

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

Ding Sheng Xin Finance Co Limited

ABN or equivalent reference #

64 603 612 479

Reporting period

Financial year ended 31 December 2016

Previous corresponding period

Financial year ended 31 December 2015

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	up/down	22.55 %	to \$	24,397
Profit (loss) for the period attributable to owners	up/down	48.65 %	to \$	15,778
Net profit (loss) for the period attributable to owners	up/down	48.65 %	to \$	15,778

Dividends per Share	Amount per share	Franked amount per share
	1 cent	0 cents

Record date for determining entitlements to dividends **30-November-2016**

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2. COMMENTARY ON RESULTS

The Group's operating performance has remained strong during the 2016 financial year despite the slowdown of economic growth in China. Through consistent execution of strict management and innovative business models, the Group managed to achieve a strong level of net profit compared with last year under the overall downturn of the economy. The DXF Group realised an after tax profit of \$AUD 15.8 million for the 2016 financial year which represents an increase of 48.65% on the previous year. As a result of the appreciation of the Australian dollar, the Group showed a foreign exchange loss on translation of its foreign operations of \$AUD 9.5 million. The Group's cash and cash equivalent reserve remain strong at \$AUD 92.9 million

The net assets of the Group has increased by \$AUD15.06 million from \$AUD155.4 million at 31 December 2015 to \$AUD170.5 million at 31 December 2016. The increase as largely resulted from the following factors:

- \$AUD 15.8 million Profit after tax attributable to members
- \$AUD 9.5 million decrease in foreign exchange gain reserve
- \$AUD 10.2 million increase in share capital as a result of the listing process

During the year ended 31 December 2016, the Group has accelerated its pace of national expansion in China. The Group has opened a number of new operating branches in mainland China with 19 branches in operation as at year end 2016. The Group is focusing on increasing the coverage of business nationwide by opening new branches, the development of new products, business streams and channels coupled with a program to seek and acquire value accretive complementary assets. By doing this, the Group has laid a solid foundation for business development in the future.

Accounting Policies, Estimation Methods and Measurement Bases

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

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3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Period A\$'000	Previous corresponding period A\$'000
Revenue from continuing operations - <i>refer 3.1 below</i>	24,397	19,907
Other income - <i>refer 3.2 below</i>	1,519	2,360
Expenses - <i>refer 3.3 below</i>	(7,482)	(9,204)
Finance costs	65	(40)
Profit(Loss) before income tax	18,499	13,023
Income tax expense	(2,721)	(2,409)
Profit(Loss) for the year attributable to Owners	15,778	10,614
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Foreign currency translation differences	(9,486)	9,829
Other comprehensive income for the year, net of tax	(9,486)	9,829
Total comprehensive income for the year, net of tax attributable to Owners	6,292	20,443
Basic and Diluted Earnings Per Share	3.1 cents	2.1 cents

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NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.1 Revenue from continuing operations

	A\$'000	corresponding period
Financial guarantee fee income	9,548	10,842
Premium fee income	14,209	8,239
Agency fee income	640	842
	24,397	19,923

3.2 Other income

	A\$'000	corresponding period
Interest income	714	829
Interest income - guarantee fee receivable	512	1,054
Interest income - premium fee receivable	280	401
Other sundry income	13	76
	1,519	2,360

3.3 Expenses

	A\$'000	corresponding period
Operating expenses	(1,659)	(2,764)
Administrative expenses	(5,623)	(6,179)
Impairment	(200)	-
	(7,482)	(8,943)

Note: Included in the above expenses disclosed by function are the following expenses:

- Depreciation and amortisation expenses amounting to \$511,135 for the year ended 31 December 2016 and \$651,934 for year ended 31 December 2015; and

- Employee benefit expenses amounting to \$3,024,168 for the year ended 31 December 2015 and \$3,852,519 for the year ended 31 December 2014.

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4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current Period A\$'000	Previous corresponding period A\$'000
Current Assets		
Cash and cash equivalents	92,972	90,109
Trade and other receivables	55,487	17,523
Other current assets	187	74
Pledged bank deposits	29,199	52,005
Current tax assets	-	-
Total Current Assets	177,845	159,711
Non-Current Assets		
Trade and other receivables	1,154	2,876
Pledged bank deposits	7,346	7,536
Property, plant and equipment	562	1,124
Other non-current assets	-	204
Intangible assets	16	20
Total Non-Current Assets	9,078	11,760
TOTAL ASSETS	186,923	171,471

Current Liabilities		
Liabilities from guarantees	3,538	6,380
Liabilities from insurance contracts	3,932	2,272
Other current liabilities	7,456	3,905
Current tax liabilities	539	558
Total Current Liabilities	15,465	13,115
Non-Current Liabilities		
Liabilities from guarantees	833	2,119
Liabilities from insurance contracts	139	282
Other non-current liabilities	-	527
Total Non-Current Liabilities	972	2,928
TOTAL LIABILITIES	16,437	16,043
NET ASSETS	170,486	155,428

Equity		
Contributed Equity	93,803	83,550
Other reserves	24,309	32,930
Retained Earnings	52,374	38,948
TOTAL EQUITY	170,486	155,428

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5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period A\$'000	Previous corresponding period A\$'000
Cash flows related to operating activities		
Receipts from customers	46,360	56,336
Transfer from/(to) pledged bank deposit	19,888	25,195
Payments to guarantee holders, suppliers and employees	(25,504)	(44,093)
Interest received	714	829
Finance costs	65	(40)
Income tax paid	(2,730)	(1,830)
Net operating cash flows	38,793	36,397
Cash flows related to investing activities		
Purchase of property plan and equipment	(28)	(243)
Purchase of Intangibles	-	-
Proceed from sale of non-current assets	10	58
Net investing cash flows	(18)	(185)
Cash flows related to financing activities		
Cash receipts advanced from / (to) non related parties	(39,573)	(3,313)
Cash receipts advanced from / (to) related parties	857	412
Share capital issued	10,268	1,473
Net financing cash flows	(28,448)	(1,428)
Net increase (decrease) in cash held	10,327	34,784
Cash at beginning of period - <i>refer 5.1 below</i>	90,109	51,840
Exchange rate adjustments to cash at beginning of period	(7,464)	3,485
Cash at end of period - <i>refer 5.1 below</i>	92,972	90,109

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NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

5.1 Reconciliation of Cash

	Current Period A\$'000	Previous corresponding period A\$'000
Cash on hand	56	49
Cash at bank	92,916	90,060
Total cash at end of period	92,972	90,109

5.2 Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities.

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6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Retained earnings	Statutory Reserve	Foreign Currency Translation Reserve	TOTAL EQUITY
As at 1 January 2015	82,077	28,919	1,206	21,310	133,512
Total comprehensive income for the year					
Profit for the year	-	10,614	-	-	10,614
<i>Other comprehensive income</i>					
Foreign currency translation differences	-	-	-	9,829	9,829
Total comprehensive income for the year		10,614	-	9,829	20,443
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	1,473				1,473
Dividends paid					-
Share-buy back excess					-
Share-based payments expense					-
	1,473	-	-	-	1,473
Reserve Transfers					
Allocation of Profit for the year to Statutory Reserve		(585)	585		-
At 1 January 2016	83,550	38,948	1,791	31,139	155,428
Total comprehensive income for the year					
Profit for the year		15,778			15,778
<i>Other comprehensive income</i>					
Foreign currency translation differences				(9,486)	(9,486)
Total comprehensive income for the year		15,778	-	(9,486)	6,292
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	10,253				10,253
Dividends paid		(1,487)			(1,487)
Share-buy back excess					-
Share-based payments expense					-
	10,253	(1,487)	-	-	8,766
Reserve Transfers					
Allocation of Profit for the year to Statutory Reserve		(865)	865		
At 31 December 2016	93,803	52,374	2,656	21,653	170,486

OTHER NOTES TO THE FINANCIAL STATEMENTS

7. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current period	Previous Corresponding period
\$ 0.33	\$ 0.35

8. DETAILS OF SUBSIDIARIES

8.1 Control Gained Over Entities During the Period

Name of entity	DSX Finance Australia Pty Ltd
Date control acquired, i.e. date from which profit(loss) has been calculated	11/08/2016
Profit (loss) of the subsidiary (or group of entities) during the current period since the date on which control was acquired	\$ 200,000 loss
Profit (loss) of the subsidiary (or group of entities) for the whole of the previous corresponding period	N/A - incorporated on 11/08/2016

The loss relates to the impairment of the Company's investment in FXPlus Pty Ltd. Further, having completed its additional due diligence the Company has elected not to proceed with its investment in HonourPlus Pty Ltd.

9. DIVIDENDS

9.1 Dividends per Share

	Amount per share	Franked amount per share at ...% tax	Amount per share of foreign source dividend
Special	1 cents	0 cents	1 cents

9.2 Total Dividends

	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Special - payable on 16 December 2016	1,487	N/A

All dividends reflected as distributions above were not paid during the period. On 16 December 2016 the Group advised that the payment of the dividend announced to the ASX on 30 September 2016 has been delayed due to recent changes to the process required under Chinese regulation for the transfer of funds out of China.

The Group anticipates having the relevant approvals shortly and will update shareholders a soon as a definitive date becomes available.

9.3 Dividend Reinvestment Plans

The Company Board will determine whether the DRP will apply to a particular dividend at the time it considers the declaration of that dividend. The shareholder may participate in the DRP if their address on the register of shareholders is in Australia or New Zealand, unless the shares are held on behalf of another person who resides outside Australia and New Zealand. In certain circumstances the Board may allow participation by persons who reside outside of Australia and New Zealand or hold their shares for persons who reside outside of Australia and New Zealand. Shareholders may participate in the DRP if the Board is satisfied that they reside in a jurisdiction in which the Board is satisfied that the offer and issue or transfer of shares under the DRP is lawful and practicable.

The last date for receipt of election notices for participation in any dividend reinvestment plans

01-December-2016

10. OTHER INFORMATION REGARDING THE FINANCIAL STATEMENTS

The information contained in this Appendix 4E is based on financial statements which:

- are in the process of being audited

11. OTHER SIGNIFICANT INFORMATION

The Company refers readers to the material increase in trade and other receivables noted in section 4.

The Company's business plan includes considering strategic growth opportunities. The Company is currently undertaking due diligence on three guarantee companies in China. As is the custom in China the Group has provided Earnest Money totalling \$AUD 38,914,055. Earnest Money is provided as a basis of establishing a potential purchasers bona fides prior to a vendor providing access to documents and records for due diligence purposes.

No agreement has been reached on whether to pursue any of the acquisitions nor the terms or consideration that may be payable should the Company elect to pursue any of the acquisitions.

Should the Company elect not to pursue a transaction with these companies the transferred amounts will be returned to the Company.