CHONG SING HOLDINGS FINTECH GROUP LIMITED
中新控股科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8207)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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*This announcement, for which the directors of Chong Sing Holdings FinTech Group Limited (the "**Company**" and the "**Directors**", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2018	2017	**Changes**
	RMB'000	*RMB'000*	
OPERATING RESULTS			
Turnover	**2,545,187**	4,805,010	-47.0%
(Loss) profit for the year	**(836,441)**	1,098,448	-176.1%
(Loss) profit attributable to owners of the Company	**(857,619)**	803,013	-206.8%
Non-GAAP (loss) profit attributable to owners of the Company	**(966,295)**	619,276	-256.0%
Basic (losses) earnings per share	**RMB(3.76) cents**	RMB3.65 cents	-203.0%
Non-GAAP basic (losses) earnings per share	**RMB(4.23) cents**	RMB2.82 cents	-250.0%
FINANCIAL POSITION			
Total assets	**11,681,530**	12,323,588	-5.2%
Bank balances and cash	**391,809**	969,249	-59.6%
Total liabilities	**5,872,427**	6,757,172	-13.1%
Net assets	**5,809,103**	5,566,416	4.4%

BUSINESS REVIEW

Industry Trends

The FinTech industry in the PRC has experienced the major reshuffle in 2018, and "compliance" has become the main theme of development for the industry. The implementation of various regulatory measures and acceleration in the industry compliance have contributed to the industry consolidation, which in turn is beneficial to the leading platforms. With the development of the industry and advancement in technologies on big data and artificial intelligence, intelligent risk control has gradually emerged within the industry. This has enhanced business efficiency and reduced platform risks. The introduction of regulatory policies was conducive to the healthy development of the industry. The FinTech industry will maintain fast and healthy development in compliance with laws under the governance and protection of regulatory authorities.

By leveraging on its comprehensive business qualifications and risk management capabilities, the FinTech platforms of the Company and its subsidiaries (the "**Group**") have received affirmation and recognition from the regulatory authorities (such as the People's Bank of China) and industry associations (such as the National Internet Finance Association of China). In 2018, we have focused on the development of payment and technology-enabled lending business and risk management, and have leveraged our technical expertise and business optimisation experience with our Southeast Asian operations. By the end of 2018, the number of total registered users of the Group reached more than 84 million, representing a year-on-year growth of 15%. The Group recorded a total transaction volume of more than RMB4,100 billion in 2018, representing a year-on-year growth of 60%. With our ever-growing FinTech service ecosystem, the Group will continue to maintain and consolidate its market leading position.

Operational Review

Third party payment

Our wholly-owned subsidiary UCF Pay Limited ("**UCF Pay**") has dedicated to be a domestic leading service platform of internet financial transaction, and to provide customers with integrated solutions for online + offline payment featuring "secure, convenient, speedy" service. The total transaction volume of UCF Pay in 2018 reached around RMB675.2 billion, representing a year-on-year growth of approximately 7%. As of the end of 2018, the number of UCF Pay's accumulated active users reached 5.32 million. UCF Pay's current business include: basic payment service and featured industry solutions including bank custody for online lending, direct banking, industry chain finance, cloud-based online lending platform and electronic wallet.

Shanghai Jifu Xinxi Jishu Fuwu Co. Ltd（上海即富信息技術服務有限公司）("**Shanghai Jifu**"), our mobile point of sale ("**POS**") provider which is 35% owned by the Group, recorded a total transaction volume of RMB3,430.2 billion in 2018, representing a year-on-year growth of approximately 84%. The accumulated number of registered users reached 20.08 million as of the end of December 2018. Shanghai Jifu has been focusing on the promotion of DianPOS（點刷）/MPOS and Point POS（點POS）business and has received positive market feedbacks, resulting in the substantial growth in both transaction volume and number of new registered users.

Since March 2018, K & R International Limited ("**K&R International**") has adopted effective strategies to improve its performance under the guidance of the Group's management. Besides developing new payment products and service platforms to satisfy the needs of customers and optimize their experiences, K&R International has also strived to improve its products and services and has cooperated with corporate clients and business partners in different sectors. Meanwhile, K&R International has been officially connected to the Faster Payment System (FPS) which was launched by the Hong Kong Monetary Authority in September 2018, and has enabled the free flow of funds with commercial banks in Hong Kong.

Amigo Technologies Joint Stock Company ("**Amigo Technologies**") (in which the Group holds a 51% interest), our payment services provider in Vietnam, recorded a total transaction volume of VND204 trillion in 2018, representing a year-on-year growth of around 27%. In 2018, Amigo Technologies' total number of transactions was approximately 194 million, representing a year-on-year growth of approximately 40%. The growth rate was largely driven by COD (cash-on-delivery) services.

Online investment and technology-enabled lending

As of the end of December 2018, Weshare, our consumer finance platform, had approximately 28 million accumulated registered users, and accumulated transaction volume of RMB10.6 billion in 2018. Weshare focused on instant microcredit, and reassessed previous credit users. It has been providing quality customers with large amount in installments and consumer finance services as well as has launched Weshare e-loan（掌e貸）and Weshare Buy（掌buy優選商城）. Meanwhile, Weshare has upgraded its financial cloud platform, with the launch of the new generation of big data-driven "Ru Lai risk management（如來風控）" to deliver integrated technology for internet credit. Based on its solid presence in the domestic market, Weshare has expanded its business to the Southeast Asia region and Russia by constructing localised online platform with a view to provide local users with internet financial services.

OUTLOOK AND STRATEGIES FOR 2019

Third party payment

In 2019, UCF Pay will focus on: 1) the compliance work in relation to customers, business and systems; 2) active corporation with regulatory institutions to conduct various checks and relevant compliance requirements; 3) constantly enhancing the reliability of key technical systems; and 4) increasing the processing capacities of the payment business to provide better and more compliant payment solutions. In addition, UCF Pay will cooperate with companies engaged in smart cities to provide payment solutions and integrate travel, education, tourism, medical and other resources across various industries into city systems and services. This will improve resource utilization, optimize city management and services and the living quality of citizens.

As for the export of FinTech solutions, UCF Pay will continue to support financial institutions such as domestic small and medium-sized banks and small loan companies, maintain and improve custody solutions for online loans of banks, and actively expand bank fund custody business for platform-based enterprises in e-commerce, logistics and merchandising industries. Meanwhile, UCF Pay will leverage advanced technologies, including artificial intelligence, big data and cloud computing, and improve solutions for financial industries such as direct banking, smart credit risk control system and cloud platform for online lending. As for the cross-border RMB payment business, UCF Pay will continue to intensify the development in vertical sectors, and focus on three market segments, namely cross-border e-commerce, travelling tickets and boarder trade. This will further optimize the business model of cross-border RMB payment, enrich product functions and improve its performance. Since UCF Pay's expansion into the international markets, it has already established the presence in Southeast Asia and will continue to offer products to meet the local demand. Meanwhile, it also plans to expand the mobile payment market in the Middle East with preliminary focus on Saudi Arabia.

Shanghai Jifu will focus on promoting smart POS, which provides convenient and integrated payment services, the core advantages for Shanghai Jifu. The company plans to capture its growth potential in payment market and explore customers' financial needs to offer comprehensive financial services for small and micro businesses. The transition from the payment segment to the financial sector will transform the business from payment to "payment+".

In 2019, K&R International will focus on:

1) e-wallet account products. To meet customers' demands for mobile payment service, the company plans to launch the first virtual product to help expand the use cases supported by the prepaid card of Global Payment（環球通）, and to prepare for future mobile payment offerings;

2) issuance of theme based prepaid cards. It plans to issue theme based prepaid cards including health, food and travel in the second half of 2019. Theme based prepaid cards will be used to provide quality services such as discounts and priority services to targeted customer groups;

3) expansion of sales channels & optimisation of top-up channels; and

4) export of FinTech capabilities on stored value facilities. By adopting Open Application Programming Interface (API) model based on Soft Development Kit (SDK), K&R International will actively expand to serve platform-based enterprises such as large e-commerce companies, telecommunication operators and innovation-driven catering content providers. Leveraging Electronic Know Your Customer (EKYC) products dedicated to artificial intelligence and effective anti-money laundering mechanism, FinTech on stored value facilities will be exported to enhance customer loyalty. The product line of K&R International will be expanded from Business to Consumer (B2C) model to Business to Business to Consumer (B2B2C) model.

As part of the alliance with Vietnam Post, Amigo Technologies has been developing a consumer finance module on top of the current Paypost financial platform with Vietnam Post based on big data technology. We target to launch the product in the second quarter of this year with features such as credit scoring, loan disbursement via branches and mobile wallet.

Online investment and technology-enabled lending

Weshare will establish a five-in-one product and business system containing "instant microcredit, large amount of installments, Weshare Buy, cloud Software as a Service (SaaS) platform and traffic distribution platform" to invigorate traditional financial services and connect to a new consumption ecosystem. Weshare will further strengthen its capabilities in inclusive finance serving the public, open platform, efficient value delivery, data-driven operation, and consumer financing. In terms of the business development, Weshare will pivot on Weshare Buy to promote the integration of the internet credit and scenario consumption, establish online scenario operation model and serve users directly to improve their experience. Weshare will continue to deliver its technology capabilities in Weshare cloud platform and cooperate with high quality partners to jointly create consumer finance products. Those products will provide corporate customers with multiple core value services covering data, technology, risk control and asset management and deepen multi-sectors collaboration. Moreover, Weshare will further expand its global presence and continue to export FinTech to the world. It will keep strengthening the development of artificial intelligence application and blockchain technology in the credit facilitation and reporting areas, gradually build itself into an industrial router and create an industrial ecosphere for its value realisation.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

For the year ended 31 December 2018, the Group reported revenues of approximately RMB2,545.2 million, a decrease of 47% year-on-year. The decrease was primarily attributable to the decrease in revenue from online investment and technology-enabled lending services, due to a decrease in transaction volume on our key online consumer lending platform, Weshare, offsetting a growth in revenue from blockchain services during the year ended 31 December 2018. The following table sets forth the Group's revenues by segment of business for the years ended 31 December 2017 and 2018.

	For the year ended 31 December			
	2018		2017	
	RMB'000	***% of total revenues***	*RMB'000*	*% of total revenues*
Traditional loans and financing	**554,960**	**21.8**	557,093	11.6
Third party payment service	**360,433**	**14.2**	338,950	7.0
Online investment and technology-enabled lending service	**959,723**	**37.7**	3,334,003	69.4
Blockchain services	**420,341**	**16.5**	289,063	6.0
Others	**249,730**	**9.8**	285,901	6.0
Total	**2,545,187**	**100.0**	4,805,010	100.0

Traditional loans and financing income

Traditional loans and financing income mainly includes interest income, financial consultancy service income and gain on transfer of right on interest on loan receivable, which were derived from the Group's loan financing services including entrusted loans, pawn loans and other loans secured with assets or guarantees. It generated approximately 21.8% of the Group's total revenues and recorded a decrease of approximately 0.38% to approximately RMB555.0 million for the year ended 31 December 2018. The traditional loans and financing income slightly decreased due to a decrease in the gain on transfer of rights on interest on loan receivables, offsetting an increase in the average size of our loan portfolio during the year ended 31 December 2018.

Third party payment service income

The third party payment business, which included the provision of online payment transactions, payment system consultancy and related services of UCF Pay and payment transaction service of Amigo Technologies as well as K&R International, generated revenues of approximately RMB360.4 million for the year ended 31 December 2018, an increase of approximately 6.3% year-on-year. It represented approximately 14.2% of the Group's total revenues, of which UCF Pay, Amigo Technologies and K&R International reported revenue of approximately RMB345.9 million, RMB12.7 million and RMB1.8 million, respectively. The increase reflected a significant growth in total transaction volume on our core third party payment platform UCF Pay to RMB675.2 billion for the year ended 31 December 2018, an increase of 7% year-on-year.

Online investment and technology-enabled lending service income

Our online investment and technology-enabled lending service income mainly includes income generated by our 48%-owned online consumer lending platform Weshare. For the year ended 31 December 2018, the Group's online investment and technology-enabled lending service business recorded revenues of approximately RMB959.7 million, representing a decrease of approximately 71.2% year-on-year. It represented approximately 37.7% of the Group's total revenues, of which Weshare reported revenues of approximately RMB923.4 million. The decrease in the business segments revenue was mainly due to a decrease in transaction volumes across the online consumer lending platform Weshare.

Blockchain services

Blockchain segment contributed approximately RMB420.3 million of revenue to the Group for the year ended 31 December 2018. It was primarily generated from the blockchain transaction verification services from the Group's industrial-level datacenters.

Others

Others included social gaming service income, exhibition service income and IT solution income generated by our 51%-owned subsidiary Shenzhen Qiyuan Tianxia Technology Company Limited*（深圳起源天下科技有限公司）("**Qiyuan**"), 51%-owned subsidiary Glory Metro Holdings Limited ("**Glory Metro**") and our 51%-owned subsidiary Amigo Technologies, respectively. The social gaming business, exhibition business and IT solution business contributed approximately RMB9.9 million, RMB40.8 million and RMB199.0 million of revenue to the Group, respectively for the year ended 31 December 2018.

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

Interest expenses

Interest expenses mainly comprised interest due on bank and other loans, Hong Kong dollar-denominated convertible bonds, US$-denominated convertible bonds, SGD-denominated corporate bonds and HK$-denominated corporate bonds. The Group's interest expenses increased by approximately 2.3% year-on-year to approximately RMB392.3 million for the year ended 31 December 2018. As at 31 December 2018, the Group's balances for external funding was RMB3,288.1 million, of which bank and other borrowings amounted to approximately RMB1,551.6 million (31 December 2017: approximately RMB1,760.1 million); and corporate bonds and convertible bonds amounted to approximately RMB1,736.5 million (31 December 2017: approximately RMB1,366.9 million).

Other income and gains and losses

Other income mainly comprised bank interest income, other interest income and government grants. The Group's other gains and losses which mainly comprised fair value changes of financial assets/held for trading investments through profit or loss as well as a net gain on disposal of plant and equipment and hashing power amounting to approximately RMB547.5 million and RMB227.0 million, respectively.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, intermediary handling charges for third party payment services, bank and financing charges, sales and marketing related expenses, provision for financial guarantee and rental expenses. As a result of a significant increase in provision for the loan receivable in traditional loans and financing business due to the adoption of Hong Kong Financial Reporting Standard 9 – Financial Instruments and the volatile economic environment as well as the depreciation for crypto currencies mining computer equipment, the Group's administrative and other operating expenses increased by approximately 18.4% to approximately RMB3,849.3 million for the year ended 31 December 2018.

Provision for financial guarantee represented provision made for loan amount lending out through the loan facilitation platform, namely Weshare. The amount of provision was computed based on historical pattern of loan delinquencies,

Share-based payment expenses

Share-based payment expenses of the Group for the year ended 31 December 2018 decreased by approximately 55.7% to approximately RMB71.2 million. The decrease in such expenses represented the fair value of certain share options which were granted in earlier years and had been amortised over the vesting periods.

Share of results of associates

Share of results of associates for the year ended 31 December 2018 decreased to a loss of approximately RMB69.9 million. The year-on-year decrease was mainly attributable to a share of net loss from our 21.46% equity interest in Ping An Securities Group (Holdings) Limited, offsetting a share of net gain from our 35.0% equity interest in Shanghai Jifu.

Loss for the year ended 31 December 2018

The loss for the year ended 31 December 2018 was approximately RMB836.4 million, representing a decrease of approximately 176.1% year-on-year as compared to a profit of approximately RMB1,098.4 million for the year ended 31 December 2017.

The decrease was mainly due to a decrease in turnover of approximately RMB2,259.8 million, increase in impairments on financial assets, goodwill and intangible assets of approximately RMB1,234.6 million, RMB100.0 million, and RMB9.7 million, respectively, offsetting decreases in tax expense and share-based payment expense of approximately RMB422.5 million and approximately RMB89.5 million, respectively, a gain on disposal of PPE and hashing power and disposal of an associate of approximately RMB227.0 million and approximately RMB225.1 million, respectively, and increases in change in fair value of preference shares of a subsidiary and financial assets through profit or loss of approximately RMB121.6 million and RMB547.5 million, respectively.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2018 was approximately RMB857.6 million, a decrease of approximately 206.8% as compared to a profit attributable to owners of the Company of approximately RMB803.0 million for the year ended 31 December 2017. Excluding the non-recurring gain on disposal of subsidiaries, gain on deemed disposal of subsidiaries, net loss on deemed disposal of an associate, gain on disposal of an associate, share-based payment expenses and certain other non-cash items, loss attributable to owners of the Company under non-generally accepted accounting principles ("**GAAP**") for the year ended 31 December 2018 was approximately RMB966.3 million, a decrease of approximately 256.0% as compared to a profit attributable to owners of the Company of approximately RMB619.3 million for the year ended 31 December 2017.

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

The table below sets forth a reconciliation of our profit attributable to owners of the Company to non-GAAP (loss) profit attributable to owners of the Company for the year indicated:

	For the year ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss) profit attributable to owners of the Company	**(857,619)**	803,013
Adjustments for:		
Share-based payment expenses	**71,235**	160,684
Gain on disposal of subsidiaries	**(42,760)**	(408,098)
Income tax arising from gain on deemed/disposal of subsidiaries	**60,493**	46,417
Net loss (gain) on deemed disposal of subsidiaries	**68,563**	(3,303)
Change in fair value of investment property	**–**	(2,000)
Gain on deemed disposal of an associate	**(5,373)**	–
Gain on disposal of an associate	**(225,050)**	–
Change in fair value of preference share of a 48%-owned subsidiary	**(35,784)**	22,563
Non-GAAP (loss) profit attributable to owners of the Company	**(966,295)**	619,276

The Company's management believes that the non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of acquisition or disposal transactions.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2018, the Group's source of funds was mainly from cash generated from operations and new borrowings. As at 31 December 2018, the Group had bank balances and cash of approximately RMB391.8 million (31 December 2017: approximately RMB969.2 million), of which 62.1%, 26.4%, 0.2%, 4.4% and 6.9% were denominated in RMB, US$, SGD, VND and HK$ respectively.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2018, the Group has completed the following important transactions:

– the acquisition of 100% of the equity interest in the issued share capital of K&R International from a third party independent to the Group, at a total consideration of approximately HK$109,988,000 (equivalent to approximately RMB87,946,000) satisfied by cash. K&R International is engaged in the provision of third party payment services in Hong Kong.

– the acquisition of 51% equity interest in the issued share capital of Glory Metro from a third party independent to the Group, at a total consideration of RMB178,500,000 satisfied by cash. Glory Metro is engaged in the provision of exhibition services in Hong Kong and the PRC.

– the disposal of its 100% equity interest in 上海深隆商務諮詢有限公司 to independent third parties for a total cash consideration of approximately RMB407,542,000.

– the disposal of its approximately 33.8% equity interest in Singapore Life Pte. Ltd. to an independent third party for a total cash consideration of approximately US$52,760,000 (equivalent to approximately RMB371,661,000).

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the annual consolidated results of the Group for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Turnover	*4*	**2,545,187**	4,805,010
Interest income	*4*	**398,507**	455,276
Interest expenses	*7*	**(392,343)**	(383,354)
Net interest income		**6,164**	71,922
Financial consultancy service income	*4*	**156,453**	70,685
Third party payment service income	*4*	**360,433**	338,950
Online investment and technology-enabled lending service income	*4*	**959,723**	3,334,003
Transaction verification service income	*4*	**420,341**	289,063
Gain on transfer of rights on interests on loan receivables	*4*	**–**	31,132
Other	*4*	**249,730**	285,901
		2,152,844	4,421,656
Other income	*6*	**49,397**	32,829
Other gains and losses		**822,583**	20,625
Administrative and other operating expenses		**(3,849,258)**	(3,250,302)
Gain on disposal of a subsidiary		**42,760**	408,098
Net (loss) gain on deemed disposal of subsidiaries		**(68,563)**	3,303
Gain on deemed disposal of associates		**5,373**	–
Gain on disposal of an associate		**225,050**	–
Change in fair value of crypto currencies		**(122,874)**	53,346
Change in fair value of investment property		**–**	2,000
Change in fair value of preference share of a subsidiary		**74,551**	(47,007)
Share-based payment expenses		**(71,235)**	(160,684)
Share of results of associates		**(69,908)**	64,283
(Loss) profit before tax	*8*	**(809,280)**	1,548,147
Income tax	*9*	**(27,161)**	(449,699)
(Loss) profit for the year		**(836,441)**	1,098,448

	NOTES	2018 RMB'000	2017 RMB'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(32,367)**	(82,160)
Share of other comprehensive income (expense) of associates		**8,979**	(3,490)
Change in fair value of financial assets at fair value through other comprehensive expense		**(224,256)**	–
Other comprehensive expense for the year		**(247,644)**	(85,650)
Total comprehensive (expense) income for the year		**(1,084,085)**	1,012,798
(Loss) profit for the year attributable to:			
Owners of the Company		**(857,619)**	803,013
Non-controlling interests		**21,178**	295,435
		(836,441)	1,098,448
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,095,295)**	723,254
Non-controlling interests		**11,210**	289,544
		(1,084,085)	1,012,798
		RMB	*RMB*
(Losses) earnings per share	*11*		
Basic		**(3.76) cents**	3.65 cents
Diluted		**(3.76) cents**	3.49 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	**2018** **RMB'000**	2017 *RMB'000*
Non-current assets			
Plant and equipment		**138,070**	332,009
Investment property		**–**	576,000
Intangible assets		**382,960**	178,831
Pledged bank deposits		**–**	278,468
Goodwill		**1,009,590**	976,382
Available-for-sale investments		**–**	429,511
Financial assets at fair value through other comprehensive income		**626,690**	–
Deferred tax assets		**122,003**	–
Interests in associates		**1,211,520**	1,457,723
Interests in joint ventures		**3,194**	–
		3,494,027	4,228,924
Current assets			
Inventories		**9,570**	10,465
Financial assets at fair value through profit or loss/held for trading investments		**1,243,948**	332,082
Trade receivables	*12*	**516,763**	417,369
Loan receivables	*13*	**3,606,632**	3,453,454
Prepayments and other receivables		**1,395,615**	1,256,108
Amounts due from joint ventures		**1,683**	4,666
Amounts due from associates		**156,217**	9,004
Amounts due from related companies		**191,818**	190,724
Crypto currencies		**280**	224,921
Tax recoverable		**8,336**	–
Pledged bank deposits		**167,242**	–
Bank balance – trust account		**497,590**	1,226,622
Bank balances and cash		**391,809**	969,249
		8,187,503	8,094,664
Current liabilities			
Accruals and other payables	*14*	**1,387,537**	858,274
Funds payables and amounts due to customers		**497,590**	1,226,622
Amounts due to non-controlling shareholders		**1,580**	1,541
Amounts due to related companies		**181,911**	187,813
Borrowings		**1,516,485**	1,644,958
Corporate bonds		**185,086**	–
Convertible bonds		**1,172,406**	269,840
Preference share of a subsidiary		**44,446**	118,997
Provision for financial guarantee		**30,122**	225,553
Other financial liabilities		**–**	536,000
Income tax payables		**340,593**	385,832
		5,357,756	5,455,430

	2018	2017
	RMB'000	*RMB'000*
Net current assets	**2,829,747**	2,639,234
Total assets less current liabilities	**6,323,774**	6,868,158
Non-current liabilities		
Corporate bonds	**379,003**	61,732
Convertible bonds	**–**	1,035,305
Borrowings	**35,128**	115,200
Deferred tax liabilities	**100,540**	89,505
	514,671	1,301,742
Net assets	**5,809,103**	5,566,416
Capital and reserves		
Share capital	**385,717**	373,512
Reserves	**4,995,233**	4,831,636
Equity attributable to owners of the Company	**5,380,950**	5,205,148
Non-controlling interests	**428,153**	361,268
Total equity	**5,809,103**	5,566,416

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited. Mr. Zhang Zhenxin is the substantial shareholder of the Company. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Renminbi ("**RMB**"). Other than those subsidiaries established in the People's Republic of China (the "**PRC**") and certain subsidiaries of which primary sources of revenues are dividend income which are derived from the operation of its major subsidiary operating in Mainland China, whose functional currency is RMB, the functional currency of the Company and its subsidiaries is Hong Kong dollars ("**HK$**"). The functional currency of the Company is HK$, which is different from the presentation currency, RMB. As the Company's subsidiaries mainly operate in the PRC, apart from subsidiaries established in Vietnam which was acquired during the year ended 31 December 2017, whose functional currency is Vietnamese Dong ("**VND**"), the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB.

The Company's principal activities during the year are provision of consultancy service and investment holding.

At 31 December 2018, the Group had bank balance and cash amounted approximately RMB391,809,000 while borrowings, corporate bonds, convertible bonds totaling approximately RMB2,873,977,000 which will be matured within the coming twelve months, and the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection, including:

– Implementing various strategies to improve the cash flow status, such as managing the loan receivable portfolio and various investments;

– Putting extra efforts on the collection of trade debtors to improve the debtors turnover days; and

– Actively and regularly reviewing its capital structure and sourcing additional capital by issuing bonds or new shares, where appropriate, the directors of the Company consider that it has sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and according, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**") and Interpretations ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the related interpretations.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3 below.

The impact of transition to HKFRS 15 was insignificant on the retained earnings at 1 January 2018.

The adoption of HKFRS 15 did not have material impact on the consolidated statement of profit or loss and other comprehensive income for the current year and the consolidated statement of financial position at 31 December 2018, by comparing the amounts reported under HKAS 18 and related interpretations that were in effect before the change. The adoption of HKFRS 15 did not have material impact on the Group's operating, investing and financing cash flows.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 January 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in Note 3 below.

(i) *Classification and measurement of financial instruments*

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment:

The Group had elected to present in other comprehensive income for the fair value changes in respect of certain of the Group's unlisted equity instruments amounting to approximately RMB364,558,000 as they are held for medium or long-term strategic purpose, and reclassified them to financial assets at fair value through other comprehensive income ("**FVTOCI**") upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. On initial application of HKFRS 9, an amount of approximately RMB100,832,000 representing the difference between the previous carrying amount and the fair value was adjusted to investments revaluation reserve at 1 January 2018.

For the remaining available-for-sale unlisted equity investments carried at cost less impairment amounting to approximately RMB64,953,000, the Group has not elected the option for designation at FVTOCI and reclassified them to financial assets at fair value through profit or loss. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised in profit or loss. Accordingly, the difference between the previous carrying amount and the fair value relating to these investments amounting to approximately RMB302,641,000 was adjusted to retained profits as at 1 January 2018 upon initial application of HKFRS 9.

(ii) Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking expected credit loss ("**ECL**") model. As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and other items subject to ECL for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement HKFRS 9.

As at 1 January 2018, an additional allowance on the Group's loan receivables and trade receivables of approximately RMB14,198,000 and RMB6,342,000, respectively, have been recognised, thereby reducing the opening retained earnings of approximately RMB15,679,000, net of their related deferred tax impact of approximately RMB4,861,000.

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for the Group's financial assets and reconciles the carrying amounts of these financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 January 2018.

(iii) Summary of effects arising from initial application of HKFRS 9

	Carrying amount at 31 December 2017 (HKAS 39)	Adoption of HKFRS 9 – Reclassification	Adoption of HKFRS 9 – Remeasurement	Carrying amount at 1 January 2018 (HKFRS 9)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial Assets				
Loan and receivable				
– Loan receivables	3,453,454	–	(14,198)	3,439,256
– Trade receivables	417,369	–	(6,342)	411,027
Available-for-sale ("AFS") investments				
– Unlisted equity securities	429,511	(429,511)	–	–
Financial assets at FVTPL				
– Unlisted equity securities	–	64,953	302,641	367,594
Financial assets at FVTOCI				
– Unlisted equity securities	–	364,558	100,832	465,390

The table below summarises the impact of transition to HKFRS 9 on retained profits and other components of equity at 1 January 2018.

	Investment revaluation reserve *RMB'000*	Retained profits *RMB'000*
Balance at 31 December 2017 as originally stated	**–**	1,677,297
Recognition of the difference between the previous carrying amount and the fair value of the financial assets now measured		
– at FVTPL	**–**	302,641
– at FVTOCI	**100,832**	–
Recognition of additional expected credit losses	**–**	(15,679)
Total changes as a result of adoption of HKFRS 9 on 1 January 2018	**100,832**	286,962
Balance at 1 January 2018 as restated	**100,832**	1,964,259

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9.

3. REVENUE RECOGNITION

Policy applicable to the year ended 31 December 2018 (with application of HKFRS 15)

Revenue is recognised 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 exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group' performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Provision of financing consultancy services
- Provision of third party payment service
- Provision of online investment and technology-enabled lending service
- Provision of transaction verification services
- Provision of online gaming services
- Provision of IT solution services
- Provision of exhibition services

Policy applicable to the year ended 31 December 2017

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business net of sale related taxes.

4. TURNOVER

The principal activities of the Group are provision of traditional financial services and related financing consultancy services including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service and microfinance service, and internet financing service including third party payment service, online investment and technology-enabled lending service and related activities on loan portfolio management, as well as provision of social gaming services, provision of IT solution service, provision of exhibition service and provision of transaction verification services.

Turnover represents interest income (either from entrusted loans, pawn loans, real estate-backed loans, other loans and micro loans), financial consultancy service income, third party payment service income, online investment and technology-enabled lending service income, social gaming service income, IT solution services income, exhibition service income, transaction verification service income, gain on transfer of interest rights on loan receivables, net of corresponding sales related taxes. An analysis of revenue, net is as follows:

	RMB'000
For the year ended 31 December 2018	
Revenue from contracts with customers within the scope of HKFRS 15	
Disaggregated by major products or services lines	
Traditional loans and financing segment	
– Financial consultancy service income	156,453
Online investment and technology-enabled lending service segment	
– Online investment and technology-enabled lending service income	959,723
Others segment	
– IT solution service income	199,006
– Exhibition service income	40,779
	1,355,961
Third party payment service segment	
– Third party payment service income	360,433
Others segment	
– Social gaming service income	9,945
	370,378
Total revenue from contracts with customers	1,726,339
Revenue from other sources	
(a) Traditional loans and financing segment	
Interest income – Entrusted loan service income	57,313
Interest income – Other loan service and real estate-backed loan service income	341,194
	398,507
(b) Blockchain services segment	
Blockchain services income	420,341
	818,848
Turnover	2,545,187

Transaction price allocated to the remaining performance obligations

All sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the performance performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

	RMB'000
For the year ended 31 December 2017	
Within the scope of HKAS 18 and related interpretation	
Financial consultancy service income	70,685
Third party payment service income	338,950
Online investment and technology-enabled lending service income	3,334,003
Others	285,901
Revenue from other sources	4,029,539
Interest income	
Entrusted loan service income	89,126
Other loan service and real estate-backed loan service income	366,150
	455,276
Transaction verification service income	289,063
Gain on transfer of rights on interests on loan receivables	31,132
Turnover	4,805,010

5. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("**CODM**"), which are the most senior executive management, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

1. Traditional loans and loans financing – provision of financing services in the PRC and Hong Kong;

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

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

4. Blockchain services – provision of transaction verification services in Hong Kong, Canada and Georgia; and

5. Others – provision of social gaming service in the PRC, provision of IT solution services in Vietnam and provision of exhibition services in Hong Kong and PRC.

Segment revenue and results

For the year ended 31 December 2018

	Traditional loans and loans financing *RMB'000*	**Third party payment service** *RMB'000*	**Online investment and technology-enabled lending service** *RMB'000*	**Blockchain services** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
REVENUE						
External income and gain	**554,960**	**360,433**	**959,723**	**420,341**	**249,730**	**2,545,187**
Segment results	**(451,438)**	**68,042**	**26,719**	**(360,914)**	**(218,273)**	**(935,864)**
Share of results of associates						**(69,908)**
Unallocated other income						**46,610**
Other gains and losses						**595,544**
Change in fair value of preference share of a subsidiary						**74,551**
Net loss on deemed disposal of subsidiaries						**(68,563)**
Gain on deemed disposal of associates						**5,373**
Gain on disposal of an associate						**225,050**
Gain on disposal of a subsidiary						**42,760**
Share-based payment expenses						**(71,235)**
Interest expenses						**(183,830)**
Unallocated expenses						**(469,768)**
Loss before tax						**(809,280)**

For the year ended 31 December 2017

	Traditional loans and loans financing *RMB'000*	Third party payment service *RMB'000*	Online investment and technology-enabled lending service *RMB'000*	Blockchain services *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE						
External income and gain	557,093	338,950	3,334,003	289,063	285,901	4,805,010
Segment results	104,005	186,175	851,135	216,828	45,019	1,403,162
Share of results of associates						64,283
Unallocated other income						22,537
Other gains and losses						20,625
Change in fair value of preference share of a subsidiary						(47,007)
Gain on deemed disposal of subsidiaries						3,303
Gain on disposal of subsidiaries						408,098
Share-based payment expenses						(160,684)
Interest expenses						(73,735)
Unallocated expenses						(92,435)
Profit before tax						1,548,147

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit or loss represents profit earned by or loss from each segment without allocation of share of results of associates, certain other income, certain other gains and losses, gain on disposal of subsidiaries, gain on deemed disposal of subsidiaries, change in fair value of preference share of a subsidiary, loss on disposal of an associate, net loss on deemed disposal of associates, central administration costs, share-based payment expenses and certain interest expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Traditional loans and loans financing	**3,781,202**	3,901,174
Third party payment service	**1,389,676**	1,240,963
Online investment and technology-enabled lending service	**2,211,918**	2,874,718
Blockchain services	**7,254**	831,164
Others	**609,679**	1,040,529
Total segment assets	**7,999,729**	9,888,548
Unallocated corporate assets	**3,681,801**	2,435,040
Consolidated total assets	**11,681,530**	12,323,588

Segment liabilities

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Traditional loans and loans financing	**231,157**	613,694
Third party payment service	**487,924**	468,291
Online investment and technology-enabled lending service	**1,039,301**	1,185,559
Blockchain services	**8,567**	11,343
Others	**148,300**	31,562
Total segment liabilities	**1,915,249**	2,310,449
Unallocated corporate liabilities	**3,957,178**	4,446,723
Consolidated total liabilities	**5,872,427**	6,757,172

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates/joint ventures, available-for-sale investments, FVTOCI, FVTPL, held for trading investments, amounts due from joint ventures, amounts due from associates, amounts due from related companies, certain bank balances and cash, deferred tax assets and income tax recoverable; and

- all liabilities are allocated to operating segments other than amounts due to non-controlling shareholders, amounts due to related companies, certain borrowings, convertible bond, corporate bonds, preference shares of a subsidiary, other financial liabilities, deferred tax liabilities and income tax payables.

Other segment information

For the year ended 31 December 2018

	Traditional loans and loans financing *RMB'000*	Third party payment service *RMB'000*	Online investment and technology-enabled lending service *RMB'000*	Blockchain services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	2,421	120,225	23,452	299,574	266,578	712,250
Depreciation	324	30,479	6,494	376,057	1,831	415,185
Amortisation	–	875	–	–	38,688	39,563
Fair value change of provision for financial guarantee	–	–	186,032	–	–	186,032
Fair value change in preference share of a subsidiary	–	–	(74,551)	–	–	(74,551)
Impairment recognised on intangible assets	–	–	–	–	32,889	32,889
Impairment recognised on amounts due from a joint venture	–	–	–	–	2,951	2,951
Net impairment recognised on amounts due from an associate	–	–	–	–	403,850	403,850
Net impairment recognised on trade receivables	64,004	200	(149)	–	64,089	128,144
Net impairment recognised on other receivables	(4,744)	–	–	187,553	–	182,809
Net impairment recognised on loan receivables	595,244	–	–	–	–	595,244
Gain on disposal of hashing power	–	–	–	(232,669)	–	(232,669)
Net loss on disposal of plant and equipment	–	–	13,301	(7,671)	–	5,630

For the year ended 31 December 2017

	Traditional loans and loans financing *RMB'000*	Third party payment service *RMB'000*	Online investment and technology-enabled lending service *RMB'000*	Blockchain services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	38,446	79,397	13,056	245,752	115,531	492,182
Depreciation	839	15,279	2,899	64,070	415	83,502
Amortisation	–	–	–	–	60,707	60,707
Fair value change of provision for financial guarantee	–	–	1,283,428	–	–	1,283,428
Fair value change in preference share of a subsidiary	–	–	47,007	–	–	47,007
Impairment recognised on intangible assets	–	–	–	–	23,223	23,223
Impairment recognised on amounts due from joint ventures	–	–	–	–	4,074	4,074
Impairment recognised on other receivables	24,414	–	–	–	–	24,414
Impairment recognised on loan receivables	49,929	–	–	–	–	49,929
Net loss on disposal/written off of plant and equipment	1,854	–	–	–	–	1,854

Note:

Non-current assets included plant and equipment, investment property, goodwill and intangible assets for the years ended 31 December 2018 and 2017.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	For the year ended 31 December		**As at 31 December**	
	2018 *RMB'000*	2017 *RMB'000*	**2018** *RMB'000*	2017 *RMB'000*
PRC	**1,585,362**	4,005,233	**2,529,485**	2,830,733
Hong Kong	**246,771**	334,827	**117,720**	255,461
Vietnam	**211,646**	175,886	**95,023**	86,919
Georgia	**264,744**	227,873	**–**	189,396
Others *	**236,664**	61,191	**3,106**	158,436
	2,545,187	4,805,010	**2,745,334**	3,520,945

* *Others include Canada and Singapore.*

Information about major customers

None of the customers accounting for 10% or more of aggregate revenue of the Group during the years ended 31 December 2018 and 2017.

6. OTHER INCOME

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Government grants *(Note)*	**23,872**	2,747
Bank interest income	**10,335**	8,573
Interest income on convertible bond	**804**	–
Dividend income from held for trading investments	**–**	6,834
Other interest income	**12,403**	11,217
Others	**1,983**	3,458
	49,397	32,829

Note:

Government grants in respect of encouragement of expansion of enterprise were recognised at the time the Group fulfilled the relevant granting criteria.

7. INTEREST EXPENSES

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**177,729**	172,181
Interest on corporate bonds	**58,397**	8,431
Interest on convertible bonds	**156,217**	202,742
	392,343	383,354

8. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging (crediting):

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
(a) Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**328,078**	282,874
Contribution to defined contribution retirement benefits scheme	**43,017**	27,699
Share-based payment expenses	**71,235**	160,684
	442,330	471,257
(b) Other items		
Auditors' remuneration	**2,740**	2,557
Depreciation(included in administrative and other operating expenses)	**415,185**	83,502
Amortisation (included in administrative and other operating expenses)	**39,563**	60,707
Operating lease charges in respect of properties	**72,650**	46,511
Fair value change of provision for financial guarantee (included in administrative and other operating expenses)	**186,032**	1,283,428
Impairment loss recognised:		
Net impairment recognised on loan receivables (included in administrative and other operating expenses)	**595,244**	49,929
Net impairment recognised on other receivables (included in administrative and other operating expenses)	**182,809**	24,414
Net impairment recognised on trade receivables (included in administrative and other operating expenses)	**128,144**	–
Net impairment recognised on amounts due from a joint venture (included in administrative and other operating expenses)	**2,951**	4,074
Net impairment recognised on amounts due from an associate (included in administrative and other operating expenses)	**403,850**	–
Impairment loss recognised on goodwill (included in administrative and other operating expenses)	**100,000**	–
Impairment loss recognised on intangible assets (included in administrative and other operating expenses)	**32,889**	23,223
	1,445,887	101,640
Net loss on written-off of plant and equipment (included in administrative and other operating expenses)	**–**	1,854

9. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represented:

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax:		
Provision for Hong Kong Profits Tax	**4,247**	10,687
Provision for PRC Enterprise Income Tax (the "**EIT**")	**143,857**	434,117
Provision for Vietnam Income Tax	**1,621**	3,276
Over-provision in prior years	**(1,082)**	–
	148,643	448,080
Deferred tax	**(121,482)**	1,619
	27,161	449,699

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 December 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 December 2017, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

(iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

During the years ended 31 December 2018 and 2017, several subsidiaries established in the PRC were recognised as High Technology Enterprises and subject to PRC income tax at 15% in accordance with the EIT Law, which will expire in the year of 2019.

(iv) Profits of the subsidiaries established in Vietnam are subject to Vietnam Income Tax.

In accordance with the Corporate Income Tax Law in Vietnam, the income tax rate is 20% from 2016.

10. DIVIDENDS

Final dividend for 2018 and 2017

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

11. (LOSSES) EARNINGS PER SHARE

The calculation of basic and diluted (losses) earnings per share attributable to the owners of the Company is based on the following data:

	2018	2017
	RMB'000	*RMB'000*
(Losses) earnings		
(Losses) earnings for the year attributable to the owners of the Company for the purpose of basic and diluted (losses) earnings per share:	**(857,619)**	803,013

	As at 31 December	
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	**22,822,071,700**	21,997,539,947
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	940,625,091
Contingent share consideration for acquisition of Qiyuan	**–**	95,955,037
Weighted average number of ordinary shares for the purpose of diluted (losses) earnings per share	**22,822,071,700**	23,034,120,075

For the year ended 31 December 2018, the computation of diluted losses per share does not assume the effect of outstanding share options and conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in losses per share.

For the year ended 31 December 2017, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

As at 31 December 2018, the number of new shares of the Company which may be issued due to the convertible bond are 1,792,039,042 shares.

12. TRADE RECEIVABLES

The Group allows an average credit period of 90 to 180 days to its trade customers. As at 31 December 2018, other than trade receivables of approximately RMB50,426,000 (2017: nil) which were secured by collaterals or are guaranteed, the Group does not hold any collateral over the remaining trade receivables. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date for financial consultancy service income, P2P loan, provision of social gaming service in the PRC, provision of IT solution services and provision of exhibition services and date of providing services for interest income and online third party payment service income, which approximates the respective revenue recognition dates, at the end of each reporting period and as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 – 90 days	**428,073**	357,762
91 – 180 days	**66,063**	8,134
181 – 365 days	**21,273**	40,028
Over 1 year	**1,354**	11,445
	516,763	417,369

13. LOAN RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loan receivables		
Secured loans		
Real estate-backed loans to customers	**382,017**	299,322
Entrusted loans to customers	**35,608**	35,608
Other loans to customers	**365,758**	718,409
	783,383	1,053,339
Unsecured loans		
Entrusted loans to customers	**2,159,096**	822,200
Other loans to customers	**1,323,596**	1,627,616
Micro loans to customers	**16,777**	17,077
	3,499,469	2,466,893
	4,282,852	3,520,232
Less: Allowance for secured and unsecured loan receivables	**(676,220)**	(66,778)
	3,606,632	3,453,454

Loan receivables

The pawn loans to customers arising under the Group's pawn loans business had an average loan period of 1 to 2 years (2017: 1 to 2 years). The real estate-backed loans had an average loan period of 60 days to 365 days (2017: 60 days to 365 days). The secured and unsecured entrusted loans to customers arising from the Group's entrusted loan business had an average loan period of 30 days to 1 year (2017: 30 days to 1 year). The secured and unsecured other loans granted to customers arising from the Group's other loans business had an average loan period of 30 days to 2 years (2017: 30 days to 2 years). The unsecured micro loans to customers arising from the Group's microfinance business had an average loan period of 1 year (2017: 1 year). The loans provided to customers bore fixed interest rate ranging from 0.36% to 3% per month (2017: 0.33% to 3% per month) and were repayable according to the loan agreements.

Included in the secured loan balances are loans of approximately RMB411,833,000 (2017: RMB299,322,000) secured by real estates in the PRC, loans of RMB6,593,000 (2017: RMB8,326,000) secured by listed shares, loans of nil (2017: RMB130,357,000) secured by real estate in the PRC and the Company's shares and approximately RMB212,450,000 (2017: approximately RMB571,663,000) secured by the Company's shares.

Included in the unsecured loan balances are loans of approximately RMB2,947,934,000 (2017: RMB1,845,962,000) guaranteed by guarantors.

Included in the loan receivables there were balances of approximately RMB2,194,704,000 (2017: RMB857,808,000) which represented entrusted loans to customers through licensed banks in the PRC. In addition, no loan receivables were pledged under factoring agreements with recourse for obtaining other loans (2017: nil).

As at 31 December 2018, the Group held collaterals with value of approximately RMB693,896,000 (2017: RMB1,737,643,000) in total over the secured financing advances to customers.

(a) *Ageing analysis*

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**846,652**	569,086
91 to 180 days	**263,855**	233,050
181 to 365 days	**1,896,701**	1,031,406
Over 365 days	**599,424**	1,619,912
	3,606,632	3,453,454

The above ageing analysis is presented based on the date of loans granted to customers.

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements.

14. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Other payables and accrued expenses	**1,300,503**	834,386
Consideration payable for acquisition of remaining interests in a subsidiary	**4,455**	4,545
Consideration for acquisition of a subsidiary	**77,969**	–
	1,382,927	838,931
Financing service income receipts in advance *(note)*	**4,610**	19,343
	1,387,537	858,274

Note:

Financing service income receipts in advance represents the deferred income arose from the difference between loan receivables and the actual fund transferred to the customers at the inception of loan granted in accordance with the respective loan agreements and the deferred income will be recognised as interest income over the loan period.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled for Tuesday, 7 May 2019 (the "**2019 AGM**"). For determining the entitlement of the shareholders of the Company (the "**Shareholders**") to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Thursday, 2 May 2019 to Tuesday, 7 May 2019, both days inclusive, during which period no transfer of the shares of the Company (the "**Shares**") will be effected. In order to qualify for attending and voting at the 2019 AGM, the non-registered Shareholders must lodge all share transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 April 2019.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year (2017: Nil).

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

Save as disclosed under "Management Discussion and Analysis" in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2018.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no significant contingent liabilities (31 December 2017: Nil).

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had the following capital commitments:

	2018	2017
	RMB'000	*RMB'000*
Capital expenditure contracted but not provided for in respect of:		
Acquisition of plant and equipment or intangible assets	**5,624**	12,242

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly in Hong Kong and the PRC. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US dollars. The exchange rate of US dollars against HK$ is relatively stable and the related currency exchange risk is considered minimal. For the operations in the PRC, most of the transactions are denominated in RMB. Given the floating level of RMB against HK$ during the period under review, no financial instrument was used for hedging purposes.

The Group is mainly exposed to the fluctuation of HK$ against RMB as certain of its bank balances, other borrowing and corporate bonds are denominated in HK$ which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had a total of 1,133 staff and 11 contractors (2017: 1,454 staff and 15 contractors). Total staff costs (including Directors' emoluments) were approximately RMB442.30 million and total share options benefit to contractors were RMB33.7 million for the Year (2017: RMB471.3 million and RMB82.6 million, respectively). Remuneration is determined by reference to the market conditions and the performance, qualifications and experience of individual employees. Year-end bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to a statutory mandatory provident fund scheme, social insurance together with housing provident funds, central provident fund scheme and a mandatory social security for its employees in Hong Kong, the PRC, Singapore and Vietnam, respectively. Periods training programmes were provided to enhance the knowledge of the staff.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible Directors, employees and contractors of the Group, who contribute to the success of the Group's operations.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") and all the requirements of the GEM Listing Rules during the Year except for the following deviation:

Code provision E.1.2 of the CG Code requires the chairman of the board of directors of a listed issuer to attend the annual general meeting. Due to other business commitments which must be attended by Mr. Li Mingshan ("**Mr. Li**"), the then chairman of the Board (who has resigned as the chairman of the Board and a non-executive Director of the Company ("**NED**") effective from 1 March 2019), Mr. Li was not able to attend the annual general meeting of the Company held on 8 May 2018 (the "**2018 AGM**"). Mr. Phang Yew Kiat, the vice-chairman, an executive Director and the chief executive officer of the Company, acted as the chairman of the 2018 AGM to ensure an effective communication with the Shareholders. Mr. Li had enquired about the questions raised and the opinions expressed by the Shareholders at the 2018 AGM.

Compliance with Requirements under Rule 5.05A of the GEM Listing Rules

Upon the appointment of Mr. Yang Jianhui as an executive Director on 8 November 2017, the Company did not have sufficient independent non-executive Directors (the "**INEDs**") representing at least one-third of the Board under Rule 5.05A of the GEM Listing Rules. Immediately after the resignation of Mr. Wong Sai Hung as a NED on 5 February 2018, the Company has fulfilled the aforesaid requirement of Rule 5.05A of the GEM Listing Rules.

Code of Conduct Regarding Securities Transactions by Directors

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

No incident of non-compliance of the Required Standard of Dealings or the Own Code by the Directors was noted by the Company.

When the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify the Directors, senior management and relevant employees in advance.

ISSUE OF EQUITY SECURITIES

On 31 January 2018, the Company allotted 28,768,000 ordinary shares to the subscriber as a result of the exercise of the conversion rights for the 7% convertible bonds in the principal amount of HK$1,000,000,000. 1,237,055,469 new shares might be issued pursuant to the convertible bonds as at 31 December 2018.

On 8 June 2018, the Company allotted 576,923,075 ordinary shares to the subscriber as a result of the exercise of the conversion rights for the 6% convertible bonds in the principal amount of HK$300,000,000. No remaining number of new shares was issued pursuant to the convertible bonds as at 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

During January 2019, the Company repurchased 43,212,000 ordinary shares of the Company in aggregate for an aggregate consideration of HK$3,840,000 (equivalent to approximately RMB3,379,000) on the Stock Exchange and all of the purchased shares have not been cancelled by the Company.

Save as disclosed above, the Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities since 1 January 2019 and up to the date of this announcement.

There has been no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 31 December 2018 and up to the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company, which comprises four INEDs, namely Mr. Ge Ming (the chairman), Dr. Ou Minggang, Dr. Wang Songqi and Dr. Yin Zhongli, has reviewed with the management the accounting principles and practices adopted by the Group and discussed with them auditing, risk management, internal control and financial reporting matters, including the review of the draft consolidated results of the Group for the Year.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's independent auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by SHINEWING in this announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE INDEPENDENT AUDITOR

The Group would like to provide an extract from the independent auditor's report prepared by SHINEWING (HK) CPA Limited (the independent auditor) on the Group's annual financial statements for the year ended 31 December 2018 as set out below: "Material Uncertainty Relating to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group had bank balance and cash amounted approximately RMB391,809,000, while its borrowings, corporate bonds and convertibles bonds amounted RMB2,873,977,000 which will be due in the coming twelve months as at 31 December 2018. These conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

By Order of the Board
Chong Sing Holdings FinTech Group Limited
Phang Yew Kiat
Vice-Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2019

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

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

Non-executive Directors:
Mr. Li Gang
Mr. Zhang Zhenxin
Ms. Li Shuang

Independent Non-executive Directors:
Mr. Ge Ming
Dr. Ou Minggang
Dr. Wang Songqi
Dr. Yin Zhongli

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be posted on the website of the Company (www.csfgroup.com).