

ASX RELEASE

ASX DXF • ABN 64 603 612 479

30 January 2017

Quarterly Report

For the quarter ended 31 December 2016

HIGHLIGHTS

- Maiden dividend and dividend reinvestment plan update
- Mr Winton Willesee appointed as Non-Executive Chairman
- Three new branches planned for 2017
- Acquisition Program Underway
- Cash in bank of \$93 million at end of quarter coupled with \$38 million in security deposits

Leading Chinese guarantee services provider **Ding Sheng Xin Finance Co. Ltd (ASX:DXF)** (“**DXF**” or the “**Company**”) is pleased to provide the following update on activities during the three-month period ended 31 December 2016.

Maiden dividend

Following a period of strong revenue growth that led to a net profit before tax of AUD 10.6 million for 2015 and AUD 9.9 million for the 1H2016, the Company announced its plans for its maiden dividend on 30 September 2016. Eligible shareholders were entitled to an unfranked dividend of AUD 0.01 per share.

On 16 December 2016, the Company advised of a delay to payment of its maiden dividend due to recent changes to the processes required under Chinese regulations for the transfer of funds out of China. Management is working through the relevant approvals required and will update shareholders once a new payment date is confirmed which is anticipated to be shortly.

Shareholders were also provided with the right to reinvest their dividends into shares in the Company via a dividend reinvestment plan (DRP).

The Board remain committed to paying dividends in line with strong revenues and profits going forward.

Board appointments

On 21 November 2016, the Board appointed Mr Winton Willesee to the position of Non-Executive Chairman. Mr Willesee was previously an interim executive director, and has served as a director since the Company's listing in March 2016. In parallel, Ms Chang Chen retired as director and Chairperson.

Subsequent to the end of the quarter, Mr James Zhong retired as a director of the company.

The Company is seeking to add new members with industry experience and expertise to strengthen the board and management team.

Establishment of new branches

Continuing its strategy to grow through expanding into new markets, the Company advanced activities to establish new branches in three new Chinese cities; Si Chuan, Yin Chuan and Hei Long Jiang. It is anticipated that all three branches will be launched in calendar 2017.

Acquisition Program

The Company has been progressing its program to identify opportunities to add to its growth by way of suitable value accretive acquisitions. The Company looks forward to providing information on any proposed acquisitions it may elect to pursue in due course.

Corporate

At the end of the quarter, the Company held \$93 million cash in bank coupled with \$38 million in security deposits.

For more information:

Winton Willesee

Chairman

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About Ding Sheng Xin Finance Co. Limited

Ding Sheng Xin Finance Co. Limited (ASX: DXF) is the ASX-listed parent company of the DXF Group. Through its wholly owned operating subsidiary, Ding Sheng Xin Financing Guarantee Co., Ltd (“**DSX**”), the Group provides financing and non-financing guarantee services to small and medium enterprises (SMEs) and individuals in the People’s Republic of China (“**PRC**”).

Financing guarantee services represent the Group’s core business and involves the guarantee of a borrower’s loan repayments to a bank. DSX has two flagship guarantee services which are the “Working Capital Guarantee” (branded as “Ze Wu Pang Dai” in the PRC) and the “Home Decoration Guarantee” (branded as “Gai Chao Huan Dai” in the PRC).

In addition, DSX also provides *non-financing guarantee services*, such as performance guarantees (the guarantee of a party’s obligations under a contract) and litigation guarantees (the guarantee of a party’s obligations to court during litigation).

Since the establishment of its business in 2005, DSX has grown to 16 operating branches employing over 500 people across several provinces in the PRC. In aggregate, DSX has guaranteed more than RMB 8 billion (approximately A\$1.6 billion) for approximately 8,000 customers over that time.

The Group is committed to the concept of ‘inclusive finance’, believing that people and businesses from all sectors of society should have the opportunity to obtain finance. The Group takes immense

pride in providing guarantee services which promote social and economic growth such as its “Working Capital Guarantee” for SMEs and its “Home Decoration Guarantee” tailored for individuals and families.

Following its successful listing on the ASX in March 2016, the Group is now focussed on the continued growth of its business through the expansion of its branch network throughout the PRC and Australia.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Ding Sheng Xin Finance Co.Ltd

ABN

64 603 612 749

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,404	25,411
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(21)	(122)
(c) advertising and marketing	(94)	(190)
(d) leased assets	(190)	(873)
(e) staff costs	(800)	(3,868)
(f) administration and corporate costs	(837)	(1,664)
1.3 Dividends received (see note 3)		
1.4 Interest received	251	725
1.5 Interest and other costs of finance paid	(4)	(12)
1.6 Income taxes paid	(746)	(2,774)
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	8,507	20,524
1.9 Net cash from / (used in) operating activities	11,914	37,159

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	30	11
(b) businesses (see item 10)	0	(200)
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (Refundable Investment Deposit)	(40,168)	(40,168)
2.6 Net cash from / (used in) investing activities	(40,138)	(40,357)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0.00	10,268
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings	300	622
3.6 Repayment of borrowings	(21)	(21)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	279	10,868

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	118,545	90,684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	11,914	37,159
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40,138)	(40,357)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	279	10,868
4.5	Effect of movement in exchange rates on cash held	2,402	(5,352)
4.6	Cash and cash equivalents at end of quarter	93,001	93,001

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	93,001	118,545
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	93,001	118,545

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(208)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	300.00
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	31
9.3 Advertising and marketing	41
9.4 Leased assets	205
9.5 Staff costs	1,026
9.6 Administration and corporate costs	164
9.7 Other (provide details if material)	(6,158)
9.8 Total estimated cash outflows	(4,690)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 January 2016

Sign here:
(Director)

Date:

Winton Willesee

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.