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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**

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 its interim results announcement (the “**2019 Interim Results Announcement**”) and dispatching its interim report (the “**2019 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 Company’s delay in publishing its third quarterly results announcement (the “**2019 Third Quarterly Results Announcement**”) and dispatching its third quarterly report (the “**2019 Third Quarterly Report**”) in respect of the nine months ended 30 September 2019; (vi) 7 January 2020 in relation to the quarterly update on development of suspension of trading; (vii) 7 April 2020 in relation to the quarterly update on development of suspension of trading and key findings of internal review committee (the “**Internal Review Committee**”) of the Company (the “**Key Findings Announcement**”); (viii) 7 April 2020 in relation to the 2019 Interim Results Announcement; (ix) 7 April 2020 in relation to the 2019 Third Quarterly Results Announcement; (x) 30 April 2020

in relation to the annual results for the year ended 31 December 2019 of the Company; (xi) 15 May 2020 in relation to the first quarterly results for the three months ended 31 March 2020; (xii) 17 June 2020 in relation to supplemental announcement in relation to quarterly update on development of suspension of trading and key findings of the Internal Review Committee and resumption plan of the Company and its progress (the “**Supplemental Announcement**”); (xiii) 24 June 2020 in relation to inside information – winding up petition against the Company; and (xiv) 29 June 2020 in relation to the second additional resumption guidance; as well as (xv) the 2019 Interim Report; (xvi) the 2019 Third Quarterly Report; (xvii) the annual report for the year ended 31 December 2019 of the Company; and (xviii) the first quarterly report for the three months ended 31 March 2020.

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.

UCF Pay has been requested by certain regulatory authority (the “**PRC Regulatory Authority**”) of the People’s Republic of China (the “**PRC**”) 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 other business operations have not been affected by the Non-compliance.

Due to the coupled effect of the change of accounting policy, economy environment, and the unexpected outbreak of the Coronavirus Disease 2019 (“**COVID-19**”) as follows, loss was incurred in the traditional loan and financing segment (the “**Traditional Financing Segment**”), another core business segments of the Company, in 2018 and 2019. Because of the continuance of economic recession and the impact of COVID-19, the customers in the Traditional Financing Segment experience difficulties in repaying the principal and interest, causing the Company to make significant impairment.

In response to the current situation, the Company, operating in the best interest of shareholders and creditors, has taken the following actions:

1. To devise a feasible repayment plan with its customers, including but not limited to granting special extensions to customers in spite of the effect of economic recession and COVID-19; and
2. To maintain constant and continuing updates with the customers during this period.

Currently, the Company does not expect to write-off the provisions made in the previous years and will continue to negotiate with the relevant customers to recover the outstanding gross balances.

Furthermore, since the second half of 2019, the Company has implemented significant cost-saving initiatives, including but not limited to:

- (a) reduction of Directors from 11 in 2019 to 6 in June 2020;
- (b) redundancy plans for its work force to reduce more than half of the total number of staff;
- (c) closing down or reduction in size of the Company's regional office premises in Hong Kong, PRC and Singapore, where relocation to a smaller office in Hong Kong is planned in the near future; and
- (d) cessation of capital commitments used for expansion.

## **UPDATE ON STATUS OF THE RESUMPTION PLAN**

### **The Non-compliance**

Upon interview with Mr. Liu Gang, chief executive officer of UCF Pay, a total of 7 people, being senior management and officers in the payment settlement department of UCF Pay (the "**Relevant People**"), could have access to the computer code on customers' payments. Accordingly, it may be possible that the Relevant People together with Jingxun Time Technology Co., Limited\* committed the Non-compliance. There is no evidence showing that (1) the Relevant People have any relationship with the current directors of the Company or substantial shareholders (as defined under the Listing Rules) of the Company nor (2) any director or senior management of the Company was involved in the Non-compliance. As at the date of this announcement, no senior management of the Group was charged nor detained by the PRC Regulatory Authority.

Save as disclosed in this announcement, all other contents set forth in the Key Findings Announcement and the Supplemental Announcement are correct and remain unchanged.

\* *for identification purpose only*

### **Winding up petition against the Company (the “Petition”)**

On 29 June 2020, the Company proposed a settlement plan (the “**Settlement Plan**”) to the petitioner (the “**Petitioner**”) being the key action requested by the same for dismissal of the Petition. The Company received from the Petitioner the first round of queries with regards to the Settlement Plan on 30 June 2020 and is currently addressing such matters. The Company shall endeavor to have the Settlement Plan approved and to apply for dismissal of the Petition. Meanwhile, the Company is in good progress negotiating with other creditors for debt extension and, if possible, payment options for the outstanding interests, including but not limited to a waiver of the entire interest portion.

### **Publication of all outstanding financial results**

By 20 May 2020, the Company has published all outstanding financial results and reports.

### **Application for extension of remedial period**

On 26 June 2020, the Company received the second additional resumption guidance as considered appropriate from the Stock Exchange for the Company to have the winding up petition(s) (or order(s), if made) against the Company withdrawn or dismissed and the appointment of any liquidator(s) (provisional or not) discharged. As reasonable time was required to fulfil the second additional resumption guidance, the Company had on 3 July 2020 applied for the remedial period to be extended for a further 2 months until 7 September 2020. The Company 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**

Upon request of the Company, trading in the Shares on the GEM of the Stock Exchange has been suspended since 9:00 a.m. on 8 July 2019 (Monday) and will continue to be suspended until further notice pending fulfilment of all the resumption guidance and the additional resumption guidance(s).

**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**  
**Hu Xiuren**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 9 July 2020

As at the date of this announcement, the directors of the Company (the “**Directors**”) are:–

*Executive Directors:*

Mr. Hu Xiuren (*Chairman and Chief Executive Officer*)  
Mr. Wong Ka Bo, Jimmy

*Non-executive Director:*

Ms. Li Shuang

*Independent Non-executive Directors:*

Mr. Bu Fancheng  
Mr. Wang Chengqing  
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.*