



**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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE” AND THE “GEM”, RESPECTIVELY)**

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## FINANCIAL HIGHLIGHTS

### First Half of 2019

	For the six months ended 30 June		Period-on- period changes
	2019 (Unaudited) <i>RMB'000</i>	2018 (Unaudited) <i>RMB'000</i>	
Operating Results			
Turnover	<b>1,008,074</b>	1,342,048	-24.9%
(Loss) profit for the period	<b>(328,485)</b>	306,947	-207.0%
(Loss) Profit attributable to owners of the Company	<b>(272,315)</b>	308,715	-188.2%
Non-GAAP (loss) profit attributable to owners of the Company	<b>(258,553)</b>	330,300	-178.3%
	<b><i>RMB</i></b>	<b><i>RMB</i></b>	
(Loss) earnings per share			
– basic	<b>(1.18 cents)</b>	1.37 cents	-186.1%
– diluted	<b>(1.18 cents)</b>	1.32 cents	-189.4%
Non-GAAP (loss) earnings per share			
– basic	<b>(1.12 cents)</b>	1.47 cents	-176.2%
– diluted	<b>(1.12 cents)</b>	1.41 cents	-179.4%

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding periods in 2018 and certain audited figures as at 31 December 2018, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>Turnover</b>	3	<b>567,655</b>	738,178	<b>1,008,074</b>	1,342,048
Interest income	3	–	101,135	<b>14,895</b>	201,815
Interest expenses	6	<b>(47,456)</b>	(86,435)	<b>(154,429)</b>	(171,651)
Net interest income (expense)		<b>(47,456)</b>	14,700	<b>(139,534)</b>	30,164
Financial consultancy service income	3	–	29,610	<b>672</b>	72,238
Third party payment service income	3	<b>152,174</b>	95,206	<b>270,940</b>	174,389
Online investment and technology-enabled lending service income	3	<b>367,884</b>	323,139	<b>632,066</b>	393,236
Transaction verification service income	3	–	140,034	–	430,504
Others	3	<b>47,597</b>	49,054	<b>89,501</b>	69,866
		<b>520,199</b>	651,743	<b>853,645</b>	1,170,397
Other income	5	<b>12,039</b>	44,740	<b>36,399</b>	52,440
Other gains or losses	5	<b>793</b>	254,411	<b>(19,866)</b>	252,042
Administrative and other operating expenses		<b>(592,040)</b>	(620,197)	<b>(1,229,405)</b>	(1,253,576)
Share-based payment expenses		<b>(2,067)</b>	(20,401)	<b>(10,649)</b>	(36,991)
Share of results of associates		<b>23,555</b>	28,056	<b>51,886</b>	48,800
Gain on disposal of subsidiaries		–	42,760	–	42,760
Gain on disposal of hashing power		–	–	–	232,669
Change in fair value of preference share of a subsidiary		<b>(6,486)</b>	(25,736)	<b>(6,486)</b>	(976)
Change in fair value of crypto currencies		–	4,632	–	(118,117)
<b>(Loss) profit before tax</b>	7	<b>(44,007)</b>	360,008	<b>(324,476)</b>	389,448
Income tax	8	<b>8,160</b>	(67,030)	<b>(4,009)</b>	(82,501)
<b>(Loss) profit for the period</b>		<b>(35,847)</b>	292,978	<b>(328,485)</b>	306,947

	<i>Notes</i>	For the three months ended 30 June		For the six months ended 30 June	
		2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>Other comprehensive income (expense)</b>					
<i>For the period Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		133,220	32,125	132,271	(16,491)
Share of other comprehensive expense of associates		-	11,806	-	(2,518)
Change in fair value of financial assets through other comprehensive income		(5,319)	(135,551)	(6,201)	(135,551)
Other comprehensive income (expense) for the period, net of income tax		127,901	(91,620)	126,070	(154,560)
<b>Total comprehensive income (expense) for the period</b>		<b>92,054</b>	<b>201,358</b>	<b>(202,415)</b>	<b>152,387</b>
<b>(Loss) Profit for the period attributable to:</b>					
Owners of the Company		4,577	257,427	(272,315)	308,715
Non-controlling interests		(40,424)	35,551	(56,170)	(1,768)
		(35,847)	292,978	(328,485)	306,947
<b>Total comprehensive income (expense) for the period attributable to:</b>		<b>102,672</b>	<b>164,405</b>	<b>(175,353)</b>	<b>154,046</b>
Owners of the Company		102,672	164,405	(175,353)	154,046
Non-controlling interests		(10,618)	36,953	(27,062)	(1,659)
		92,054	201,358	(202,415)	152,387
		RMB	RMB	RMB	RMB
<b>(Loss) Earnings per share</b>	<i>10</i>				
Basic		0.02 cents	1.14 cents	(1.18 cents)	1.37 cents
Diluted		0.02 cents	1.10 cents	(1.18 cents)	1.32 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

		As at <b>30 June 2019</b> (Unaudited) <i>RMB'000</i>	As at 31 December 2018 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipment		143,552	138,070
Right-of –use assets		23,468	–
Intangible assets		365,619	382,960
Goodwill	11	1,009,590	1,009,590
Deferred tax assets		202,053	122,003
Financial assets through other comprehensive income	12	620,489	626,690
Interests in associates		1,258,229	1,211,520
Interests in joint ventures		3,194	3,194
		<b>3,626,194</b>	<b>3,494,027</b>
<b>Current assets</b>			
Inventories		30,995	9,570
Trade receivables	15	431,869	516,763
Loan receivables	13	2,924,990	3,606,632
Prepayments and other receivables	13	1,638,408	1,395,615
Amounts due from joint ventures		6,643	1,683
Amounts due from associates		8,263	156,217
Amounts due from related companies		214,612	191,818
Financial assets through profit or loss	12	1,208,785	1,243,948
Crypto currencies		131	280
Tax recoverable		8,336	8,336
Pledged bank deposits		127,031	167,242
Bank balance – trust account	14	84,971	497,590
Bank balances and cash		364,158	391,809
		<b>7,049,192</b>	<b>8,187,503</b>

		As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
	<i>Notes</i>		
<b>Current liabilities</b>			
Accruals and other payables		1,370,684	1,387,537
Funds payable and amounts due to customers	14	84,971	497,590
Amounts due to non-controlling shareholders		790	1,580
Amounts due to related companies		191,598	181,911
Convertible bonds	17	1,220,911	1,172,406
Corporate bonds		230,417	185,086
Borrowings	16	1,137,471	1,516,485
Preference share of a subsidiary		50,932	44,446
Provision for financial guarantee		74,199	30,122
Other financial liabilities		–	–
Income tax payables		359,894	340,593
		<u>4,721,867</u>	<u>5,357,756</u>
<b>Net current assets</b>		<u>2,327,325</u>	<u>2,829,747</u>
<b>Total assets less current liabilities</b>		<u>5,953,519</u>	<u>6,323,774</u>
<b>Non-current liabilities</b>			
Corporate bonds		179,577	379,003
Lease liabilities		24,322	–
Borrowings	16	35,165	35,128
Deferred tax liabilities		97,972	100,540
		<u>337,036</u>	<u>514,671</u>
<b>Net assets</b>		<u><u>5,616,483</u></u>	<u><u>5,809,103</u></u>
<b>Capital and reserves</b>			
Share capital	18	385,717	385,717
Reserves		4,829,675	4,995,233
Equity attributable to owners of the Company		5,215,392	5,380,950
Non-controlling interests		401,091	428,153
<b>Total equity</b>		<u><u>5,616,483</u></u>	<u><u>5,809,103</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company													Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Equity component of convertible bonds RMB'000	Consideration payable reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2019 (audited)	385,717	3,847,122	79,502	1,082,603	(123,424)	(20,538)	329,428	(367,722)	40,000	128,262	-	5,380,950	428,153	5,809,103
Effect on adoption of HKFRS 16	-	-	-	(854)	-	-	-	-	-	-	-	(854)	-	(854)
At 1 January 2019 (Unaudited) (Restated)	385,717	3,847,122	79,502	1,081,749	(123,424)	(20,538)	329,428	(367,722)	40,000	128,262	-	5,380,950	428,153	5,808,249
Loss for the period	-	-	-	(272,315)	-	-	-	-	-	-	-	(272,315)	(56,170)	(328,485)
Other comprehensive income (expense)														
- exchange differences on translating foreign operations	-	-	-	-	-	103,163	-	-	-	-	-	103,163	29,108	132,271
- change in fair value of financial assets through other comprehensive income	-	-	-	-	(6,201)	-	-	-	-	-	-	(6,201)	-	(6,201)
Total comprehensive income (expense) for the period	-	-	-	(272,315)	(6,201)	103,163	-	-	-	-	-	(175,353)	(27,062)	(202,415)
Lapse of share options	-	-	-	2,239	-	-	(2,239)	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	10,649	-	-	-	-	10,649	-	10,649
<b>At 30 June 2019 (unaudited)</b>	<b>385,717</b>	<b>3,847,122</b>	<b>79,502</b>	<b>811,673</b>	<b>(129,625)</b>	<b>82,625</b>	<b>337,838</b>	<b>(367,722)</b>	<b>40,000</b>	<b>128,262</b>	<b>-</b>	<b>5,215,392</b>	<b>401,091</b>	<b>5,616,483</b>
At 1 January 2018 (audited)	373,512	3,492,300	51,119	1,677,297	-	(7,118)	275,842	(851,657)	40,000	153,853	-	5,205,148	361,268	5,566,416
Effect on adoption of HKFRS 9	-	-	-	271,867	-	-	-	-	-	-	-	271,867	-	271,867
At 1 January 2018 (Unaudited) (Restated)	373,512	3,492,300	51,119	1,949,164	-	(7,118)	275,842	(851,657)	40,000	153,853	-	5,477,015	361,268	5,838,283
Profit for the period	-	-	-	308,715	-	-	-	-	-	-	-	308,715	(1,768)	306,947
Other comprehensive income (expense)														
- exchange differences on translating foreign operations	-	-	-	-	-	(16,600)	-	-	-	-	-	(16,600)	109	(16,491)
- share of other comprehensive expense of associates	-	-	-	-	-	(2,518)	-	-	-	-	-	(2,518)	-	(2,518)
- change in fair value of financial assets through other comprehensive income	-	-	-	-	(135,551)	-	-	-	-	-	-	(135,551)	-	(135,551)
Total comprehensive income (expense) for the period	-	-	-	308,715	(135,551)	(19,118)	-	-	-	-	-	154,046	(1,659)	152,387
Issue of shares upon exercise of share options	1,707	55,908	-	-	-	-	(10,825)	-	-	-	-	46,790	-	46,790
Lapse of share options	-	-	-	963	-	-	(963)	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	36,991	-	-	-	-	36,991	-	36,991
Appropriation to statutory reserve funds	-	-	32,692	(32,692)	-	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	10,199	285,037	-	-	-	-	-	-	(25,591)	-	-	269,645	-	269,645
Acquisition of subsidiaries (Note 19)	-	-	-	-	-	-	-	-	-	-	-	-	70,555	70,555
<b>At 30 June 2018 (unaudited)</b>	<b>385,418</b>	<b>3,833,245</b>	<b>83,811</b>	<b>2,226,150</b>	<b>(135,551)</b>	<b>(26,236)</b>	<b>301,045</b>	<b>(851,657)</b>	<b>40,000</b>	<b>128,262</b>	<b>-</b>	<b>5,984,487</b>	<b>430,164</b>	<b>6,414,651</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2019*

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>OPERATING ACTIVITIES</b>		
Decrease (increase) in loan receivables	<b>586,805</b>	(450,668)
Other cash flows (used in) generating from operating activities	<u>(131,165)</u>	<u>6,680</u>
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<u><b>455,640</b></u>	<u>(443,988)</u>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of subsidiaries, associates and available-for-sale investments	–	(567,471)
Net cash inflow on disposal of subsidiaries	–	400,482
Advanced to associates	–	(371,366)
Dividend received from associates	–	155,000
Other cash flows generating from (used in) investing activities	<u>(3,436)</u>	<u>13,238</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(3,436)</b></u>	<u>(370,117)</u>
<b>FINANCING ACTIVITIES</b>		
Interest paid	<b>(117,201)</b>	(142,702)
New borrowings raised	<b>209,600</b>	680,469
Repayment of borrowings	<b>(607,951)</b>	(405,392)
New corporate bonds raised	–	451,749
Proceeds from exercise of options	–	46,790
Dividends paid to non-controlling shareholders	–	–
Other cash flows generating from (used in) financing activities	<u><b>39,025</b></u>	<u>12,037</u>
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<u><b>(476,527)</b></u>	<u>642,951</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u><b>(24,323)</b></u>	<u>(171,154)</u>
Effect of foreign exchange rate changes	<b>(3,328)</b>	20,073
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u><b>391,809</b></u>	<u>969,249</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash</b>	<u><u><b>364,158</b></u></u>	<u><u>818,168</u></u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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 GEM. Mr. Zhang Zhenxin (“**Mr. Zhang**”) is the substantial shareholder of the Company. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activities of the Company during the period are provision of consultancy services and investment holding. The principal activities of the Company’s subsidiaries are provision of traditional financing 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 services 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 services and provision of transaction verification services.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) No. 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated results have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The unaudited condensed consolidated financial information has not been audited by the Company’s auditors, but has been reviewed by the Company’s audit committee (the “**Audit Committee**”).

The accounting policies used in the preparation of these results are same with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

The Group applies, for the first time, HKFRS 16 Leases that require restatement of previous financial statements. As required by HKAS 34, the nature and effect of these changes are disclosed below.

HKFRS 16 supersedes HKAS 17 Leases, HK (IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK (SIC)-Int 15 Operating Leases-Incentives and HK (SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor. The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“**short-term leases**”), and lease contracts for which the underlying asset is of low value (“**leases of low-value assets**”). The transition effects arising from the adoption of HKFRS 16 are presented below.

As at 1 January 2019, the Directors have reviewed and reassessed the Group’s right-of-use assets and lease liabilities on that date and the results for the period. The initial application of HKFRS 16 has had impacts on recognitions of right-of-use assets and lease liabilities by RMB23,468,000 and RMB24,322,000, respectively. The difference of RMB854,000 as the cumulative effect of initially applying HKFRS 16 which was reflected on the retained earnings as at 1 January 2019.

### 3. TURNOVER

The principal activities of the Group are provision of traditional financing 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 services 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 services and provision of transaction verification services.

Turnover represents interest income (either from entrusted loans, real estate-backed loans, pawn loans, other loans and micro loans) and financial consultancy service income, third party payment service income, online investment and technology-enabled lending service income, social gaming service income, IT solution service income, transaction verification service income and gain on transfer of interest rights, net of corresponding sales related taxes. The amount of each significant category of revenue recognised in turnover for the period is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Interest income	–	101,135	<b>14,895</b>	201,815
Financial consultancy service income	–	29,610	<b>672</b>	72,238
Third party payment service income	<b>152,174</b>	95,206	<b>270,940</b>	174,389
Online investment and technology-enabled lending service income	<b>367,884</b>	323,139	<b>632,066</b>	393,236
Transaction verification service income	–	140,034	–	430,504
Others	<b>47,597</b>	49,054	<b>89,501</b>	69,866
Turnover	<b><u>567,655</u></b>	<u>738,178</u>	<b><u>1,008,074</u></b>	<u>1,342,048</u>

#### 4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the condensed consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("CODM"), who is 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 financing – provision of financing services in the People's Republic of China ("PRC") and Hong Kong;
2. Third party payment service – provision of online third party payment service and prepaid card issue business;
3. Online investment and technology-enabled lending service – provision of internet loan services 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 service in Vietnam and property investment.

## Segment revenue and results

For the period ended 30 June 2019 (Unaudited)

	Traditional loans and 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	<u>15,567</u>	<u>270,940</u>	<u>632,066</u>	<u>-</u>	<u>89,501</u>	<u>1,008,074</u>
Segment results	<u>(87,480)</u>	<u>28,181</u>	<u>(43,010)</u>	<u>(9,226)</u>	<u>(28,163)</u>	<u>(139,698)</u>
Share of results of associates						51,886
Unallocated other income						6,248
Other gains or losses						(180)
Change in fair value of a preference share of a subsidiary						(6,486)
Share-based payment expenses						(10,649)
Interest expenses						(53,061)
Unallocated expenses						<u>(172,536)</u>
Loss before tax						<u>(324,476)</u>

For the period ended 30 June 2018 (Unaudited)

	Traditional loans and 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	<u>274,053</u>	<u>174,389</u>	<u>393,236</u>	<u>430,504</u>	<u>69,866</u>	<u>1,342,048</u>
Segment results	<u>93,226</u>	<u>41,692</u>	<u>18,332</u>	<u>21,958</u>	<u>(3,447)</u>	171,761
Share of results of associates						48,800
Unallocated other income						25,777
Other gains or losses						252,042
Gain on disposal of subsidiaries (Note 20)						42,760
Change in fair value of a preference share of a subsidiary						(976)
Share-based payment expenses						(36,991)
Interest expenses						(84,825)
Unallocated expenses						<u>(28,900)</u>
Profit before tax						<u>389,448</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit or loss represents profit earned by or loss from each segment without allocation of share of results of associates, unallocated other income, other gains or losses, change in fair value of preference share of a subsidiary, 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.

## 5. OTHER INCOME AND GAINS OR LOSSES

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Government grants ( <i>Note</i> )	<b>10,520</b>	17,894	<b>30,128</b>	18,494
Bank interest income	<b>779</b>	4,614	<b>2,570</b>	6,308
Interest income on convertible bonds	–	–	–	1,859
Imputed interest on corporate bonds	–	–	–	–
Fair value changes of held for trading investments	–	(5,589)	–	(7,958)
Fair value changes of financial assets through profit or loss	–	260,000	<b>(19,693)</b>	260,000
Others	<b>1,533</b>	22,232	<b>3,528</b>	25,779
	<b>12,832</b>	299,151	<b>16,533</b>	304,482

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

## 6. INTEREST EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Interest on bank and other borrowings	<b>2,036</b>	41,238	<b>49,729</b>	77,909
Interest on corporate bonds	<b>9,780</b>	26,307	<b>23,534</b>	27,452
Interest on convertible bonds	<b>35,640</b>	18,890	<b>81,166</b>	66,290
	<b>47,456</b>	86,435	<b>154,429</b>	171,651

## 7. (LOSS) PROFIT BEFORE TAX

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

	For the three months ended 30 June		For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>(a) Staff costs, including directors' remuneration</b>				
Salaries, wages and other benefits	78,964	81,670	151,465	175,177
Contribution to defined contribution retirement benefits scheme	823	8,915	13,241	16,287
Share-based payment expenses	2,067	20,401	10,649	36,991
	<u>81,854</u>	<u>110,986</u>	<u>175,355</u>	<u>228,455</u>
<b>(b) Other items</b>				
Auditors' remuneration	113	838	742	1,437
Depreciation and amortization	103,471	103,471	36,777	365,347
Depreciation of right-of-use assets	7,333	–	14,666	–
Net exchange difference	2,951	7,236	8,241	(2,648)
Operating lease charges in respect of properties	8,735	22,340	12,232	35,008
Fair value change of preference share of a subsidiary	6,486	25,736	6,486	976
Fair value of change of provision for financial guarantee (included in administrative and other operating expenses)	39,771	–	192,630	19,633
(Reversal of) impairment recognised on loan receivables (included in administrative and other operating expenses)	(57,526)	9,289	38,243	12,360
Impairment recognised on account receivables (included in administrative and other operating expenses)	12,064	–	14,066	–
Impairment recognised on amount due from an associate (included in administrative and other operating expenses)	68,498	–	150,498	–
	<u>68,498</u>	<u>–</u>	<u>150,498</u>	<u>–</u>

## 8. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Current tax				
Provision for Hong Kong Profits Tax	–	24,935	–	27,608
Provision for PRC Enterprise Income Tax (the “EIT”)	<b>54,846</b>	39,589	<b>87,310</b>	52,387
Provision for Vietnam Income Tax	<b>(887)</b>	–	<b>(683)</b>	–
	<b>53,959</b>	64,524	<b>86,627</b>	79,995
Deferred tax	<b>(62,119)</b>	2,506	<b>(82,618)</b>	2,506
	<b>(8,160)</b>	67,030	<b>4,009</b>	82,501

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for the three months and six months ended 30 June 2019 and 2018.
- (iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

During the three months and six months ended 30 June 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.



- (iv) According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the “LAT”) (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995 as well, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.
- (v) 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.

## 9. DIVIDENDS

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 10. (LOSS) EARNINGS PER SHARE

### Basic (loss) earnings per share

The calculation of basic (loss) earnings per share for the three months and six months ended 30 June 2019 is based on the result attributable to owners of the Company of profit of RMB4,577,000 and loss of RMB272,315,000 respectively (three months and six months ended 30 June 2018: profit of RMB257,427,000 and RMB308,715,000 respectively) and the weighted average of 23,141,316,000 and 23,141,316,000 ordinary shares in issue respectively during the three months and six months ended 30 June 2019 (three months and six months ended 30 June 2018: 22,543,500,643 and 22,514,927,535 ordinary shares respectively).

### Diluted (loss) earnings per share

The calculation of diluted earnings per share for the three months and six months ended 30 June 2019 is based on the result attributable to owners of the Company of profit of RMB31,063,000 and loss of RMB191,149,000 respectively (three months and six months ended 30 June 2018: RMB257,427,000 and RMB308,715,000 respectively) and the weighted average of 24,933,355,000 and 24,933,355,000 ordinary shares in issue respectively during the periods assuming conversion of all dilutive potential shares (three months and six months ended 30 June 2018: 23,378,123,199 and 23,347,431,058 ordinary shares respectively). Dilutive potential shares include share options, shares to be issued under conversion of convertible bonds.

For the three months and six months ended 30 June 2019 and six months ended 30 June 2018, 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 30 June 2019, 1,792,039,042 new shares of the Company might be issued pursuant to the outstanding convertible bonds.

## 11. GOODWILL

The carrying amount of goodwill at the end of the reporting period is attributable to the respective cash generating unit of the Group as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
UCF Pay Limited* (“UCF Pay”) –		
Third party payment service segment	<b>35,844</b>	35,844
Leyu Limited (“Leyu”) – Online investment and technology-enabled lending service segment	<b>676,999</b>	676,999
Shenzhen Qiyuan Tianxia Technology Company Limited* (“Qiyuan”) – Others segment	<b>107,841</b>	107,841
Amigo Technologies Joint Stock Company (“Amigo Technologies”) – Third party payment service and IT solution service segment	<b>55,698</b>	55,698
K & R International Limited (“K&R”) – Third party payment service segment	<b>28,199</b>	28,199
Glory Metro Holdings Limited (“Glory Metro”) – Other segment	<b>105,009</b>	105,009
	<b>1,009,590</b>	1,009,590

## 12. FINANCIAL ASSETS THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
Unlisted investments		
Equity securities classified as:		
Financial assets through other comprehensive income	<b>620,489</b>	626,690
Financial assets through profit or loss	<b>840,379</b>	829,152
Listed investments		
Equity securities classified as:		
Financial assets through profit or loss	<b>302,111</b>	348,501
Contingent consideration receivable through profit or loss	<b>66,295</b>	66,295
	<b>1,829,274</b>	1,870,638

### 13. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
<b>Loan receivables</b>		
Secured loans	571,008	783,383
Unsecured loans	<u>3,078,230</u>	<u>3,499,469</u>
Sub-total	<b>3,649,238</b>	4,282,852
Less: Allowance for loan receivables	<u>(724,248)</u>	<u>(676,220)</u>
	<b><u>2,924,990</u></b>	<b><u>3,606,632</u></b>
<b>Prepayments and other receivables</b>		
Prepayments and other receivables	<b><u>1,638,408</u></b>	<b><u>1,395,615</u></b>

The Group normally allows credit terms to customers ranging from 30 days to up to 2 years, depending on the types of loan.

#### (a) Ageing analysis

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
Within 90 days	–	846,652
91 to 180 days	141,925	263,855
181 to 365 days	1,015,243	1,896,701
Over 365 days	<u>1,767,822</u>	<u>599,424</u>
	<b><u>2,924,990</u></b>	<b><u>3,606,632</u></b>

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. BANK BALANCE – TRUST ACCOUNT/FUNDS PAYABLE AND AMOUNTS DUE TO CUSTOMERS**

The Group maintains a segregated trust account with a licensed bank to hold customers' monies arising from its third party payment service business. The Group has classified the customers' monies as bank balance – trust account under the current assets of the consolidated statement of financial position and recognised the corresponding payables to respective customers as funds payable to customers. The Group entitles to interests generated by the bank but is restricted to use the customers' monies to settle its own obligations.

**15. TRADE RECEIVABLES**

Customers are generally granted credit terms of 90 to 180 days (31 December 2018: 90 to 180 days). 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, online investment and technology-enabled lending service income, social gaming service income and IT solution service income and date of providing services for interest income and third party payment service income, which approximates the respective revenue recognition dates, at the end of each reporting period and as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
0 – 90 days	<b>318,772</b>	428,073
91 – 180 days	<b>65,058</b>	66,063
181 – 365 days	<b>47,863</b>	21,273
Over 1 year	<b>176</b>	1,354
	<b>431,869</b>	516,763

## 16. BORROWINGS

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
Secured bank loans	38,237	38,347
Secured other loans ( <i>Notes a</i> )	532,564	544,986
Unsecured bank loans	54,432	54,784
Unsecured other loans	547,403	913,496
	<u><b>1,172,636</b></u>	<u>1,551,613</u>
Carrying amount repayable <sup>#</sup> :		
On demand/within one year	1,137,471	1,516,485
After one year but within two years	35,165	35,128
After two years but within five years	–	–
After five years	–	–
	<u>1,172,636</u>	<u>1,551,613</u>
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>–</u>	<u>–</u>
	<b>1,172,636</b>	1,551,613
<i>Less:</i> amounts due within one year shown under current liabilities	<u>(1,137,471)</u>	<u>(1,516,485)</u>
Amounts show under non-current liabilities	<u><b>35,165</b></u>	<u>35,128</u>

<sup>#</sup> The amounts due are based on scheduled repayment dates set out in the loan agreements.

### *Notes:*

- (a) As at 30 June 2019, secured other loans were secured by share charges on certain wholly-owned subsidiaries.

The effective interest rates of borrowings at the end of the reporting period as follows:

	<b>30 June 2019 (Unaudited)</b>	31 December 2018 (Audited)
Bank and other loans	<u><b>10.15%</b></u>	<u>10.15%</u>

## 17. CONVERTIBLE BONDS

The balances as at 30 June 2019 represented 3-year 7% convertible bonds with an aggregate principal amount of HK\$1,000,000,000 (equivalent to approximately RMB861,287,000), 3-year 7% convertible bonds with an aggregate principal amount of HK\$100,000,000 (equivalent to approximately RMB85,640,000) and 3-year 5.9% plus 3-month LIBOR convertible bonds with an aggregate principal amount of US\$45,000,000 (equivalent to approximately RMB298,704,000).

As at 31 December 2017, the balances included a 3-year 7% convertible bond with an aggregate principal amount of HK\$1,000,000,000 (equivalent to approximately RMB861,287,000) (the “**7% Convertible Bond**”). 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 Bond in the principal amount of HK\$19,999,513.60. The remaining number of new shares might be issued pursuant to the 7% Convertible Bond as at 30 June 2019 was 1,237,055,469.

As at 31 December 2017, the balances included a 3-year 6% convertible bond with an aggregate principal amount of HK\$300,000,000 (equivalent to approximately RMB236,419,000) (the “**6% Convertible Bond**”). 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 Bond in the principal amount of HK\$300,000,000. No remaining number of new shares might be issued pursuant to the 6% Convertible Bond as at 30 June 2019.

No convertible bonds were issued during the six months ended 30 June 2019.

The movement of the liability and equity components of the convertible bonds is set out below:

	<b>Liability component RMB'000</b>	<b>Equity component RMB'000</b>	<b>Total RMB'000</b>
At 31 December 2018 (audited)	1,172,406	128,262	1,300,668
Effective interest expenses	162,323	–	162,323
Interest payables	(127,235)	–	(127,235)
Exchange realignment	13,417	–	13,417
	<u>1,220,911</u>	<u>128,262</u>	<u>1,349,173</u>
At 30 June 2019 (unaudited)	<u>1,220,911</u>	<u>128,262</u>	<u>1,349,173</u>

## 18. SHARE CAPITAL

	Number of shares '000	Share capital presented as	
		HK\$'000	RMB'000
<i>Authorised:</i>			
At 1 January 2019 and 30 June 2019, ordinary shares of HK\$0.02 each	100,000,000	2,000,000	
<i>Issued and fully paid:</i>			
At 30 June 2019, ordinary shares of HK\$0.02 each (unaudited)	23,141,316	462,826	385,717
<i>Issued and fully paid:</i>			
At 1 January 2018, ordinary shares of HK\$0.02 each (audited)	22,412,777	448,256	373,512
Exercise of share options	105,740	2,114	1,707
Conversion of convertible bonds	605,691	12,114	10,199
At 30 June 2018, ordinary shares of HK\$0.02 each (unaudited)	23,124,208	462,484	385,418

## 19. COMMITMENT

### Capital expenditure commitment

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment	5,624	5,624

### Operating lease arrangement

#### *The Group as lessee*

Details of the Group's commitments under non-cancellable operating leases as at 31 December 2018 are set out as follows:

The Group leases certain of its staff quarters and offices under operating lease arrangements. The leases typically run for an initial period of three months to three years (31 December 2018: three months to three years). Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

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

	31 December 2018 (Audited) RMB'000
Within one year	52,614
In the second to fifth years inclusive	<u>12,685</u>
	<u><u>65,299</u></u>

## 20. RELATED PARTY TRANSACTIONS

### Significant related party transactions

The Group had the following significant transactions with its related parties during the period:

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2019</b> (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Rental expenses paid to:			
UCF Holdings Group Limited	(i)	<u>–</u>	<u>2,298</u>

*Notes:*

(i) This company is owned by Mr. Zhang, a substantial shareholder of the Company.

### Key management personnel remuneration

	<b>Six months ended 30 June</b>	
	<b>2019</b> (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Basic salaries, allowances and other benefits	<b>8,900</b>	8,679
Contribution to retirement benefit scheme	<b>144</b>	143
Share-based payment expenses	<u><b>3,234</b></u>	<u>14,921</u>
	<u><u><b>12,278</b></u></u>	<u><u>23,743</u></u>



## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The level in the fair value hierarchy within which the financial asset (liability) is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets (liabilities) of the Group at fair value in the statement of financial position are grouped into fair value hierarchy as follows:

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>30 June 2019 (unaudited)</b>				
<b>Financial assets at FVTOCI</b>				
Non-derivative financial assets				
– Unlisted equity investments	–	–	620,489	620,489
<b>Financial assets at FVTPL</b>				
Non-derivative financial assets				
– Unlisted equity investments	–	–	840,379	840,379
– Held for trading investments	302,111	–	66,295	414,796
	<u>302,111</u>	<u>–</u>	<u>1,527,163</u>	<u>1,829,274</u>
<b>Financial liabilities at FVTPL</b>				
Preference share of a subsidiary	–	–	50,932	50,932
	<u>–</u>	<u>–</u>	<u>50,932</u>	<u>50,932</u>

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2018 (audited)</b>				
<b>Financial assets at FVTOCI</b>				
Non-derivative financial assets				
– Unlisted equity investments	–	–	626,690	626,690
<b>Financial assets at FVTPL</b>				
Non-derivative financial assets				
– Unlisted equity investments	–	–	829,152	829,152
– Held for trading investments	348,501	–	66,295	414,796
	<u>348,501</u>	<u>–</u>	<u>895,447</u>	<u>1,243,948</u>
<b>Financial liabilities at FVTPL</b>				
Preference share of a subsidiary				
	–	–	44,446	44,446
Provision for financial guarantee	–	–	30,122	30,122
	<u>–</u>	<u>–</u>	<u>74,568</u>	<u>74,568</u>

There were no transfers between levels of fair value hierarchy in current period and prior year.

## 22. EVENT AFTER REPORTING PERIOD

Except for the announcements, and quarterly update on development of suspension of trading since 8 July 2019, there has been no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 30 June 2019 and up to the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Industry Trends*

The FinTech industry in the PRC has experienced the major reshuffle in the past year, and “compliance” has become the main theme of development for the industry. The implementation of various regulatory measures and the acceleration of compliance in the industry have contributed to the industry’s consolidation, which in turn is beneficial to the leading platforms. In this year, many smaller players have to shut the business due to the government’s clamp down and industry consolidation. Many big companies have also experienced slowing growth in this changing regulatory environment.

However, the 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. We shall continue focusing on the development of payment and technology enabled lending business and risk management, and have leveraged our technical expertise and business experience with our Southeast Asian operations.

#### *Operational Highlights*

##### *Third party payment*

UCF Pay Limited\* (先鋒支付有限公司) (“**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 in the second quarter of 2019 reached around RMB240 billion, representing a year-on-year growth of approximately 16%. As of the end of June 2019, the number of UCF Pay’s accumulated active users reached 5.4 million. UCF Pay’s current businesses 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 Xinxu 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**”) providers, which is 35% owned by the Group, recorded a total transaction volume of RMB1097.4 billion in the second quarter of 2019, representing a year-on-year growth of approximately 44%. The accumulated number of registered users reached 41.1 million as of the end of June 2019. 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 a substantial growth in both transaction volume and number of new registered users.

Amigo Technologies Joint Stock Company (“**Amigo Technologies**”) (in which the Group holds a 51% interest), our payment services provider in Vietnam, processed 54 million transactions in the second quarter of 2019, representing a growth of around 13% year-on-year. The value of the transactions also went up by 5% year-on-year to record about 52 trillion VND in total value. The growth rate was largely driven by COD (cash-on-delivery) services and also from various collection services from its growing list of billers.

### ***Online investment and technology-enabled lending***

As of the end of the second quarter of 2019, Weshare, our 48%-owned consumer finance platform, had accumulated over 30.7 million registered users, and accumulated transaction volume of close to RMB3.5 billion in the second quarter of 2019. The Company has been relying on small-scale fast loans, providing large-scale installments and consumer financial services to its customers, and striving to provide better and more affordable internet financial services to its users. Weshare has expanded its business to the Southeast Asia region and Russia by constructing localised online platform with a view to providing local users with internet financial services.

## **Financial Review**

### ***Revenues***

For the six months ended 30 June 2019, the Group reported revenue of approximately RMB1,008 million, a decrease of 25% year-on-year. The decrease was primarily attributable to the decrease in revenues from the blockchain services and traditional loans and financing services, and offset by the increase in the third-party payment services and online investment and technology-enabled lending services. The following table sets forth the Group’s revenues by segment of business for the six months ended 30 June 2019 and 2018.

	<b>For the six months ended 30 June</b>			
	<b>2019</b>		<b>2018</b>	
	<i>RMB’000</i>	<i>% of total revenues</i>	<i>RMB’000</i>	<i>% of total revenues</i>
Traditional loans and financing	<b>15,567</b>	<b>1.5</b>	274,053	20.4
Third party payment services	<b>270,940</b>	<b>26.9</b>	174,389	13.0
Online investment and technology-enabled lending services	<b>632,066</b>	<b>62.7</b>	393,236	29.3
Blockchain services	–	–	430,504	32.1
Others	<b>89,500</b>	<b>8.9</b>	69,866	5.2
<b>Total</b>	<b><u>1,008,074</u></b>	<b><u>100.0</u></b>	<b><u>1,342,048</u></b>	<b><u>100.0</u></b>

### ***Traditional loans and financing***

Traditional loans and financing income mainly included interest income, financial consultancy service income and gain on transfer of rights on interest on loan receivables, which were derived from the Group's loan financing services including entrusted loans, pawn loans and other loans secured with assets or guarantees. This had approximately RMB15.6 million for the six months ended 30 June 2019. The decrease was due to a large receivables balance have matured during this period and interest income from those are no longer available. In addition, no interest income was recognised on those credit-impaired loan receivables during the period.

### ***Third party payment service***

The third party payment business, which included the provision of online payment transactions, payment system consultancy and related services of UCF Pay, generated revenues of approximately RMB270.9 million for the six months ended 30 June 2019, an increase of approximately 55% year-on-year. It represented approximately 27% of the Group's total revenues. The increase reflected a significant growth in the total transaction volume on our core third party payment platform.

### ***Online investment and technology-enabled lending service***

Our online investment and technology-enabled lending service income mainly included income generated by our online property loan platform First House Loan and our 48%-owned online consumer lending platform Weshare. For the six months ended 30 June 2019, the Group's online investment and technology-enabled lending business recorded revenues of approximately RMB632 million, representing a decrease of approximately 61% year-on-year. It represented approximately 58% of the Group's total revenues.

### ***Others***

Others included income generated by our 51%-owned subsidiary Amigo Technologies, which contributed approximately RMB60.1 million of revenue to the Group for the six months ended 30 June 2019.

### ***Interest expenses***

Interest expenses mainly comprised interest due on bank and other loans, Hong Kong dollar (“HK\$”)-denominated convertible bonds, United States (“US”) dollar-denominated convertible bonds, HK\$-denominated corporate bonds, US dollar-denominated corporate bonds and Singapore dollar-denominated corporate bonds. The Group's interest expenses decreased by approximately 10% year on-year to approximately RMB154.4 million for the six months ended 30 June 2019. As at 30 June 2019, the Group's balances for external funding were RMB2,804 million, of which bank and other borrowings amounted to approximately RMB1,173 million (30 June 2018: approximately RMB1,894 million) and corporate bonds and convertible bonds amounted to approximately RMB1,631 million (30 June 2018: RMB1,617 million).

### ***Other income and gains or losses***

Other income mainly comprised bank interest income and government grants. The Group's other gains or losses which mainly comprised fair value changes of financial assets through profit or loss amounting to a loss of approximately RMB20 million.

### ***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. The Group's administrative and other operating expenses has decreased by approximately 2% to approximately RMB1,229.4 million for the six months ended 30 June 2019 year-on-year.

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

### ***Share-based payment expenses***

Share-based payment expenses of the Group for the six months ended 30 June 2019 decreased by 71% year on year to approximately RMB11.0 million. The decrease in such expenses was due to the lapse of the share options.

### ***Share of results of associates***

Share of results of associates for the six months ended 30 June 2019 increased to approximately RMB52 million. The year-on year increase was mainly attributable to the contribution from our 35% equity interest in Shanghai Jifu.

### ***Loss for the period***

The loss for the six months ended 30 June 2019 was approximately RMB328 million, as compared to the profit of approximately RMB306.9 million for the six months ended 30 June 2018. The decrease was mainly due to a decrease in turnover of approximately RMB334 million which was largely impacted by the ceased operation in transaction verification services and the decrease of the interest income, and also the decrease in other income and gains or losses.

### ***Loss attributable to owners of the Company***

Loss attributable to owners of the Company for the six months ended 30 June 2019 was approximately RMB272 million. Excluding share-based payment expenses and change in fair value of preference share of a 48%-owned subsidiary, loss attributable to owners of the Company under non-generally accepted accounting principles ("GAAP") for the six months ended 30 June 2019 was approximately RMB258.6 million, compared to a profit of approximately RMB330.3 million for the six months ended 30 June 2018.

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

The table below sets forth a reconciliation of profit attributable to owners of the Company to non-GAAP profit attributable to owners of the Company for the period indicated:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss) Profit attributable to owners of the Company	<b>(272,315)</b>	308,715
Adjustments for:		
Share-based payment expenses	<b>10,649</b>	36,991
Gain on disposal of subsidiaries	–	(42,760)
Income tax arising from gain on disposal of subsidiaries	–	26,885
Gain on deemed disposal of subsidiaries	–	–
Change in fair value of preference share of a 48%-owned subsidiary	<b>3,113</b>	469
	<u><b>(258,553)</b></u>	<u>330,300</u>
Non-GAAP (loss) profit attributable to owners of the Company	<u><b>(258,553)</b></u>	<u>330,300</u>

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.

## **OUTLOOK AND STRATEGIES**

### **Third party payment**

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 the 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.

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 and 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 Consumer (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 further strengthen its capabilities in inclusive finance serving the public, open platform, efficient value delivery, data-driven operation, and consumer scenario adaptation. In terms of the business development, Weshare will 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. 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 ecosystem for its value realisation.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the six months ended 30 June 2019, the Group's main source of funds was mainly from cash generated from financing activities. As at 30 June 2019, the Group had bank balances and cash of approximately RMB364.2 million (31 December 2018: approximately RMB391.8 million), of which mainly were denominated in RMB, Hong Kong dollars (“**HK\$**”) and Vietnamese Dong.

As at 30 June 2019, the Group's interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB2,804 million (31 December 2018: approximately RMB3,288 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.23 as at 30 June 2019 (31 December 2018: 0.28).

During the period under review, the Group did not use any financial instruments for hedging purposes.

## **INDEBTEDNESS AND CHARGES ON ASSETS**

As at 30 June 2019, the Group had long term borrowings amounting to RMB35.1 million (31 December 2018: RMB35.1 million) and short term borrowings amounting to approximately RMB1,137.5 million (31 December 2018: RMB1,516.5 million), of which RMB532.6 million was interest-bearing at fixed rate and secured by share charges on certain wholly-owned subsidiaries of the Group; and approximately RMB38.2 million was interest-bearing at floating rate and secured by bank deposits. The remaining borrowings amounting to approximately RMB601.8 million were unsecured and interest-bearing at fixed rates.

As at 30 June 2019, the Group had long term unsecured corporate bonds in an aggregate principal amount of RMB179.6 million (31 December 2018: RMB379.0 million) and short term unsecured corporate bonds in an aggregate principal amount of RMB230.4 million (31 December 2018: RMB185.1 million).

As at 30 June 2019, the Group had short term unsecured liability component of convertible bonds amounting to RMB1,221 million (31 December 2018: 1,172.4 million).

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

For the six months ended 30 June 2019, there is no material acquisitions and disposals of subsidiaries and affiliated companies.

## **STRUCTURED CONTRACTS**

For the six months ended 30 June 2019, the Group had a number of operations which were conducted pursuant to structured contracts which allowed the Group to indirectly own and control such operations:

### **(A) Shanghai Yintong Dian Dang Company Limited\* (上海銀通典當有限公司) (“Shanghai Yintong”)**

Shanghai Yintong recorded revenue and a net profit of RMB2.3 million and RMB1.6 million, respectively for the six months ended 30 June 2019 (for the year ended 31 December 2018: revenue of RMB1.9 million and a net profit of RMB1.2 million, respectively). As at 30 June 2019, the total assets and net assets of Shanghai Yintong were RMB45.7 million and RMB45.8 million, respectively (as at 31 December 2018: RMB44.1 million and RMB44.2 million, respectively).

### **(B) UCF Pay**

For the six months ended 30 June 2019, UCF Pay recorded revenue and a net profit of RMB271 million and RMB32.4 million, respectively (for the year ended 31 December 2018: revenue and a net profit of RMB345.9 million and RMB82.9 million, respectively). As at 30 June 2019, the total assets and the net assets of UCF Pay were RMB770.3 million and RMB616.4 million respectively (as at 31 December 2018: RMB1,116.5 million and RMB583.9 million respectively).

### **(C) Qiyuan**

For the six months ended 30 June 2019, Qiyuan recorded a net loss of RMB7.1 million, respectively (for the year ended 31 December 2018: a net loss of RMB102.9 million, respectively). As at 30 June 2019, the total assets and net liabilities of Qiyuan were RMB12.3 million and RMB16.2 million, respectively (as at 31 December 2018: RMB16.1 million and RMB15.6 million, respectively).

**(D) Shanghai Jifu**

For the six months ended 30 June 2019, Shanghai Jifu recorded revenue and a net profit of RMB1,888.2 million and RMB401.7 million, respectively (for the year ended 31 December 2018: revenue and a net profit of RMB3,321 million, RMB386.1 million, respectively). As at 30 June 2019, the total assets and the net assets of Shanghai Jifu were RMB1,557.3 million and RMB453.9 million respectively (as at 31 December 2018: total assets and net assets were RMB830.6 million and RMB67.4 million, respectively).

**(E) Leyu Limited (“Leyu”)**

For the six months ended 30 June 2019, Leyu recorded revenue, a net loss of RMB621 million, and RMB49.7 million respectively (for the year ended 31 December 2018: revenue and a net profit of RMB371 million and RMB3.8 million, respectively). As at 30 June 2019, the total assets and the net assets of Leyu were RMB2,033 million and RMB574 million respectively (as at 31 December 2018: RMB1,493.5 million and RMB507.6 million respectively).

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

Save as disclosed under the sections headed “Industry Trends” and “Outlook and Strategies for 2019” in this report, the Company had no specific future plans for material investments or capital assets as at 30 June 2019.

**INTERIM DIVIDEND**

The Group has resolved not to pay an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

**CONTINGENT LIABILITIES**

As at 30 June 2019, the Group had no significant contingent liabilities (31 December 2018: Nil).

**CAPITAL COMMITMENTS**

As at 30 June 2019, the Group had capital expenditure contracted for but not provided for in its financial statements of approximately RMB5.6 million (31 December 2018: RMB5.6 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates mainly in Hong Kong and the PRC. For its 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 operations in the PRC, most of the Group's 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, bank borrowings and corporate bonds are denominated in HK\$ which is not the functional currency of the relevant group entities. The Group has not made other arrangements to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the Group's foreign exchange exposure and will consider utilizing applicable derivatives to hedge exchange risk if necessary.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Directors and management has been closely monitoring 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 30 June 2019, the Group had a total of 970 staff and 11 contractors (31 December 2018: 1,133 staff and 11 contractors). Total staff costs (including Directors' emoluments) were approximately RMB175.4 million for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB228.5 million). Remuneration is determined by reference to 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 mandatory social security for its employees in Hong Kong, the PRC, Singapore and Vietnam, respectively.

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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its Shares listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the six months ended 30 June 2019.

## **MATERIAL CHANGES**

Save as disclosed in this announcement, there have been no material changes in respect of any other matters since the publication of the Company's 2018 annual report.

## **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 (“**CG Code**”) and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules and all the requirements of the GEM Listing Rules during the six months ended 30 June 2019 except for the following deviation.

Code provision E.1.2 of the CG Code requires the chairman of the board of directors to attend the annual general meeting. Due to other business commitments which must be attended by Mr. Li Mingshan, the chairman of the Board (the “**Chairman**”), was not able to attend the annual general meeting of the Company held on 7 May 2019 (the “**AGM**”). Mr. Phang Yew Kiat, the vice-chairman and executive Director and the chief executive officer of the Company, acted as the chairman of the AGM to ensure an effective communication with the shareholders of the Company (the “**Shareholders**”). The Chairman had enquired about the questions raised and the opinions expressed by the Shareholders at the AGM.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee currently comprises four members, namely Mr. Ge Ming (chairman), Dr. Ou Minggang, Dr. Wang Songqi and Ms. Zhou Zhan, all being independent non-executive Directors.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2019 and this announcement have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 7 April 2020

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

*Executive Director:*

Mr. Phang Yew Kiat (*Vice-Chairman and Chief Executive Officer*)

Mr. Wong Ka Bo, Jimmy

Mr. Hu Xiuren

*Non-executive Directors:*

Ms. Li Shuang

Mr. Sheng Jia

*Independent Non-executive Directors:*

Mr. Ge Ming

Dr. Ou Minggang

Dr. Wang Songqi

Ms. Zhou Zhan

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.csfgroup.com](http://www.csfgroup.com)).*