expenses.

Selling, general and administrative expenses.

Selling expenses increased from \$9,266 for the three months ended September 30, 2014 to \$1,456,156 for the three months ended September 30, 2015, an increase of \$1,446,890. The increase is mainly attributed to the increase in expenses relating to the sales of our products and services.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$380,478 for the three months ended September 30, 2015, compared to \$87,797 for the three months ended September 30, 2014, an increase of \$292,681. The increase is mainly attributed to the increase in compensation expenses, legal expense, and other professional fees.

Loss from operations.

As a result of the factors described above, operating gain was \$391,118 for the three months ended September 30, 2015, compared to operating loss of \$97,063 for the three months ended September 30, 2014, an increase of approximately \$488,181.

Other income and expenses.

We did not generate any other income for the three months ended September 30, 2015, compared to an income of \$0 and an expense of \$88 to related party for the three months ended September 30, 2014. We incurred \$0 in other expense for the three months ended September 30, 2015, compared to \$0 incurred for the three months ended September 30, 2014. We incurred \$176 in interest expense for the three months ended September 30, 2015, compared to an interest expense of \$10,521 for the three months ended September 30, 2014. We incurred \$0 in expense from the change in fair value of derivative liabilities for the three months ended September 30, 2015, compared to \$2,914,550 for the three months ended September 30, 2014. As a result, we incurred a total other expense of \$176 for the three months ended September 30, 2015, compared to a total expense of \$2,925,159 for the three months ended September 30, 2014. The significant decrease is primarily due to the decrease of change in fair value of derivative liabilities.

Net loss.

Our net income for the three months ended September 30, 2015 was \$380,628, compared to net loss of \$3,022,222 for the three months ended September 30, 2014, an increase of net gain of \$3,402,850. The increase of net gain is mainly due to the increase of revenue from our new business.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation gains for the three months ended September 30, 2015 was \$285,286, compared to translation gain of \$481 for the three months ended September 30, 2014, an increase of \$284,805.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

During the nine months ended September 30, 2015, we generated revenue of \$2,923,585, compared to revenue of \$0 for the nine months ended September 30, 2014, an increase of \$2,923,585. The significant revenue increase was due to the launch of new business in online financial services.

Operating expenses totaled \$2,850,931 for the nine months ended September 30, 2015, compared to \$579,716 for the nine months ended September 30, 2014, an increase of \$2,271,215. The increase is mainly attributed to the increase in selling expenses and general & administrative expenses.

Selling, general and administrative expenses.

Selling expenses increased from \$19,371 for the nine months ended September 30, 2014 to \$1,842,372 for the nine months ended September 30, 2015, an increase of \$1,823,001. The increase is mainly attributed to the increase of marketing expenses relating to the sales of our products and services.

Our general and administrative expenses consist of salaries, office expenses, utilities, business travel, amortization expenses, public company expenses (including legal expenses, accounting expenses and investor relations expenses). General and administrative expenses were \$1,008,562 for the nine months ended September 30, 2015, compared to \$553,503 for the nine months ended September 30, 2014, an increase of \$455,059. The increase is mainly attributed to the increase in compensation expenses, legal expense, and other professional fees.

Loss from operations.

As a result of the factors described above, operating gain was \$72,650 for the nine months ended September 30, 2015, compared to operating loss of \$579,716 for the nine months ended September 30, 2014, an increase of approximately \$652,366.

Other income and expenses.

We did not generate any other income for the nine months ended September 30, 2015, compared to an income of \$0 and an expense of \$88 to related party for the nine months ended September 30, 2014. We incurred \$0 in other expense for the nine months ended September 30, 2015, compared to \$0 incurred for the nine months ended September 30, 2014. We incurred \$986 in interest expense for the nine months ended September 30, 2015, compared to an interest expense of \$80,935 for the nine months ended September 30, 2014. We incurred \$0 in expense from the change in fair value of derivative liabilities for the nine months ended September 30, 2015, compared to \$3,085,366 for the nine months ended September 30, 2014. As a result, we incurred a total other expense of \$986 for the nine months ended September 30, 2015, compared to a total expense of \$80,935 for the nine months ended September 30, 2014. The significant decrease is primarily due to the decrease of change in fair value of derivative liabilities.

Net loss.

Our net income for the nine months ended September 30, 2015 was \$50,394, compared to net loss of \$3,746,467 for the nine months ended September 30, 2014, an increase of net gain of \$3,796,861. The increase of net gain is mainly due to the increase of revenue from our new business.

Foreign currency translation.

Our consolidated financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. Results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the financial statements denominated in RMB into U.S. dollars are included in determining comprehensive income. Our foreign currency translation gains for the nine months ended September 30, 2015 was \$604,241, compared to translation gain of \$9,278 for the nine months ended September 30, 2014, an increase of \$594,963.

Liquidity and Capital Resources

All of our business operations are carried out by our PRC Subsidiaries, and all of the cash generated by our operations has been held by that entity. In order to transfer such cash to our parent entity, Consumer Capital Group, Inc., which is a Delaware corporation, we would need to rely on dividends, loans or advances made by our PRC subsidiaries. Such transfers may be subject to certain regulations or risks. To date, our parent entity has paid its expenses by raising capital through private placement transactions. In the future, in the event that our parent entity is unable to raise needed funds from private investors, our PRC Subsidiaries would have to transfer funds to our parent entity.

PRC regulations relating to statutory reserves and currency conversion would impact our ability to transfer cash within our corporate structure. The Company Law of the PRC applicable to Chinese companies provides that net after tax income should be allocated by the following rules:

1. 10% of after tax income to be allocated to a statutory surplus reserve until the reserve amounts to 50% of the company's registered capital.
2. If the accumulate balance of statutory surplus reserve is not enough to make up the Company's cumulative prior years' losses, the current year's after tax income should be first used to make up the losses before the statutory surplus reverse is drawn.
3. Allocation can be made to the discretionary surplus reserve, if such a reserve is approved at the meeting of the equity owners.

Therefore, the Company is required to maintain a statutory reserve in China that limits any equity distributions to its shareholders. The maximum amount of the shareholders has not been reached. The company has never distributed earnings to shareholders and has consistently stated in the Company's filings it has no intentions to do so.

The RMB cannot be freely exchanged into Dollars. The State Administration of Foreign Exchange ("SAFE") administers foreign exchange dealings and requires that they be conducted through designated financial institutions.

These factors will limit the amount of funds that we can transfer from our PRC Subsidiaries to our parent entity and may delay any such transfer. In addition, upon repatriation of earnings of PRC Subsidiaries to the United States, those earnings may become subject to United States federal and state income taxes. We have not accrued any U.S. federal or state tax liability on the undistributed earnings of our foreign subsidiary because those funds are intended to be indefinitely reinvested in our international operations. Accordingly, taxes imposed upon repatriation of those earnings to the U.S. would reduce the net worth of the Company.

As of December 31, 2015, cash and cash equivalents were \$2,739,145, compared to \$40,729 at December 31, 2014, an increase of \$2,698,416.

Fiscal Year ended December 31, 2015 Compared to Fiscal Year ended December 31, 2014

The following table sets forth information about our net cash flow for the years indicated:

Cash Flows Data:

	For Year ended December 31	
	2015	2014
Net cash flows provided by operating activities	\$ 2,629,493	\$ (546,261)
Net cash flows provided by (used in) investing activities	\$ (33,909,030)	\$ (632,451)
Net cash flows provided by financing activities	\$ 34,080,173	\$ 1,095,716

Net cash flow provided by operating activities was \$2,629,493 for the year ended December 31, 2015, compared to \$546,261 used by operating activities for the year ended December 31, 2014, an increase of \$2,083,232. The increase in net cash flow provided by operating activities was mainly due to the shift of our core business and the sales generated from our new business.

Net cash flow used in investing activities was \$33,909,030 for the year ended December 31, 2015, compared to \$632,451 for the year ended December 31, 2014, an increase of \$33,276,579. The increase is mainly due to less cash used in discontinued operations during the year ended December 31, 2015 compared to that of the same period last year.

Net cash flow provided by financing activities was \$34,080,173 for the year ended December 31, 2015, compared to \$1,095,716 for the year ended December 31, 2014, an increase of \$32,984,457. The increase in net cash flow provided by financing activities was mainly due to more cash provided by financings during the year ended December 31, 2015 compared to that of the same period last year.

Concentration of Business and Credit Risk

Assets that potentially subject the Company to significant concentration of credit risk primarily consist of cash and cash equivalents, and accounts receivable. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2015 and 2014, substantially all of the Company's cash and cash equivalents were deposited in financial institutions located in the PRC, which management believes are of high credit quality. Management believes the credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, or state-owned banks in China. Cash includes cash on hand and demand deposits in accounts maintained with state-owned banks within the PRC and the United States of America. Balances at financial institutions or state owned banks within the PRC are not covered by insurance. Non-performance by these institutions could expose the Company to losses for amounts in excess of insured balances. As of December 31, 2015 and 2014, our bank balances with the banks in U.S. exceeded the insured amount by \$119,569 and \$7,937, respectively. As of December 31, 2015 and 2014, our bank balances with the Banks in the PRC amounted to \$641,229 and \$32,792, respectively, which are uninsured and subject to credit risk. We have not experienced nonperformance by these institutions.

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents, loan receivable from borrowers and the related accrued interest receivable. As of December 31, 2015, the Company has one significant borrower, which accounted for 92% of total loan receivable balance. The aforementioned borrower paid service fee and interest regularly according to the contract during the reporting period, and the Company believed that the default risk from this borrower is low in the foreseeable future.

Lease commitments

On December 21, 2014, the Company entered into a one-year sublease agreement (the "Lease") with Days Service Group, LLC, a New York limited liability company ("Days Service") for its new principal executive office located at 136-82 39th Ave, 4th Floor, Unit B, Flushing, NY 11354. Days Service previously entered into a 15-year lease agreement with Ming Seng & Associates, LLC and was the current tenant of 136-82 39th Ave, 4th Floor, Flushing, NY 11354, starting on November 1, 2014. Pursuant to the terms of the Lease, the Company agreed to pay a monthly rent of \$1,200. The Lease started on January 1, 2015 and was renewed on January 1, 2016. The current lease will expire on December 31, 2016.

On December 20, 2014, the Company entered into a lease agreement with certain individual for new office facilities of its wholly-owned subsidiaries, Arki (Beijing) E-commerce Technology Corp. and America Arki Network Service Beijing Co. Ltd. The offices are located at Suite 1101 and Suite 1105, Building #4, Guanghai Road #2, Chaoyang District, Beijing, China. The lease agreement was renewed on December 27, 2015. The Company agreed to pay a monthly rent of approximately \$13,000. The lease will expire on December 26, 2016.

Off-Balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholders' equity or that are not reflected in our financial statements. Furthermore, we do not have any retained or contingent interests in assets transferred to an unconsolidated entity that serves as credit, liquidity, or market risk support to such entity. We do not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk, or credit support to us or engages in leasing, hedging, or research and development services with us.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report:

(1) Financial Statements:

The audited balance sheet of the Company as of December 31, 2015 and December 31, 2014, the related condensed statements of operations, changes in stockholders' deficiency and cash flows for the years then ended, the footnotes thereto, and the report of Dominic KF Chan & Co., independent auditors, are filed herewith.

(2) Financial Schedules:

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes hereto.

(3) Exhibits:

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) The following are exhibits to this Report and, if incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included.

Certain of the agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements that have been made solely for the benefit of the parties to the agreement. These representations and warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- may apply standards of materiality that differ from those of a reasonable investor; and
- were made only as of specified dates contained in the agreements and are subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

Exhibit Number	Description
31.1	Certification of Principal Executive Officer and Principal Accounting Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+ In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 19, 2016

CONSUMER CAPITAL GROUP INC.

By: /s/ Jianmin Gao

Jianmin Gao
Chief Executive Officer
Chief Financial Officer
(Principal Executive Officer and Principal
Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	<u>Title</u>	<u>Date</u>
<u>/s/ Jianmin Gao</u> Jianmin Gao	Chairman of the Board, Chief Executive Officer, and Chief Financial Officer (Principal Executive Officer and Principal Accounting Officer)	July 19, 2016
<u>/s/ Fei Gao</u> Fei Gao	Chief Operating Officer & Director	July 19, 2016
<u>/s/ Dong Yao</u> Dong Yao	Chief Technology Officer & Director	July 19, 2016

Exhibit 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Amendment No. 1 to Comprehensive Annual Report of Consumer Capital Group, Inc. on Form 10-K for the fiscal years ended December 31, 2014 and December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jianmin Gao, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 19, 2016

By: /s/ Jianmin Gao

Jianmin Gao
Chief Financial Officer
(Principal Executive Officer and
Principal Accounting Officer)

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Amendment No. 1 to Comprehensive Annual Report of Consumer Capital Group, Inc. on Form 10-K for the fiscal years ended December 31, 2014 and December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jianmin Gao, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 19, 2016

By: /s/ Jianmin Gao

Jianmin Gao
Chief Financial Officer
(Principal Accounting Officer)