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Holdings FinTech Group Limited 中新

**CHONG SING HOLDINGS FINTECH GROUP LIMITED**

**中新控股科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8207)

**QUARTERLY UPDATE ON DEVELOPMENT OF  
SUSPENSION OF TRADING  
AND  
KEY FINDINGS OF INTERNAL REVIEW COMMITTEE OF  
THE COMPANY**

The announcement is made by Chong Sing Holdings FinTech Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 17.10(1) and 17.26A of The Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).

Reference is made to the announcements (the “**Announcements**”) of the Company dated (i) 8 July 2019 in relation to the trading halt in the shares of the Company (the “**Shares**”) on the GEM of the Stock Exchange since 9:00 a.m. on 8 July 2019 (Monday), (ii) 9 August 2019 in relation to the resumption guidance given to the Company by the Stock Exchange and the Company’s delay in publishing the interim results announcement (the “**Interim Results Announcement**”) and dispatching the interim report (the “**Interim Report**”) in respect of the six months ended 30 June 2019, (iii) 16 August 2019 in relation to the additional resumption guidance given to the Company by the Stock Exchange, (iv) 4 October 2019 in relation to the quarterly update on development of suspension of trading, (v) 6 December 2019 in relation to the delay in publication of the third quarterly results for the nine months ended 30 September 2019 (the “**2019 Third Quarterly Results Announcement**”) and delay in despatch of third quarterly report (the “**2019 Third Quarterly Report**”) and (vi) 7 January 2020 in relation to the quarterly update on development of suspension of trading.

Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless stated otherwise.

## **BUSINESS OPERATION**

Third-party payment service and online investment and technology-enabled lending service are one of the Group's core business segments in 2018 and 2019. UCF Pay Limited ("**UCF Pay**"), a material PRC subsidiary of the Company, is the major contributor to the third-party payment service segment.

As disclosed in the Announcements, UCF Pay has been requested by certain regulatory authority of the People's Republic of China (the "**PRC Regulatory Authority**") to take serious remedial actions for certain material non-compliance relating to its business operation (the "**Non-compliance**"). UCF Pay has suspended its operations temporarily since or about 8 July 2019 following the on-site inspection of the PRC Regulatory Authority.

Unless as disclosed otherwise in this announcement, the Group's business operation have been operating normally.

## **KEY FINDINGS OF INTERNAL REVIEW COMMITTEE OF THE COMPANY**

Since or about 25 July 2019 following the Non-compliance, the Company established an internal review committee which consists of Mr. Phang Yew Kiat and Mr. Wong Ka Bo Jimmy ("**Mr. Wong**"), both of whom are the executive directors of the Company, for investigation of the Non-Compliance (the "**Internal Review Committee**").

In conducting the investigation, the Internal Review Committee have executed the following procedures:

1. A personal meeting between Mr. Wong and the PRC Regulatory Authority on 7 January 2020 to discuss the PRC Regulatory Authority's findings, feedbacks and remedial actions (the "**Meeting**");
2. Several on-site inspections and due diligence works conducted by the Internal Review Committee commencing from 25 July 2019 to follow up the inspection progress, assess the impact(s) of the Non-compliance on the Company's business operation and financial position and confirm the Embezzlement (as defined herein below); and
3. Interviews with the UCF Pay (as represented by Mr. Liu Gang, chief executive officer of UCF Pay).

Below are the key findings of the Internal Review Committee:

1. At all material times, UCF Pay has been assisting the PRC Regulatory Authority for its inspection of the background and facts relating to the Non-compliance;
2. Certain senior management of a customer of UCF Pay, which is a third party to the Group (“**Third Party**”), had at the material time wrongfully altered the UCF Pay’s customer’s credit limit in UCF Pay without authorization and thereby embezzled from UCF Pay’s trust funds (the “**Embezzlement**”);
3. The Third Party admitted the Embezzlement;
4. There is no evidence showing any director or senior management of the Group was involved with the Embezzlement; and
5. There is no evidence showing any director or senior management of the Group has benefited from the Embezzlement personally nor any Embezzlement has ended up in the Group’s financials;
6. Remedial action that may be taken by the Group involves replenishment of Embezzlement to the satisfaction of the PRC Regulatory Authority; and
7. Whilst none of the directors or senior management of the Group was involved, the Non-compliance does reflect the Company’s deficiency on internal control in its subsidiary’s operation, in particular, the oversight of proper governance and internal control.

After careful consideration, the Board endorses the key findings of the Internal Review Committee. After discussing with the auditor of the Company, the Board considers that as at this stage, no impairment shall be made on the financial statements of the Group for the six months ended 30 June 2019 as well as for the nine months ended 30 September 2019.

The Company is now actively discussing with the PRC Regulatory Authority for the remedial action to be taken, which may involve very substantial disposal(s) to be subject to the requirements under the Listing Rules, and shall formulate policies for supervision on UCF Pay and the other subsidiaries in due course.

## **PUBLICATION OF ALL OUTSTANDING FINANCIAL RESULTS AND ADDRESS ANY AUDIT MODIFICATIONS**

The Company has published on 7 April 2020 the Interim Results Announcement and 2019 Third Quarterly Results Announcement.

The Company is taking steps to fulfil all the resumption conditions/guidance and will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Trading in Shares on the GEM has been suspended since 9:00 a.m. on 8 July 2019 and will continue to be suspended until further notice pending fulfilment of all the resumption conditions/guidance.

**Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

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:–

*Executive Director:*

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

Mr. Hu Xiuren

Mr. Wong Ka Bo, Jimmy

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

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

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*