



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 2017**

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

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This announcement, for which the directors of Chong Sing Holdings FinTech Group Limited, formerly known as Credit China FinTech Holdings Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes 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.

FINANCIAL HIGHLIGHTS

Third Quarter of 2017

	For the nine months ended 30 September		Period- on-period change
	2017 (Unaudited) <i>RMB'000</i>	2016 (Unaudited) <i>RMB'000</i>	
Operating Results			
Turnover	3,669,466	635,965	477%
Profit for the period	1,151,455	223,915	414%
Profit attributable to owners of the Company	781,665	217,659	259%
Non-GAAP profit attributable to owners of the Company	633,617	294,082	115%
	<i>RMB</i>	<i>RMB</i>	
Earnings per share			
– basic	3.57 cents	1.08 cents	231%
– diluted	3.40 cents	1.07 cents	218%
Non-GAAP earnings per share			
– basic	2.89 cents	1.46 cents	98%
– diluted	2.76 cents	1.45 cents	90%

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30 September 2017 together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Turnover	3	1,687,654	260,633	3,669,466	635,965
Interest income	3	115,324	103,956	342,440	263,123
Interest expenses	6	(92,861)	(64,461)	(280,599)	(147,666)
Net interest income		22,463	39,495	61,841	115,457
Financial consultancy service income	3	19,043	1,445	53,035	21,216
Third party payment service income	3	111,075	50,517	255,791	128,161
Online investment and technology-enabled lending service income	3	1,395,156	81,370	2,885,347	186,674
Gain on transfer of rights on interest on loan receivables	3	–	–	30,461	–
Others	3	47,056	23,345	102,392	36,791
		1,594,793	196,172	3,388,867	488,299
Other income	5	13,973	6,503	25,665	16,113
Other gains or losses	5	5,677	–	3,668	–
Handling charges for third party payment services		(16,380)	(7,500)	(31,973)	(26,735)
Administrative and other operating expenses		(880,886)	(64,870)	(1,935,758)	(169,006)
Change in fair value of embedded derivative components of convertible bond		–	–	–	(200)
Share-based payment expenses		(38,275)	(31,111)	(129,785)	(73,434)
Share of results of associates		10,133	17,655	52,775	36,289
Gain on disposal of subsidiaries		–	–	408,098	37
Gain on deemed disposal of subsidiaries		–	–	3,303	–
Loss on deemed disposal of an associate		–	–	–	(2,029)
Loss on disposal of an associate		–	–	–	(797)
Change in fair value of preference share of a subsidiary		(81,016)	–	(181,565)	–
Profit before tax	7	608,019	116,849	1,603,295	268,537
Income tax	8	(185,313)	(20,177)	(451,840)	(44,622)
Profit for the period		422,706	96,672	1,151,455	223,915

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	RMB'000	RMB'000	RMB'000	RMB'000
Other comprehensive income (expense) for the period				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(13,821)	6,801	(53,269)	22,262
Change in fair value of available-for-sale investments	(2,541)	–	4,152	(2,892)
Reclassification upon disposal of available-for-sale investments	(4,152)	–	(4,152)	–
	<u>(13,821)</u>	<u>6,801</u>	<u>(53,269)</u>	<u>22,262</u>
Other comprehensive expense for the period, net of income tax	(20,514)	6,801	(53,269)	19,370
	<u>(20,514)</u>	<u>6,801</u>	<u>(53,269)</u>	<u>19,370</u>
Total comprehensive income for the period	<u>402,192</u>	<u>103,473</u>	<u>1,098,186</u>	<u>243,285</u>
Profit for the period attributable to:				
Owners of the Company	214,744	90,905	781,665	217,659
Non-controlling interests	207,962	5,767	369,790	6,256
	<u>214,744</u>	<u>90,905</u>	<u>781,665</u>	<u>217,659</u>
	<u>207,962</u>	<u>5,767</u>	<u>369,790</u>	<u>6,256</u>
	<u>422,706</u>	<u>96,672</u>	<u>1,151,455</u>	<u>223,915</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	194,595	97,703	728,903	237,008
Non-controlling interests	207,597	5,770	369,283	6,277
	<u>194,595</u>	<u>97,703</u>	<u>728,903</u>	<u>237,008</u>
	<u>207,597</u>	<u>5,770</u>	<u>369,283</u>	<u>6,277</u>
	<u>402,192</u>	<u>103,473</u>	<u>1,098,186</u>	<u>243,285</u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share				
		10		
Basic	<u>0.97 cent</u>	0.44 cent	<u>3.57 cents</u>	1.08 cents
Diluted	<u>0.93 cent</u>	0.44 cent	<u>3.40 cents</u>	1.07 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 2017 have been prepared in accordance with the Hong Kong Accounting Standards and Interpretations and complied with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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 and provision of IT solution 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 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	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest income				
Entrusted loan service income	23,922	28,299	67,241	89,362
Other loan service and real estate-backed loan service income	91,360	75,622	275,148	173,605
Microfinance service income	42	35	51	156
	<u>115,324</u>	<u>103,956</u>	<u>342,440</u>	<u>263,123</u>
Financial consultancy service income	19,043	1,445	53,035	21,216
Third party payment service income	111,075	50,517	255,791	128,161
Online investment and technology-enabled lending service income	1,395,156	81,370	2,885,347	186,674
Gain on transfer of rights on interest on loan receivables	–	–	30,461	–
Others	47,056	23,345	102,392	36,791
	<u>1,687,654</u>	<u>260,633</u>	<u>3,669,466</u>	<u>635,965</u>
Turnover	<u><u>1,687,654</u></u>	<u><u>260,633</u></u>	<u><u>3,669,466</u></u>	<u><u>635,965</u></u>

4. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("CODM"), which are 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.

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; and
4. Others – provision of social gaming services in the PRC, provision of IT solution services in Vietnam and property investment.

The CODM, after considering the nature of loan financing and micro loan financing, decided that it is more appropriate to perform resource allocation and assessment of segment performance together for these two operations. These two operations were redesignated as a single segment-traditional loans and financing segment in current period. The relevant segment information for the period ended 30 September 2016 was restated accordingly.

Segment revenue and results

For the nine months ended 30 September 2017 (Unaudited)

	Traditional loans and financing RMB'000	Third party payment services RMB'000	Online investment and technology- enabled lending services RMB'000	Others RMB'000	Total RMB'000
REVENUE					
External income and gain	<u>425,936</u>	<u>255,791</u>	<u>2,885,347</u>	<u>102,392</u>	<u>3,669,466</u>
Segment results	<u>33,873</u>	<u>159,578</u>	<u>1,281,234</u>	<u>(7,621)</u>	<u>1,467,064</u>
Share of results of associates					52,775
Unallocated other income					7,653
Other gain or losses					3,668
Gain on disposal of subsidiaries					408,098
Gain on deemed disposal of subsidiaries					3,303
Change in fair value of preference share of a subsidiary					(181,565)
Share-based payment expenses					(129,785)
Interest expenses					(14,486)
Unallocated expenses					<u>(13,430)</u>
Profit before tax					<u>1,603,295</u>

For the nine months ended 30 September 2016 (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>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External income and gain	<u>284,339</u>	<u>128,161</u>	<u>186,674</u>	<u>36,791</u>	<u>635,965</u>
Segment results	<u>58,785</u>	<u>90,638</u>	<u>128,430</u>	<u>24,139</u>	301,992
Share of results of associates					36,289
Unallocated other income					9,930
Change in fair value of embedded derivative components of convertible bond					(200)
Gain on disposal of subsidiaries					37
Loss on deemed disposal of an associate					(2,029)
Loss on disposal of an associate					(797)
Share-based payment expenses					(73,434)
Unallocated expenses					<u>(3,251)</u>
Profit before tax					<u>268,537</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, gain on disposal of subsidiaries, gain on deemed disposal of subsidiaries, loss on deemed disposal of an associate, loss on disposal of an associate, change in fair value of embedded derivative components of convertible bond, change in fair value of preference share of a subsidiary, central administration costs, share-based payment expenses and 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	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	367	1,836	5,015	7,195
Government grants (<i>Note</i>)	1,399	1,792	2,638	2,009
Interest income on convertible bonds	–	–	–	726
Imputed interest on corporate bonds	–	–	3,703	–
Fair value changes of held for trading investments	5,676	–	(36)	–
Dividend income	6,884	–	6,884	–
Others	5,324	2,875	11,129	6,183
	<u>19,650</u>	<u>6,503</u>	<u>29,333</u>	<u>16,113</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	
	2017	2016	2017	2016
	(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	40,693	21,228	120,140	67,449
Interest on corporate bonds	1,218	1,690	7,213	13,409
Interest on convertible bonds	50,950	41,543	153,246	66,808
	<u>92,861</u>	<u>64,461</u>	<u>280,599</u>	<u>147,666</u>

7. PROFIT BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
(a) Staff costs, including directors' remuneration				
Salaries, wages and other benefits	64,591	21,850	184,839	60,622
Contribution to defined contribution retirement benefits scheme	5,512	5,015	13,909	7,292
Share-based payment expenses	38,275	31,111	129,785	73,434
	<u>108,378</u>	<u>57,976</u>	<u>328,533</u>	<u>141,348</u>
(b) Other items				
Auditors' remuneration	927	743	1,811	1,520
Impairment recognised on loan receivables and other receivables	10,414	4,407	18,497	5,472
Depreciation and amortization	22,863	4,409	48,982	7,723
Net exchange difference	6,136	(1,376)	4,516	(477)
Operating lease charges in respect of properties	11,566	5,369	30,612	14,540
Fair value of change of provision for financial guarantee (included in administrative and other operating expenses)	417,255	–	944,508	–

8. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current tax				
Provision for Hong Kong				
Profits Tax	4,883	1,979	15,152	3,559
Provision for PRC Enterprise				
Income Tax (the "EIT")	180,430	17,280	436,688	40,145
Deferred tax	–	918	–	918
	<u>185,313</u>	<u>20,177</u>	<u>451,840</u>	<u>44,622</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 2017 and 2016.
- (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 2017 and 2016, 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.

During the nine months ended 30 September 2017, PRC EIT of approximately RMB46,417,000 is arising from the gain on disposal of subsidiaries.

- (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.

9. DIVIDENDS

The Board has resolved not to pay an interim dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the three months and nine months ended 30 September 2017 is based on the profit attributable to owners of the Company of RMB214,744,000 and RMB781,665,000 respectively (three months and nine months ended 30 September 2016: RMB90,905,000 and RMB217,659,000 respectively) and the weighted average of 22,104,504,473 and 21,888,553,045 ordinary shares in issue respectively during the three months and nine months ended 30 September 2017 (three months and nine months ended 30 September 2016: 20,676,108,468 and 20,105,320,072 ordinary shares respectively).

Diluted earnings per share

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2017 is based on the profit attributable to owners of the Company of RMB214,744,000 and RMB781,665,000 respectively (three months and nine months ended 30 September 2016: RMB90,905,000 and RMB217,659,000 respectively) and the weighted average of 23,048,963,698 and 22,984,828,649 ordinary shares in issue respectively during the periods (three months and nine months ended 30 September 2016: 20,848,603,611 and 20,307,230,264 ordinary shares respectively).

For the three months and nine months ended 30 September 2017 and 2016, 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 2017, the number of new shares of the Company which may be issued pursuant to the convertible bond are 2,437,730,117 shares.

11. RESERVES

	Attributable to owners of the Company												Total	Non-controlling interests	Total equity	
	Share capital	Share premium	Statutory reserve	Retained profits	Investment revaluation reserve	Exchange reserve	Share-based payment reserve	Capital reserve	Special reserve	Contingent consideration reserve	Equity component of convertible bonds					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017 (Audited)	358,259	2,920,079	36,569	887,660	-	72,641	151,279	(591,729)	40,000	155,502	165,583	4,195,843	45,737	4,241,580		
Profit for the period	-	-	-	781,665	-	-	-	-	-	-	-	781,665	369,790	1,151,455		
Other comprehensive income (expense)																
- exchange differences on translating foreign operations	-	-	-	-	-	(52,762)	-	-	-	-	-	(52,762)	(507)	(53,269)		
- change in fair value of available-for-sale investments	-	-	-	-	4,152	-	-	-	-	-	-	4,152	-	4,152		
Reclassification upon disposal of available-for-sale investments	-	-	-	-	(4,152)	-	-	-	-	-	-	(4,152)	-	(4,152)		
Total comprehensive income (expense) for the period	-	-	-	781,665	-	(52,762)	-	-	-	-	-	728,903	369,283	1,098,186		
Issue of shares upon exercise of share options	3,755	130,168	-	-	-	-	(23,121)	-	-	-	-	110,802	-	110,802		
Acquisition of available-for-sale investments	2,204	113,510	-	-	-	-	-	-	-	-	-	115,714	-	115,714		
Recognition of equity-settled share-based payments	-	-	-	-	-	-	129,785	-	-	-	-	129,785	-	129,785		
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	16,087	16,087		
Lapse of share options	-	-	-	1,069	-	-	(1,069)	-	-	-	-	-	-	-		
Appropriation to statutory reserve funds	-	-	(2,424)	2,424	-	-	-	-	-	-	-	-	-	-		
Conversion of convertible bonds	2,406	83,427	-	-	-	-	-	-	-	(9,140)	-	76,693	-	76,693		
Issue of consideration shares	4,296	151,206	-	-	-	-	-	-	(155,502)	-	-	-	-	-		
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	(3)	-	-	-	(3)	929	926		
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(5,583)	(5,583)		
At 30 September 2017 (Unaudited)	370,920	3,398,390	34,145	1,672,818	-	19,879	256,874	(591,732)	40,000	-	156,443	5,357,737	426,453	5,784,190		
At 1 January 2016 (Audited)	321,642	1,665,026	33,106	588,524	2,892	11,549	47,300	(125,035)	40,000	-	23,206	2,608,210	24,376	2,632,586		
Profit for the period	-	-	-	217,659	-	-	-	-	-	-	-	217,659	6,256	223,915		
Other comprehensive income (expense)																
- exchange differences on translating foreign operations	-	-	-	-	-	22,241	-	-	-	-	-	22,241	21	22,262		
- change in fair value of available-for-sale investments	-	-	-	-	(2,892)	-	-	-	-	-	-	(2,892)	-	(2,892)		
Total comprehensive income (expense) for the period	-	-	-	217,659	(2,892)	22,241	-	-	-	-	-	237,008	6,277	243,285		
Issue of shares upon exercise of share options	603	14,444	-	-	-	-	(2,941)	-	-	-	-	12,106	-	12,106		
Issue of shares for acquisition of an associate	21,557	666,101	-	-	-	-	-	-	-	-	-	687,658	-	687,658		
Recognition of equity-settled share-based payments	-	-	-	-	-	-	73,434	-	-	-	-	73,434	-	73,434		
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	155,502	-	-	155,502	2,555	158,057		
Lapse of share options	-	-	-	795	-	-	(795)	-	-	-	-	-	-	-		
Appropriation to statutory reserve funds	-	-	3,463	(3,463)	-	-	-	-	-	-	-	-	-	-		
Conversion of convertible bonds	124	4,190	-	-	-	-	-	-	-	(466)	-	3,848	-	3,848		
Recognition of equity component of convertible bonds	-	-	-	-	-	-	-	-	-	-	128,044	128,044	-	128,044		
At 30 September 2016 (Unaudited)	343,926	2,349,761	36,569	803,515	-	33,790	116,998	(125,035)	40,000	155,502	150,784	3,905,810	33,208	3,939,018		

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Industry Trends

With China's shift towards a consumption-driven economy and the continuous development of the FinTech industry, the PRC consumer finance sector is experiencing rapid growth. According to the PRC Consumer Finance Innovation Report (《中國消費金融創新報告》) issued by National Institution for Finance & Development, as at the end of 2016, the size of the PRC consumer finance market was estimated to be RMB6 trillion. It is expected the size of the PRC consumer finance market can exceed RMB12 trillion by 2020, having considerable industrial growth potential.

By leveraging on its comprehensive business qualifications and risk management capabilities, the Group's various FinTech platforms received affirmation and recognition from regulatory authorities (such as the People's Bank of China) and industry associations (such as the National Internet Finance Association of China). In the first three quarters of 2017, we further expanded and diversified our FinTech ecosystem through acquisition and established a business system comprising seven segments, namely (1) traditional loans, (2) third party payment, (3) online investment, (4) technology-enabled lending, (5) social gaming, (6) asset management and (7) insurance. By leveraging on our ever-growing FinTech service ecosystem, we believe that the Company will maintain and solidify its market leading position.

Operational Highlights

- *Third party payment*

UCF Pay Limited* (先鋒支付有限公司) ("UCF Pay") has maintained its leading position in the online third party payment service sector in China. The total transaction volume in the first three quarters of 2017 reached RMB428.8 billion, representing a growth of more than 230% period-on-period. The monthly transaction volume in 2017 made a number of historic highs, of which the transaction volume in September exceeded RMB70.0 billion. As of the end of September 2017, UCF Pay's accumulated active users reached 4.31 million. UCF Pay actively explored payment innovation, researched the inner needs of financial industry, and is currently offering integrated solutions including payment integration, cross-border payment, direct banking, banks' fund custody solutions, online lending cloud platform, industrial chain finance and cloud wallet service.

* *the English translation of the Chinese names or words is for information purpose only and should not be regarded as the official English translation of such Chinese names or words*

Shanghai Jifu Xinxi 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 RMB1,190.9 billion in the first three quarters of 2017, representing a growth of 162% period-on-period. Total registered users reached 13.76 million as of the end of September 2017, representing a growth of 6.23 million new registered users as compared to that at the end of 2016. The accumulated active users reached 5.81 million as of the end of September 2017, representing a growth of 2.57 million active users as compared to that at the end of 2016. Shanghai Jifu was focused on promoting DianPOS (點刷) /MPOS and Point POS (點POS) business in the first three quarters of 2017 and received positive market feedback, resulting in a substantial growth in both its transaction volume and number of new users.

Amigo Technologies Joint Stock Company (“Amigo Technologies”) (in which the Group holds a 51% interest), our payment services provider in Vietnam, recorded total transaction volume of VND113 trillion in the first three quarters of 2017, representing a growth of 28% period-on-period. In the first three quarters of 2017, Amigo Technologies’ total number of transactions was 96.41 million, representing a growth of 53% as compared to the first three quarters of 2016. Such strong growth was attributable to the significant contribution from cash-on-delivery (COD) services. In addition, Amigo Technologies’ newly launched collection services for public administrative agencies and tax departments have started to see a month-on-month increase in transaction volume.

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

In the first three quarters of 2017, First House Loan achieved total transaction volume of RMB12.3 billion. During the period under review, with continuing growth in the number of new customers, the existing businesses of First House Loan made steady progress. In terms of product development, First House Loan successfully upgraded its personal credit products and launched a new product targeting financing demands of quality companies, creating growth opportunities.

Weshare, which is an online consumer lending platform, recorded a significant growth in the first three quarters of 2017. As of the end of September 2017, Weshare had more than 20 million accumulated registered users. The accumulated transaction volume reached more than RMB40 billion in the first three quarters of 2017. In the first three quarters of 2017, Weshare developed installment loan product with a higher ticket size, based on “Shandian Jiekuan (閃電借款)”, its small lending online platform, as well as robo-adviser and products in distribution platforms. Meanwhile, the financial cloud platform, which is focused on big data-based risk management, has officially provided services to clients and has in-depth collaboration with leading companies such as 360 to develop consumer finance products. For market promotion, Weshare established the digitalized marketing system which relied on customer relationship and the operation system for managing the full workflow of users’ life cycle. At the same time, it established user relationship chain by leveraging on member-get-member (MGM)’s social finance in order to lay a solid foundation for customer acquisition with high efficiency and low cost and sizable customer operation.

Strategic Highlights

On 29 September 2017, the Group, together with a consortium, acquired 63.43% of the issued shares in Ping An Securities Group (Holdings) Limited (“Ping An Securities”, stock code: 231), a company listed on the Stock Exchange, and as a result the Group is beneficially interested in 23.47% of Ping An Securities. Ping An Securities Limited, a subsidiary of Ping An Securities, is a corporation registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”). The Group may consider generating synergy through business collaboration with Ping An Securities in developing FinTech services in the Hong Kong market. Such investment represents an opportunity for the Group to tap into the securities market in Hong Kong, with a view to establishing its presence in the Hong Kong market.

Financial Review

Revenue

For the nine months ended 30 September 2017, the Group reported revenue of approximately RMB3,669.5 million, an increase of 477% as compared to approximately RMB635.9 million for the corresponding period in 2016. The increase was primarily attributable to the growth in revenues from online investment and technology-enabled lending services, driven by a strong growth in transaction volume on our key online consumer lending platform Weshare which was acquired in November 2016, and a significant growth in payment transaction volume on our core third party payment platform UCF Pay, as well as a healthy growth in interest and financial consultancy service income driven by an increase in the average size of our loan portfolio during the nine months ended 30 September 2017. The following table sets forth the Group's revenues by segment of business for the nine months ended 30 September 2017 and 2016.

	For the nine months ended 30 September 2017		2016	
	RMB'000	% of total revenues	RMB'000	% of total revenues
Traditional loan and financing	425,936	11.6	284,339	44.7
Third party payment services	255,791	7.0	128,161	20.2
Online investment and technology-enabled lending services	2,885,347	78.6	186,674	29.4
Other	102,392	2.8	36,791	5.7
Total	3,669,466	100.0	635,965	100.0

Traditional loans and financing income

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 11.6% of the Group's total revenues and recorded an increase of approximately 49.8% to approximately RMB425.9 million for the nine months ended 30 September 2017. The significant increase in traditional loans and financing income was primarily due to the increase in the average size of our loan portfolio during the nine months ended 30 September 2017 as we had deployed our excess capital raised from capital raising activities for short-term lending before investment opportunities were subsequently identified and financed.

Third party payment service income

The third party payment business, which included the provision of online payment transactions, payment system consultancy and related services of UCF Pay and payment transaction service of Amigo Technologies, generated revenues of approximately RMB255.8 million for the nine months ended 30 September 2017, an increase of approximately 99.6% period-on-period. It represented approximately 7.0% of the Group's total revenues, of which UCF Pay reported revenue of approximately RMB249 million and Amigo Technologies reported revenue of approximately RMB6.8 million. The increase reflected a significant growth in the total transaction volume on our core third party payment platform UCF Pay to RMB428.5 billion for the nine months ended 30 September 2017, an increase of approximately 238% period-on-period.

Online investment and technology-enabled lending service income

Our online investment and technology-enabled lending service income mainly included income generated by our online property loan platform First House Loan, online lending platform Financial Workshop, as well as our 48%-owned online consumer lending platform Weshare. For the nine months ended 30 September 2017, the Group's online investment and technology-enabled lending business recorded revenues of approximately RMB2,885.3 million, representing approximately a 14.5-fold increase period-on-period. It represented approximately 78.6% of the Group's total revenues, of which Financial Workshop, First House Loan and Weshare reported revenues of approximately RMB19.8 million, RMB72.9 million and RMB2,775.3 million, respectively. The increase in the business segment's revenues was driven by continued strong growth in transaction volumes across the online consumer lending platform Weshare.

Others

Others mainly included social gaming service income and IT solution income generated by our 51%-owned subsidiary, Shenzhen Qiyuan Tianxia Technology Company Limited (深圳起源天下科技有限公司), and 51%-owned subsidiary, Amigo Technologies, respectively. The social gaming business contributed approximately RMB31.2 million of revenues to the Group while IT solution business contributed approximately RMB60.6 million of revenues to the Group for the nine months ended 30 September 2017.

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, RMB-denominated corporate bonds and HK dollar-denominated corporate bonds. The Group’s interest expenses increased by approximately 90% period-on-period to approximately RMB280.6 million for the nine months ended 30 September 2017. As at 30 September 2017, the Group’s external funding increased by approximately 47.8% period-on-period to approximately RMB3,278.1 million, of which bank and other borrowings amounted to approximately RMB1,860.2 million (30 September 2016: approximately RMB900.9 million) and corporate bonds and convertible bonds amounted to approximately RMB1,417.9 million (30 September 2016: RMB1,317.1 million).

Other income and gains or losses

Other income and gain or loss mainly comprised bank interest income, dividend income and government grants.

Handling charges, administrative and other operating expenses

The Group’s handling charges, 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 the significant increase in the scale and staff headcount of our online investment and technology-enabled lending and third party payment businesses and provision for financial guarantee amounted to RMB944.5 million, the Group’s handling charges, administrative and other operating expenses increased by approximately 905.3% to approximately RMB1,967.7 million for the nine months ended 30 September 2017 period-on-period.

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

Share-based payment expenses

Share-based payment expenses of the Group for the nine months ended 30 September 2017 increased by approximately 76.7% to approximately RMB129.8 million. The increase in such expenses represented the fair value of all share options granted in July 2016, November 2016, December 2016, and March 2017 respectively over the vesting periods.

Share of results of associates

Share of results of associates for the nine months ended 30 September 2017 increased to approximately RMB52.8 million. The period-on-period increase was mainly attributable to the contribution from our 35% equity interest in Shanghai Jifu.

Profit for the period

The profit for the nine months ended 30 September 2017 was approximately RMB1,151.5 million, representing an increase of approximately 414% period-on-period as compared to approximately RMB223.9 million for the nine months ended 30 September 2016. The increase was mainly due to a gain on disposal of subsidiaries of approximately RMB408.1 million and a significant increase in turnover of approximately RMB3,033.5 million despite an increase in interest expenses of approximately RMB132.9 million, handling charges, administrative and other operating expenses of approximately RMB1,772.0 million, share-based payment expenses of approximately RMB56.4 million, change in fair value of preference shares of a subsidiary of approximately RMB181.6 million and income tax of approximately RMB407.2 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2017 was approximately RMB781.7 million, an increase of approximately 259% as compared to approximately RMB217.7 million for the nine months ended 30 September 2016. Excluding the non-recurring gain on disposal of subsidiaries, gain on deemed disposal of subsidiaries, loss on deemed disposal of an associate, loss on disposal of an associate, share-based payment expenses and certain other non-cash items, profit attributable to owners of the Company under non-generally accepted accounting principles (“GAAP”) for the nine months ended 30 September 2017 was approximately RMB633.6 million, an increase of approximately 115% as compared to approximately RMB294.1 million for the nine months ended 30 September 2016.

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:

	For the nine months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to owners of the Company	781,665	217,659
Adjustments for:		
Share-based payment expenses	129,785	73,434
Gain on disposal of subsidiaries	(408,098)	(37)
Income tax arising from gain on disposal of subsidiaries	46,417	–
Gain on deemed disposal of subsidiaries	(3,303)	–
Loss on deemed disposal of an associate	–	2,029
Loss on disposal of an associate	–	797
Change in fair value of embedded derivative components of convertible bonds	–	200
Change in fair value of preference share of a 48%-owned subsidiary	87,151	–
Non-GAAP profit attributable to owners of the Company	<u>633,617</u>	<u>294,082</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**

UCF Pay will continue to expand the following businesses proactively:

- For custody solutions, it will assist banks to further strengthen and improve the P2P fund custody solutions system, while at the same time expand and establish cooperation with more commercial banks for their custody business technical services;
- For cross-border payment services, it will further integrate its cross-border business resources and develop products such as cross-border collections and cross-border financing based on existing offerings. At the same time, by centering on the layout of “One Belt One Road”, UCF Pay will strengthen the business development such as cross-border trade;
- For integration payment, it will develop and market its products through developing its merchant network, agent cooperation and bank cooperation. Subsequently, new supporting products will be developed and rolled out to further expand its business development and bring in more merchants and distributors; and
- For direct banking, it will continue to increase the number of banks it serves, quickly capture the small and medium-sized bank market shares, continue to expand product portfolio, introduce more new technological functions to meet users’ various financial needs.

Shanghai Jifu will focus on promoting smart POS, a product that has been launched after two years of research and development. Smart POS integrates convenience services and integration payment as a whole. Shanghai Jifu will take it as its core business, capture its growth potential in payment market and explore customers’ financial needs to offer comprehensive financial services for small and micro businesses, thereby transiting itself from the payment segment to the financial sector, and completing the transformation from payment to “payment+”.

Amigo Technologies will focus on its application for third-party payment licence and cooperation with banks to roll out new products and services. At the same time, Amigo Technologies will try to boost transaction volume from collection services for public administrative agencies by launching staff training programs in branches across 63 provinces in Vietnam.

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

First House Loan will continue to focus on the financing demands of key customer groups and further strengthen its risk management core capabilities. In terms of business development, it will expand into more innovative real estate financial services categories such as new house market, leasehold market and real estate asset management in order to meet more diversified customer financing needs.

Weshare will set up diversified product layout by relying on its star product, “Shandian Jiekuan (閃電借款)”, to construct a triune product business system focusing on “micro loans + large amount installment + data distribution platform”, expand user frequency spectrum and explore user lifecycle to provide users with diversified services. It will also introduce the robo-advisors to form a closed-loop financial informatization. For financial cloud service, Weshare will continue to give into full play to its superiority in delivering technology, risk control and operating capabilities to provide core value services for more industry-leading customers. Meanwhile, based on the leading advantages of small fast loans in China, Weshare will try to expand its footprints to countries and regions in Southeast Asia with growth potential.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 30 September 2017, the Group’s source of funds was mainly from cash generated from operations. As at 30 September 2017, the Group had bank balances and cash of approximately RMB1,028.3 million (31 December 2016: approximately RMB1,233.3 million), of which approximately 86.8%, approximately 1.1%, approximately 0.3%, approximately 0.7% and approximately 11.1% were denominated in RMB, US dollars, SGD, VND and HKD respectively.

As at 30 September 2017, the Group’s interest-bearing borrowings, which mainly comprised corporate bonds, convertible bonds, bank and other borrowings, amounted to approximately RMB3,278.1 million (31 December 2016: approximately RMB3,367.8 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.25 as at 30 September 2017 (31 December 2016: 0.38). Hence, the Group has sufficient financial ability to meet its redemption obligations under the convertible bonds.

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

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 2017.

Corporate Governance

Save as disclosed below, the Board is of the view that the Company has complied with the 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 2017.

Following the resignation of Mr. Wang Wei as an independent non-executive Director (“INED”) on 1 April 2017, the Company did not have sufficient INEDs representing at least one-third of the Board under Rule 5.05A of the GEM Listing Rules. In compliance with Rule 5.06 of the GEM Listing Rules, the Company appointed Dr. Wang Songqi as an INED on 27 June 2017 and fulfils the aforesaid requirements of Rule 5.05A.

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”), he was not able to attend the annual general meeting of the Company held on 9 May 2017 (the “AGM”). Mr. Phang Yew Kiat, the vice-chairman 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 2017 and all of them have confirmed that they had complied with the Required Standard of Dealings and the Own Code during such period.

Review by Audit Committee

The audit committee of the Board (the “Audit Committee”) currently comprises four members, namely Mr. Ge Ming (Chairman of the Audit Committee), Dr. Ou Minggang, Dr. Wang Songqi and Dr. Yin Zhongli, all being INEDs.

The Group’s unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 (the “Financial Statements”) were not audited but the Financial Statements and this announcement had 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
Li Mingshan
Chairman

Hong Kong, 7 November 2017

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

Executive Directors:

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

Mr. Chng Swee Ho

Mr. Sheng Jia

Non-executive Directors:

Mr. Li Mingshan (*Chairman*)

Mr. Li Gang

Mr. Wong Sai Hung

Mr. Zhang Zhenxin

Ms. Zhou Youmeng

INEDs:

Mr. Ge Ming

Dr. Ou Minggang

Dr. Wang Songqi

Dr. Yin Zhongli

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