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Holdings FinTech Group Limited 中新

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)

ALTERATIONS OF TERMS OF
7% CONVERTIBLE BONDS DUE 2019
OF AN AGGREGATE PRINCIPAL AMOUNT OF HK\$150,000,000

The Board is pleased to announce that on 6 June 2019, the Company entered into the Deed of Amendment with the Subscriber, for the alterations of certain terms of the Existing Bonds, the principal alterations of which are set out in this announcement.

The Alterations will, among other things, reduce the original conversion price of the Existing Bonds from HK\$0.6952 per Conversion Share to an initial Conversion Price of HK\$0.2692 per Conversion Share. Assuming full conversion of the Amended Convertible Bonds at the initial Conversion Price of HK\$0.2692 per Conversion Share, the Amended Convertible Bonds will be convertible into 557,206,538 Conversion Shares (subject to adjustments as set out in the terms and conditions of the Amended Convertible Bonds), representing approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.35% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Amended Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Deed of Amendment up to the date of the full conversion of the Amended Convertible Bonds).

The Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights under the Amended Convertible Bonds will be issued under the General Mandate.

Application for the approval of the Alterations under Rule 34.05 of the GEM Listing Rules has been made to the Stock Exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Amended Convertible Bonds. No listing application will be made for the Amended Convertible Bonds on the Stock Exchange or any other stock exchange.

Completion is subject to fulfilment or waiver of the conditions precedent set out in the Deed of Amendment. Accordingly, the alteration of the Existing Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

ISSUE OF UNLISTED CONVERTIBLE BONDS

The Board is pleased to announce that on 6 June 2019, the Company and the Subscriber entered into the Deed of Amendment, for the alterations of certain terms of the Existing Bonds, the principal alterations of which are set out in this announcement. Below is a summary of the principal terms and conditions of the Deed of Amendment and the Alterations:

DEED OF AMENDMENT

Date: 6 June 2019

Parties: (1) the Company
(2) the Subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected person except that the Subscriber is an existing Shareholder of the Company holding an approximately 7.3% interest in the Company.

Conditions Precedent

The Alterations shall take effect upon the fulfilment (or waiver) of the following conditions:

- (a) the Stock Exchange having approved the Alteration;
- (b) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company upon conversion of the Amended Convertible Bonds;
- (c) the Subscriber having received the payment being the Interest and the Original Additional Amount in full; and

- (d) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Deed of Amendment having been obtained.

Completion shall take place on the day of the fulfilment of the Completion Conditions or on such other date as the Company and the Subscriber may agree in writing. At Completion, the Company shall issue to the Subscriber amended and restated bond certificates in substitution of the existing bond certificates for the Existing Bonds.

If the Completion Conditions have not been fulfilled or waived by 5:00 p.m. on 21 June 2019 (or such later date as the Company and the Subscriber may agree in writing), the Deed of Amendment shall cease to be of any effect.

Alterations to the terms of the Existing Bonds

The principal terms of the Alterations are summarised as follows:

<i>Items</i>	<i>Existing Terms</i>	<i>Proposed Altered Terms</i>
Interest Rate	7% per annum	8% per annum However, the provision on Additional Amount under the Existing Bonds remains unchanged.
Maturity Date	8 June 2019	8 June 2020
Conversion Price	HK\$0.6952 per Conversion Share	HK\$0.2692 per Conversion Share Assuming full conversion of the amended Existing Bonds at HK\$0.2692, the Existing Bonds will be convertible into 557,206,538 shares, representing approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement.

The Conversion Price

The initial Conversion Price is HK\$0.2692 per Conversion Share. The Conversion Price was determined with reference to the conversion price of the Existing Bonds and the prevailing market price of the Shares, and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors consider that the terms of the Conversion Price are fair and reasonable based on current market conditions and in the interest of the Company and the Shareholders as a whole.

The initial Conversion Price as at the date of the Deed of Amendment represents:

- (1) a premium of approximately 1,070% over the closing price of HK\$0.023 per Share as quoted on the Stock Exchange on 5 June 2019, being the last trading day immediately preceding the date of the Deed of Amendment;
- (2) a premium of approximately 985% over the average closing price as quoted on the Stock Exchange of approximately HK\$0.0248 per Share for the last five trading days immediately prior to 5 June 2019, being the last trading day immediately preceding the date of the Deed of Amendment; and
- (3) a premium of approximately 578% over the average closing price as quoted on the Stock Exchange of approximately HK\$0.0397 per Share for the last thirty trading days immediately prior to 5 June 2019, being the last trading day immediately preceding the date of the Deed of Amendment.

OTHER TERMS OF THE EXISTING BONDS

Save as disclosed above, the following principal terms of the Existing Bonds remain unchanged:

- Form: The Convertible Bonds are issued in registered form.
- Conversion rights: The Holder at any time after the Issue Date and up to and inclusive of the Maturity Date shall have the right to convert, in whole or in part, the outstanding principal amount of the Convertible Bonds into such number of Shares as determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.
- Conversion Price: the amended initial Conversion Price of HK\$0.2692 is subject to adjustment for, among other things, capitalisation issue, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, offers to holders of Shares, issue of convertible or exchangeable securities in discount, issue of new shares in discount, consideration issues and other dilutive events.

In any circumstances where the Directors and/or the Holder consider that an adjustment to the Conversion Price provided for under the Convertible Bonds should be made, the Company and/or the Holder may appoint independent financial advisors or auditors to consider whether any modified adjustment (or the absence of adjustment) should be made and implement it accordingly.

The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued below their nominal amount.

Redemption at option of the Company:

The Company shall have the right to:

- Clean-up Call: at any time prior to the Maturity Date, redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with accrued and unpaid interest up to and inclusive of the date fixed for redemption and the Additional Amount provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted or redeemed;
- Tax reasons: on giving prior notice (a “**Tax Redemption Notice**”) to the Holder to redeem in whole, but not in part, the Convertible Bonds at their outstanding principal amount together with accrued and unpaid interest to the tax redemption date and the Additional Amount if (A) the Company has or will become obliged to pay additional tax amounts as provided or referred to in the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of any relevant tax jurisdiction, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (B) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than a specified period prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Convertible Bonds then due.

Redemption at option of the Holder:	Following (i) Shares ceasing to be listed on the Stock Exchange, (ii) the non-compliance of business operation covenants relating to debt-to-asset ratio and no material noncompliance with laws or (iii) any change in control in the Company, the Holder may, within a specified period of such event, require the Company to redeem all of its Convertible Bonds (or any part thereof) at their outstanding principal amount together with accrued and unpaid interest and the Additional Amount.
Redemption at maturity:	Unless previously redeemed or converted in full in accordance with the terms and conditions of the Convertible Bonds, the Company will redeem the Convertible Bonds on the Maturity Date by paying the Holder all outstanding principal amount to be redeemed and interest accrued thereon and the Additional Amount.
Transferability:	The whole (but not part only) of the outstanding principal amount of a Convertible Bond may be assigned or transferred to any third party which is not a connected person of the Company within the meaning of the GEM Listing Rules (save where the Company has first given its written consent to a transfer to a connected person), subject to compliance with (i) the terms and conditions of the Convertible Bonds; (ii) the GEM Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations.
Listing:	No application will be made for the listing of the Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.
Ranking of Conversion Shares:	The Conversion Shares shall rank <i>pari passu</i> with the Shares already in issue on the day when the Conversion Shares are issued.
Events of Default:	The Convertible Bonds will contain customary events of default provisions which provide that on the occurrence of certain specified events of default (including Shares ceasing to be listed on the Stock Exchange), the Holders may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued interest and the Additional Amount.

Status of Convertible Bonds: The Convertible Bonds constitute the direct, unsubordinated, unconditional and unsecured general obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves.

Guarantee

As mentioned in the Company's announcement dated 9 May 2016, the Guarantor had agreed to guarantee in favour of the Subscriber the due performance by the Company of all its obligations under the Existing Bonds. The guarantor has executed a supplemental deed of guarantee to guarantee in favour of the Subscriber the due and punctual performance by the Company of all its obligations under the Amended Convertible Bonds. The granting of the guarantee in favour of the Subscribers constitutes financial assistance given by the Guarantor for the benefit of the Group under the GEM Listing Rules. Under the GEM Listing Rules, the Guarantor is a connected person of the Company. Therefore the financial assistance constitutes a connected transaction for the Company under the GEM Listing Rules. As the Company will pay no fee nor provide any security to the Guarantor for the aforesaid guarantee, the financial assistance is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

REASONS FOR THE ALTERATIONS OF THE EXISTING BONDS

The Directors consider that it is in the interest of the Company and its Shareholders for the Company to proceed with the Alteration to refinance the Company's redemption obligation owed to the Subscriber under the Existing Bonds upon their maturity on 8 June 2019. The Directors consider that the terms of the Deed of Amendment and the Alterations are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group

The Group is a leading integrated FinTech group with a focus on providing 24 x 7 online financial services to small and medium enterprises, merchants and individuals in China and Asia through internet and mobile solutions. The suite of FinTech services offered by the Group includes third party payment service, online investment and technology enabled lending service, and etc.

The Subscriber

The Subscriber is a company incorporated in the United Kingdom of Great Britain and Northern Ireland (UK) with limited liability. Jiefang Media was wholly-owned by Shanghai Xinhua Distribution Group Co., Ltd. (“Xinhua”) which was in turn owned by Shanghai United Media Group and its associates as to approximately 50.8% and Shanghai Greenland Group Company Limited (“Greenland”) as to approximately 39%. Save as disclosed above, Xinhua and Greenland are not connected persons of the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other equity fund raising exercise in the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING OF THE COMPANY

For illustrative purpose, set out below are the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after full conversion of all the Amended Convertible Bonds at the initial Conversion Price (assuming no change in the issued share capital of the Company since the date of the Deed of Amendment up to the date of the full conversion of the Amended Convertible Bonds nor any change in the shareholdings as described below):

Name of Shareholder	As at the date of this announcement		Immediately after full conversion of the Amended Convertible Bonds	
	No. of Shares held	Approx %	No. of Shares held	Approx %
Mr. Zhang Zhenxin ⁽¹⁾	3,933,308,000	17.00	3,933,308,000	16.6
Other Directors ⁽²⁾	20,400,000	0.09	20,400,000	0.09
<i>Public shareholders:</i>				
The Subscriber	1,689,272,000	7.30	2,246,478,538	9.48
Other Shareholders	<u>17,498,335,580</u>	<u>75.62</u>	<u>17,498,335,580</u>	<u>73.83</u>
Total	23,141,315,580	100.0	23,698,522,118	100.0

Notes:

- (1) These Shares are held by Mr. Zhang Zhenxin beneficially, by First Pay Limited (the entire issued share capital of which is owned by Mr. Zhang) and by Ms. Zhang Xiaomin, who is the wife of Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in these Shares under the SFO.
- (2) An associate (namely his wife) of Mr. Sheng Jia, an executive Director, is the shareholder of 400,000 Shares. Mr. Chng Swee Ho, an executive Director, is the shareholder of 20,000,000 Shares.

GENERAL MANDATE

Assuming full conversion of the Amended Convertible Bonds at the initial Conversion Price of HK\$0.2692 per Conversion Share, the Amended Convertible Bonds will be convertible into 557,206,538 Conversion Shares (subject to adjustments as set out in the terms and conditions of the Amended Convertible Bonds), representing approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.35% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Amended Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Deed of Amendment up to the date of the full conversion of the Amended Convertible Bonds).

By an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 7 May 2019, the Shareholders have granted the General Mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company as at the date of passing such resolution, being 4,628,263,116 Shares.

As at the date of this announcement, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 4,628,263,116 Shares pursuant to the General Mandate. The Conversion Shares will be issued under the General Mandate. The issue of Conversion Shares is not subject to the Shareholders' approval.

GENERAL

Application for the approval of the Alterations under Rule 34.05 of the GEM Listing Rules has been made to the Stock Exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Amended Convertible Bonds. No listing application will be made for the Amended Convertible Bonds on the Stock Exchange or any other stock exchange.

Completion is subject to fulfilment or waiver of the conditions precedent set out in the Deed of Amendment. Accordingly, the alteration of the Existing Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following respective meanings:

“Additional Amount”	with respect to any outstanding Amended Convertible Bonds as of any date of redemption, an amount representing the remainder of (a) a premium (for the avoidance of doubt, inclusive of all interest accrued on or prior to the date of redemption) of 11% per annum (or, in the case of redemption arising from an event of default or non-compliance of certain business operation covenants, 15% per annum), calculated on the outstanding principal amount thereof for the period from and including the date of issue of the Existing Bonds to but excluding such date of redemption, on an annual simple interest basis, minus (b) all interest paid thereon on or prior to such date of redemption
“Alteration Date”	the date on which the Alterations take effect
“Alterations”	the alterations to the terms of the Existing Bonds, the principal alterations of which are set out in this announcement
“Amended Convertible Bonds”	the 8% convertible bonds due 2020 in the aggregate principal amount of HK\$150,000,000, which are convertible into shares arising from the alteration of the terms of the Existing Bonds pursuant to the Deed of Amendments
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which banks in Hong Kong and the PRC are generally open for business in Hong Kong and the PRC
“Company”	Chong Sing Holdings FinTech Group Limited (中新控股科技集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM
“Completion”	completion of the Alternations pursuant to the Deed of Amendment

“Completion Conditions”	conditions precedent for the Completion, as described in the section headed “Conditions Precedent”
“Completion Date”	the date on which the Completion shall take place, being the date of the fulfillment (or waiver) of all the Completion Conditions or such other date as the Company and the Subscriber may agree in writing
“Conversion Price”	the price at which Conversion Shares will be issued upon exercise of the conversion rights under the Amended Convertible Bonds, which will initially be HK\$0.2692 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Amended Convertible Bonds
“Conversion Shares”	any Shares to be issued by the Company upon the holder(s) of the Amended Convertible Bonds exercising its/their conversion right(s) under and in accordance with the terms and conditions of the Amended Convertible Bonds
“Deed of Amendment”	the deed of amendment dated 6 June 2019 between the Company and the Subscriber for the Alterations
“Director(s)”	the director(s) of the Company
“Existing Bonds”	the 7% convertible bonds due 2019 in the aggregate principal amount of HK\$150,000,000 issued by the Company to the Subscriber, details of which are set out in the announcement of the Company dated 9 May 2016
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 7 May 2019
“Guarantor”	Mr. Zhang Zhenxin, a substantial Shareholder and a non-executive Director

“Group”	the Company and its subsidiaries
“Holder(s)”	holder(s) of the Amended Convertible Bonds from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Interest”	the interest accrued on the original entire aggregate outstanding principal amount of the Existing Bonds (being in the amount of HK\$150,000,000) for the period commencing on 22 December 2018 and ending on 8 June 2019
“Maturity Date”	the date on which the Existing Bonds or the Amended Convertible Bonds are required to be redeemed by the Company (as the case may be)
“Original Additional Amount”	with respect to any outstanding Amended Convertible Bonds as of any date of redemption, an amount representing the remainder of (a) a premium (for the avoidance of doubt, inclusive of all interest accrued on or prior to the date of redemption) of 11% per annum, calculated on the outstanding principal amount thereof for the period from and including 9 June 2016 to the date of payment of this amount, on an annual simple interest basis, minus (b) all interest paid thereon on or prior to such date of redemption
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Jiefang media (UK) Co., Ltd.

“subsidiary(ies)” has the meaning ascribed to it in the GEM Listing Rules

“%” per cent.

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

Hong Kong, 6 June 2019

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

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 published on the website of the Company (www.csfgroup.com).