



**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 THIRD QUARTERLY RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

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

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## FINANCIAL HIGHLIGHTS

### Third Quarter of 2019

	For the nine months ended 30 September		Period- on- period change
	2019 (Unaudited) <i>RMB'000</i>	2018 (Unaudited) <i>RMB'000</i>	
Operating Results			
Turnover	<b>1,489,224</b>	1,957,957	-23.9%
(Loss) Profit for the period	<b>(605,437)</b>	257,405	-335.2%
(Loss) Profit attributable to owners of the Company	<b>(506,649)</b>	241,111	-310.1%
Non-GAAP (loss) profit attributable to owners of the Company	<b>(481,922)</b>	267,811	-279.9%
	<i>RMB</i>	<i>RMB</i>	
(Loss) Earnings per share			
– basic	<b>(2.19) cent</b>	1.06 cents	-70.3%
– diluted	<b>(2.19) cent</b>	1.02 cents	-70.0%
Non-GAAP (loss) earnings per share			
– basic	<b>(2.08) cent</b>	1.18 cents	-59.2%
– diluted	<b>(2.08) cent</b>	1.14 cents	-58.7%

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 nine months ended 30 September 2019 together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

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

*For the three months and nine months ended 30 September 2019*

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>Turnover</b>	3	<b>41,588</b>	615,909	<b>1,489,224</b>	1,957,957
Interest income	3	10,979	86,935	25,874	288,750
Interest expenses	6	(115,164)	(118,718)	(269,593)	(290,369)
Net interest income/(expense)		(31,783)	(31,783)	(243,719)	(1,619)
Financial consultancy service income	3	–	19,741	672	91,979
Third party payment service income	3	24	91,983	270,964	266,372
Online investment and technology-enabled lending service income	3	428,559	296,824	1,060,625	690,060
Transaction verification service income	3	–	66,055	–	496,559
Others	3	41,588	54,371	131,089	124,237
		<b>438,688</b>	497,191	<b>1,219,631</b>	1,667,588
Other income	5	8,543	3,284	25,252	55,724
Other gains or losses	5	–	725	(176)	252,767
Administrative and other operating expenses		(700,214)	(563,744)	(1,929,619)	(1,817,320)
Share-based payment expenses		(10,965)	(19,163)	(21,614)	(56,154)
Share of results of associates		34,046	(21,936)	85,932	26,864
Gain on disposal of subsidiaries		–	–	–	42,760
Gain on disposal of hashing power		–	–	–	232,669
Change in fair value of preference shares of a subsidiary		–	29,266	(6,486)	28,290
Change in fair value of crypto currencies		–	(220)	–	(118,337)
<b>Profit/(loss) before tax</b>	7	<b>(229,902)</b>	(74,597)	<b>(627,080)</b>	314,851
Income tax	8	25,652	25,055	21,643	(57,446)
<b>Profit/(loss) for the period</b>		<b>(204,250)</b>	(49,542)	<b>(605,437)</b>	257,405

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Other comprehensive income (expense) for the period</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operation	27,552	28,120	159,823	11,629
Share of other comprehensive expense of associates	–	(912)	–	(3,430)
Change in fair value of financial assets through other comprehensive income	(63)	–	(6,264)	(135,551)
Reclassification upon disposal of available-for- sale investments	–	–	–	–
Other comprehensive income/(expense) for the period, net of income tax	27,489	27,208	153,559	(127,352)
<b>Total comprehensive income (expense) for the period</b>	<b>(176,761)</b>	<b>(22,334)</b>	<b>(451,878)</b>	<b>130,053</b>
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	(161,632)	(67,604)	(506,649)	241,111
Non-controlling interests	(42,618)	18,062	(98,788)	16,294
	<b>(204,250)</b>	<b>(49,542)</b>	<b>(605,437)</b>	<b>257,405</b>
<b>Total comprehensive income (expense) for the period attributable to:</b>				
Owners of the Company	(133,809)	(41,049)	(381,864)	112,997
Non-controlling interests	(42,952)	18,715	(70,014)	17,056
	<b>(176,761)</b>	<b>(22,334)</b>	<b>(451,878)</b>	<b>130,053</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Earnings/(loss) per share</b>	<i>10</i>			
Basic	<b>(0.70) cent</b>	(0.29) cent	<b>(2.19) cent</b>	1.06 cents
Diluted	<b>(0.70) cent</b>	(0.29) cent	<b>(2.19) cent</b>	1.02 cents

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2019 have been prepared in accordance with the Hong Kong Accounting Standards and Interpretations and have complied with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

### 2. PRINCIPAL ACCOUNTING POLICIES

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 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.

Turnover represents interest income (either from entrusted loans, real estate-backed loans, pawn loans, other loans or micro loans), financial consultancy service income, third party payment service income, online investment and technology-enabled lending service income, social gaming service income, IT solution service income, transaction verification service income and gain on transfer of rights on interest on loan receivables, 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 September		For the nine months ended 30 September	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>Interest income</b>	<b>10,979</b>	86,935	<b>25,874</b>	288,750
Financial consultancy service income	–	19,741	<b>672</b>	91,979
Third party payment service income	<b>24</b>	91,983	<b>270,964</b>	266,372
Online investment and technology-enabled lending service income	<b>428,559</b>	296,824	<b>1,060,625</b>	690,060
Transaction verification service income	–	66,055	–	496,559
Others	<b>41,588</b>	54,371	<b>131,089</b>	124,237
Turnover	<b>481,150</b>	615,909	<b>1,489,224</b>	1,957,957

### 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 (the "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.

The Directors have organised the Group into different segments by the types of services provided, of which the "Blockchain services" was a new segment identified since the year ended 31 December 2018.

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 (the “**PRC**”) and Hong Kong;
2. Third party payment services – provision of online third party payment service and prepaid card issuance business;
3. Online investment and technology-enabled lending services – provision of internet loan services in the PRC;
4. Blockchain services – provision of transaction verification services in Hong Kong, North America and Georgia; and
5. Others – provision of social gaming services in the PRC, provision of IT solution services in Vietnam and property investment.

### Segment revenue and results

*For the nine months ended 30 September 2019 (Unaudited)*

	Traditional loans and financing <i>RMB'000</i>	Third party payment services <i>RMB'000</i>	Online investment and technology- enabled lending services <i>RMB'000</i>	Blockchain services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE						
External income and gain	26,546	270,964	1,060,625	–	131,089	1,489,224
Segment results	(255,827)	28,074	(132,490)	(9,390)	(27,655)	(397,288)
Share of results of associates						85,932
Unallocated other income						14,794
Other gain or losses						(183)
Share-based payment expenses						(21,614)
Interest expenses						(138,220)
Unallocated expenses						(170,501)
Loss before tax						(627,080)

For the nine months ended 30 September 2018 (Unaudited)

	Traditional loans and financing <i>RMB'000</i>	Third party payment services <i>RMB'000</i>	Online investment and technology- enabled lending services <i>RMB'000</i>	Blockchain services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE						
External income and gain	<u>380,729</u>	<u>266,372</u>	<u>690,060</u>	<u>496,559</u>	<u>124,237</u>	<u>1,957,957</u>
Segment results	<u>133,914</u>	<u>57,333</u>	<u>42,922</u>	<u>(37,069)</u>	<u>(27,291)</u>	169,809
Share of results of associates						26,864
Unallocated other income						31,639
Other gain or losses						251,869
Gain on disposal of subsidiaries						42,760
Change in fair value of preference shares of a subsidiary						28,290
Share-based payment expenses						(56,154)
Interest expenses						(133,266)
Unallocated expenses						<u>(46,960)</u>
Profit before tax						<u>314,851</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 shares 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 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	1,764	1,188	4,334	7,496
Government grants ( <i>Note</i> )	–	4,187	30,128	22,681
Interest income on convertible bonds	–	21	–	1,880
Imputed interest on corporate bonds	–	–	–	–
Fair value changes of held for trading investments	–	(1,085)	(19,693)	(9,043)
Fair value changes of financial assets through profit or loss	–	–	–	260,000
Gain on disposal of property, plant and equipment	–	722	–	722
Others	6,779	(1,024)	10,307	24,755
	<u>8,543</u>	<u>4,009</u>	<u>25,076</u>	<u>308,491</u>

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

## 6. INTEREST EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	94,530	63,775	144,259	141,684
Interest on corporate bonds	10,069	10,575	33,603	38,027
Interest on convertible bonds	10,565	44,368	91,731	110,658
	<u>115,164</u>	<u>118,718</u>	<u>269,593</u>	<u>290,369</u>

## 7. PROFIT/(LOSS) BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>(a) Staff costs, including directors' remuneration</b>				
Salaries, wages and other benefits	13,790	89,033	165,255	264,210
Contribution to defined contribution retirement benefits scheme	414	13,370	13,655	29,657
Share-based payment expenses	10,965	19,163	21,614	56,154
	<u>25,169</u>	<u>121,566</u>	<u>200,524</u>	<u>350,021</u>
<b>(b) Other items</b>				
Auditors' remuneration	75	2,277	817	3,714
Impairment recognised on loan receivables (included in administrative and other operating expenses)	143,654	–	181,897	12,360
Impairment recognised on amount due from associates (included in administrative and other operating expenses)	–	–	153,169	–
Depreciation and amortization	220	59,767	36,997	425,114
Depreciation on right-of-use assets	7,333	–	21,999	–
Net exchange difference	(12,614)	(8,531)	(4,373)	(11,179)
Operating lease charges in respect of properties	–	6,733	–	41,741
Fair value of change of provision for financial guarantee (included in administrative and other operating expenses)	25	–	192,655	19,633

## 8. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Current tax				
Provision for Hong Kong Profits Tax	–	(26,706)	–	902
Provision for PRC Enterprise Income Tax (the “EIT”)	1,114	7,879	88,424	60,266
Provision for Vietnam Income Tax	(214)	–	(897)	–
Deferred tax	(26,552)	(6,228)	(109,170)	(3,722)
	<u>(25,652)</u>	<u>(25,055)</u>	<u>(21,643)</u>	<u>57,446</u>

- (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 nine months ended 30 September 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 nine months ended 30 September 2019 and 2018, 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 a dividend for the nine months ended 30 September 2019 (nine months ended 30 September 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 nine months ended 30 September 2019 is based on the loss attributable to owners of the Company of RMB161,632,000 and RMB506,649,000 respectively (three months and nine months ended 30 September 2018: loss of RMB67,604,000 and profit of RMB241,111,000 respectively) and the weighted average of 23,141,316,000 and 23,141,316,000 ordinary shares of the Company (the “**Shares**”) in issue respectively during the three months and nine months ended 30 September 2019 (three months and nine months ended 30 September 2018: 23,134,200,768 and 22,720,252,847 Shares respectively).

### **Diluted earnings per share**

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2019 is based on the loss attributable to owners of the Company of RMB151,067,000 and RMB414,918,000 respectively (three months and nine months ended 30 September 2018: loss of RMB67,604,000 and profit of RMB241,111,000 respectively) and the weighted average of 24,933,355,000 and 24,933,355,000 Shares in issue respectively during the periods (three months and nine months ended 30 September 2018: 23,684,964,288 and 23,526,252,455 Shares respectively).

For the three months and nine months ended 30 September 2019 and 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 September 2019, 1,792,039,042 new Shares might be issued pursuant to the convertible bond.

## 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*

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**”) provider which is 35% owned by the Group, recorded a total transaction volume of RMB3,158 billion in the first three quarters of 2019, representing a year-on-year growth of around 26.5%. The accumulated number of registered users reached 42.2 million as of the end of September 2019. Shanghai Jifu focused on promoting DianPOS (點刷) /MPOS and Point POS (點POS) business and received positive market feedback, resulting in a substantial growth in both its 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, recorded a total transaction volume of VND153 trillion in the first three quarters of 2019, representing a growth of around 3.3% year-on-year. In the first three quarters of 2019, Amigo Technologies’ total number of transactions was approximately 159 million, representing a period-on-period growth of approximately 13%. The growth rate was largely driven by COD (cash-on-delivery) services.

K&R International Limited (“**K&R International**”), our wholly owned subsidiary was granted the license to issue VISA prepaid cards in Hong Kong, and was under the progress to access the VISA payment system. The company had signed a MOU with an Overseas-Foreign-Worker (OFW) agency firm to issue E-wallets and prepaid cards to provide remittance service to Philippine OFWs and Indonesian OFWs. The project would be initiated once approved by HKMA in 2020.

## Financial Review

### Revenues

For the nine months ended 30 September 2019, the Group reported revenue of approximately RMB1,489 million, a decrease of 24% year-on-year. The decrease was primarily attributable to the decrease in revenue from traditional loans and financing caused by a decrease on loan receivables, and elimination of the blockchain services business during the nine months ended 30 September 2019. The following table sets forth the Group’s revenues by segment of business for the nine months ended 30 September 2019 and 2018.

	For the nine months ended 30 September		2018	
	2019	% of total	2018	% of total
	<i>RMB’000</i>	<i>revenues</i>	<i>RMB’000</i>	<i>revenues</i>
Traditional loans and financing	26,546	1.8	380,729	19.4
Third party payment services	270,965	18.2	266,372	13.6
Online investment and technology-enabled				
lending services	1,060,624	71.2	690,060	35.2
Blockchain services	–	–	496,559	25.4
Others	131,089	8.8	124,237	6.4
<b>Total</b>	<b>1,489,224</b>	<b>100.0</b>	<b>1,957,957</b>	<b>100.0</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. It generated approximately 1.8% of the Group’s total revenues and recorded a decrease to approximately RMB26.5 million for the nine months ended 30 September 2019. The decrease was due to a decrease on the loan receivables balances and an increase on the loan receivables balances which was credit-impaired during the nine months ended 30 September 2019.

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

The third party payment business, which mainly included the provision of online payment transactions, payment system consultancy and related services of UCF Pay, approximately RMB271 million for the nine months ended 30 September 2019, largely flat year-on-year. It represented approximately 18.2% of the Group's total revenues.

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

Our online investment and technology-enabled lending service income mainly included income generated by our 48%-owned online consumer lending platform Weshare. For the nine months ended 30 September 2019, the Group's online investment and technology-enabled lending business recorded revenue of approximately RMB1,060.6 million, representing a increase of approximately 53.7% period-on-period. It represented approximately 71.2% of the Group's total revenues, of which Weshare reported revenue of approximately RMB1,050 million. The increase in the business segment's revenue was mainly due to a increase in transaction volumes across the online consumer lending platform Weshare.

### ***Others***

Others mainly includes revenue generated by our 51%-owned subsidiary Amigo Technologies, which contributed approximately RMB101.7 million to the Group for the nine months ended 30 September 2019.

### ***Interest expenses***

Interest expenses mainly comprised interest due on bank and other loans, Hong Kong (“**HK**”) dollar-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 6.8% year-on-year to approximately RMB270 million for the nine months ended 30 September 2019. As at 30 September 2019, the Group's balances for external funding were RMB2,745.7 million (30 September 2018: approximately RMB3,571.3 million), of which bank and other borrowings amounted to approximately RMB1,430 million (30 September 2018: approximately RMB1,950.4 million) and corporate bonds and convertible bonds amounted to approximately RMB1,316 million (30 September 2018: RMB1,620.9 million).

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

Other income mainly comprised bank interest income and government grants. The change in the Group's other gains or losses which was largely impacted by the fair value changes of financial assets through profit or loss. The total other income and gains and losses is approximately RMB25 million for the nine months ended 30 September 2019.

### ***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. Due to transaction volume increase in the third-party payment services, the handling charges also increased year-on-year accordingly. The Group's administrative and other operating expenses increased by approximately 6% to approximately RMB1,930 million for the nine months ended 30 September 2019 year-on-year, in view of the impairment loss recognised on loan receivables and amount due from associates, as detailed in note 7.

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 nine months ended 30 September 2019 decreased by approximately 62% to approximately RMB21.6 million. The decrease in such expenses was mainly due to the lapse of the share options.

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

Share of results of associates for the nine months ended 30 September 2019 increased to approximately RMB85.9 million. The year-on year increase was mainly attributable to the share of the net profit from Shanghai Jifu, which is 35% owned by the Group.

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

The loss for the nine months ended 30 September 2019 was approximately RMB605.4 million, compared to a net profit of approximately RMB257.4 million for the nine months ended 30 September 2018.

The decrease was mainly due to a decrease in turnover of approximately RMB468.7 million, the decrease in other income and gain or losses of approximately RMB283.4 million, and the increase in administrative and operating expenses by approximately RMB112.3 million.

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

Loss attributable to owners of the Company for the nine months ended 30 September 2019 was approximately RMB605.6 million, compared to approximately RMB241.1 million in profit for the nine months ended 30 September 2018. 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 nine months ended 30 September 2019 was approximately RMB481.9 million, compared to approximately RMB267.8 million in profit for the nine months ended 30 September 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 nine months ended 30 September</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>(506,649)</b>	241,111
Adjustments for:		
Share-based payment expenses	<b>21,614</b>	56,154
Gain on disposal of subsidiaries	–	(42,760)
Income tax arising from gain on disposal of subsidiaries	–	26,885
Change in fair value of preference share of a 48%-owned subsidiary	<b>3,113</b>	(13,579)
Non-GAAP (loss) profit attributable to owners of the Company	<b><u>(481,922)</u></b>	<b><u>267,811</u></b>

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

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

During the nine months ended 30 September 2019, the Group's main source of funds was mainly from cash generated from financing activities. As at 30 September 2019, the Group had bank balances and cash of approximately RMB252.1 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 September 2019, the Group's interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB2,745.7 million (31 December 2018: approximately RMB3,288 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.25 as at 30 September 2019 (31 December 2018: 0.28).

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

## OUTLOOK AND STRATEGIES

- **Third party payment**

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.

## **OTHER INFORMATION**

### **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 nine months ended 30 September 2019.

### **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 (the “**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 nine months ended 30 September 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.

### **Code of Conduct Regarding Securities Transactions by Directors**

The Company has adopted its securities dealing code (the “**Own Code**”) regarding dealings in the Company’s securities by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). A specific enquiry has been made by the Company with each of those who were the Directors during the nine months ended 30 September 2019 and all of them have confirmed that they had complied with the required standards set out in the Required Standard of Dealings and the Own Code during such period.

### **Subsequent Events After the 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 September 2019 and up to the date of this announcement.

### **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 nine months ended 30 September 2019 (the "**Financial Statements**") were not audited but the Financial Statements 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)).*