

5 May 2017

Elizabeth Harris  
Principal Advisor  
ASX Listing Compliance  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Ms Harris

**ASX Query: Ding Sheng Xin Finance Co. Limited**

We refer to your letter dated 24 April 2017 in which you have sought a response from the Company in relation to questions raised by the ASX regarding judgements made involving the Company's subsidiary ("PRC DSX") in the People's Republic of China.

In response to ASX's queries, the Company advises as follows:

1. It is a natural consequence of the nature of PRC DSX business, being guaranteeing the repayment of loans and other specific performances, that it will be involved in legal processes.

Where lenders seek recovery of loans following any default of the performance of borrowers, and that borrower is a client of PRC DSX and their repayment obligations are guaranteed by PRC DSX, PRC DSX will be named in the relevant legal processes. Accordingly, PRC DSX has been and is likely to continue to be a party to legal processes and by extension to have judgements made against it in its capacity as guarantor.

PRC DSX processes are such that if a client defaults and a judgement is made against that client, and by extension PRC DSX, PRC DSX then seeks to renegotiate the terms of the obligation on behalf of the client. If that process is successful the judgement is no longer relevant and is withdrawn, however if that process is not successful PRC DSX makes the payments on behalf of the client and proceeds to seek recovery from the client.

Events of this nature are in the ordinary course of business for PRC DSX.

2. Refer Appendices A and B attached.
3. Yes
4. and 5. On 22 February 2017, The Supreme People's Court of China published the declaration following a matter brought by Quanquan Zhang in the Guizhou Guiyang Intermediate People's Court in relation to a loan that Mr Zhang claimed had been guaranteed by PRC DSX.

PRC DSX was not aware of the loan or the matter brought by Mr Zhang and only became aware of the case and the declaration following it being published on 22 February 2017.

Following the declaration PRC DSX entered into negotiations with the parties as it is required to do so by the Court. There is no time restriction on the period of negotiation.

In this instance PRC DSX disputes the claim and intends to dispute the declaration. PRC DSX is in the process of gathering its evidence and if the negotiations currently ongoing do not reach a satisfactory resolution PRC DSX will seek to have the case go to retrial.

If PRC DSX is unsuccessful in the negotiation and any subsequent retrial it will be required to make the payment (RMB21 million) and will then seek to recover that from the defaulting borrower.

Whilst the matter is ongoing PRC DSX is unable to participate in any government procurement or tendering. PRC DSX's business does not include participation in government procurement.

6. PRC DSX continues to be in compliance with its guarantee obligations.
7. N/A
8. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1. The matter referred to in points 3 and 4 above is in relation to a guarantee amount of RMB21,000,000 which is not material in the context of PRC DSX total guarantee portfolio.
9. The Company confirms that the Company's responses have been approved by the Board.

Yours faithfully



Mr Winton Willesee  
Director  
**Ding Sheng Xin Finance Co. Limited**

## Appendix A

### PRC DSX Response to ASX Query – Items contained in Attachment A of letter dated 24 April 2017

	When the Judgement was made	Which court made the Judgement	Who the plaintiff was.	The quantum of any payment that the PRC DSX has been ordered to pay pursuant to the Judgement.	If a payment was ordered to be paid by PRC DSX, has the payment be made? If not, when is/was the final date for payment?	If PRC DSX has been ordered to make a payment and the payment has not been made by the due date what are the consequences for PRC DSX?
1	09/11/2015	Guizhou Province High People's Court	China Gezhouba Number 6 engineering co., LTD	Your references 1 and 2 refer to the same case. The total amount payable is 32,222,036.3 RMB, the borrower has paid 5,800,000 RMB and there remained 26,422,036.3 RMB outstanding.	The case was terminated.	N/A  In the event PRC DSX (or any guarantor) was ordered to make a payment and did not make that payment the court would then move to liquidate the borrowers assets before reverting to the guarantor.

2	10/03/2017	Guizhou Province High People's Court	China Gezhouba Number 6 engineering co., LTD		This is the reopening of the previous case.  Currently all parties are negotiating and no final date for the payment has been set.	N/A
3	15/06/2016	An Shun City Intermediate People's Court	Xiaohua Su	10,900,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
4	15/06/2016	An Shun City Intermediate People's Court	Xiaohua Su	10,900,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
5	30/12/2015	An Shun City Intermediate People's Court	Xiaohua Su	3,000,000 RMB	Not paid. Terminated enforcement due to invalid court documents.	N/A
6	08/2015	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	Duyun Rural Commercial Bank	29,000,000 RMB	The borrower has fully repaid the loan	N/A
7	22/09/2016	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	Duyun Rural Commercial Bank	22,032,320 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A

8	19/07/2016	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	Guizhou Fuquan Rural Commercial Bank Co. Ltd	The loan is 20,000,000 RMB however DSX PRC only guaranteed 8,500,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
9	02/03/2016	Qiannan Zhou Intermediate People's Court	Guizhou Xingyi Rural Commercial Bank Co. Ltd	29,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
10	This is a duplicate of your case 7					
11	17/05/2016	Guiyang City Intermediate People's Court	Quanquan Zhang	21,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.  PRC DSX contends that the judgement is flawed and is gathering evidence to initiate a retrial to overturn the original judgement.	N/A
12	20/03/2017	Zunyi City Intermediate People's Court	Zunyi branch of China Merchants bank Co., LTD	8,569,888 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
13	25/11/2016	Jinsha County People's Court	Jinsha County Rural Credit Cooperation Association	4,500,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A

14	05/04/2016	Kaili City People's Court	Guizhou Kaili Donghua Real Estate Development Co., LTD	3,348,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
15	09/08/2016	Guanling Buyi Miao Minority autonomous county People's Court	Guanling Autonomous County Rural Commercial Bank Co., LTD	2,518,327.5 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
16	09/08/2016	Guanling Buyi Miao Minority autonomous county People's Court	Guanling Autonomous County Rural Commercial Bank Co., LTD	2,052,565.8 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
17	26/08/2015	Pu Ding County People's Court	Pu Ding branch of Guizhou bank Co., LTD	2,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
18	29/01/2016	Duyun City People's Court	Pingtang County Pingcheng Construction Engineering Co., LTD	1,576,299 RMB	The court has terminated the enforcement.	N/A
19	14/06/2016	Guiyang City Huaxi District People's Court	Hua Kong	1,000,000 RMB.  The borrower has repaid 450,000 RMB with 550,000 still to be paid.	Payments ongoing.	N/A

20	01/02/2016	Zhenning Buyi Miao Minority autonomous county People’s Court	The Rural Credit Cooperation Association of Zhenning Autonomous County	939,442.56 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
21	25/05/2015	Shi He Zi City People’s Court	Xinan Du	797,097 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
22	18/04/2016	Xi Xiu District People’s Court	Guizhou Zhuozheng Municipal Construction Co., LTD	580,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
23	17/05/2016	Xi Xiu District People’s Court	Guizhou Anshun Xingbi Agriculture Co., LTD	500,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
24	This is a duplicate of your case 23					
25	30/03/2016 (Your numbers 25 through 29 are all referring to the same case)	Tongren City Wanshan District People’s Court	Tongren City Wanshan District Baoxin Small Loan Co., LTD	2,580,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
26						
27						
28						
29						
30	Relevant legal documents have not yet been served by the court					

31	20/01/2017	Guiyang City Yunyan District People's Court	Guizhou Ai Hua Sheng Xin Trading Co., LTD	300,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A
32	Cases 32 through 34 - Relevant legal documents have not yet been served by the court					
33						
34						
35	22/02/2017	Zunyi City Hong Hua Gang District People's Court	Hongmei Li	120,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.	N/A



## Appendix B

PRC DSX Response to ASX Query – Items not contained in Attachment A of letter dated 24 April 2017

	When the Judgement was made	Which court made the Judgement	Who the plaintiff was	The quantum of any payment that PRC DSX has been ordered to pay pursuant to the Judgement	Current status of the case
1	26/08/2015	Pu Ding County People's Court	Pu Ding branch of Guizhou Bank Co., LTD	2,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
2	29/08/2016	Du Yun City People's Court	Weng An County Hongda Commercial concrete Co., LTD	1,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
3	29/08/2016	Du Yun City People's Court	Weng An County Taian Building Materials Co., LTD	1,300,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
4	23/11/2016	Gui Ding County People's Court	Gui Ding branch of China Construction Bank Co., LTD	1,180,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
5	20/09/2016	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	Guizhou Weng An Rural Commercial Bank Co., LTD	6,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
6	29/03/2016	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	Guizhou Ping Tang Rural Commercial Bank Co., LTD	5,000,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.

7	09/03/2015	Zun Yi City Intermediate People's Court	Xian Huang	5,262.5 RMB	Currently all parties are negotiating and no final date for the payment has been set.
8	15/12/2016	Zunyi City Hui Chuan District People's Court	Guizhou Zunyi Hui Chuan Rural Commercial Bank Co., LTD	135,065.52 RMB	Currently all parties are negotiating and no final date for the payment has been set.
9	20/11/2016	Zunyi City Hong Hua Gang District People's Court	Kailan He	546,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
10	20/11/2016	Zunyi City Hong Hua Gang District People's Court	Lishu Chen	120,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
11	20/11/2016	Zunyi City Hong Hua Gang District People's Court	Yongyan Zhong	600,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
12	15/12/2016	Zunyi City Hui Chuan District People's Court	Guizhou Zunyi Hui Chuan Rural Commercial Bank Co., LTD	116,950.28 RMB	Currently all parties are negotiating and no final date for the payment has been set.
13	20/11/2016	Zunyi City Hong Hua Gang District People's Court	Zhaohe Yao	432,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
14	07/11/2016	Guizhou Liupanshui City Zhongshan District People's Court	Liupanshui branch of China Construction Bank Co., LTD	3,660,013.18 RMB	Currently all parties are negotiating and no final date for the payment has been set.

15	28/11/2016	Anshun City Xi Xiu District People's Court	Anshun Rural Commercial Bank Co., LTD	2,354,650 RMB	Currently all parties are negotiating and no final date for the payment has been set.
16	02/02/2016	Anshun City Xi Xiu District People's Court	Anshun City Xi Xiu District Venus Studio	100,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.
17	10/08/2015	Anshun City Xi Xiu District People's Court	Anshun Huaxi Branch of Guizhou Bank Co., LTD	3,258,251.31 RMB	Currently all parties are negotiating and no final date for the payment has been set.
18	14/04/2014	Guizhou Xingyi City People's Court	Guizhou Xingyi Rural Commercial Bank Co., LTD	1,834,668 RMB	Currently all parties are negotiating and no final date for the payment has been set.
19	12/12/2016	Guizhou Nayong County People's Court	Nayong County Rural Credit Cooperation Association	1,056,661.22 RMB	Currently all parties are negotiating and no final date for the payment has been set.
20	23/11/2016	Guizhou Kaili City People's Court	Kaili Dong Nan Cun Bank Co., LTD	364,369.47 RMB	Currently all parties are negotiating and no final date for the payment has been set.
21	08/07/2015	The eighth intermediate people's court of xinjiang production and construction corps	Xinan Du	780,000 RMB	Currently all parties are negotiating and no final date for the payment has been set.

22	29/11/2016	Guizhou Guiyang City Intermediate People's Court	Yinglian Li	8,104,200 RMB	Currently all parties are negotiating and no final date for the payment has been set.
23	08/07/2016	Guizhou Guiyang City Intermediate People's Court	Guizhou branch of China Bank Co., LTD	6,037,649.4 RMB	Currently all parties are negotiating and no final date for the payment has been set.



24 April 2017

Mr Winton Willesee  
Company Secretary  
Ding Sheng Xin Finance Co. Limited  
Suite 25, 145 Stirling Highway  
Nedlands WA 6009

By email: Winton@azc.com.au

Dear Mr Willesee

**DING SHENG XIN FINANCE CO. LIMITED ("COMPANY") – ASX QUERY LETTER**

It has been brought to the attention of ASX Limited ("ASX") that a number of judgements have been made against the Company ("Judgements") in the People's Republic of China and that the Company has been declared a "Dishonest Institution subject to Enforcement" as a result of these proceedings. Please see the attachment for further details.

ASX Limited refers to the following:

- A. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- B. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*



3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

C. Listing rule 18.7, which states as follows.

*“An entity must give ASX any information, document or explanation that ASX asks for to enable it to be satisfied that the entity is, and has been, complying with the Listing Rules. The entity must do so within the time specified by ASX. ASX may submit, or require the entity to submit, any information given to ASX to the scrutiny of an expert selected by ASX. The entity must pay for the expert.”*

Having regard to the above, ASX asks the Company to respond separately to each of the following questions and requests for information in a format suitable for release to the market.

#### **ASX Queries**

1. Is the Company subject to any Judgments whether adverse or not and in the PRC or elsewhere?
2. If the answer to question 1 is yes please provide comprehensive details of each Judgment including (without limiting the generality of the foregoing) the following information:
  - 2.1. When the Judgement was made.
  - 2.2. Which court made the Judgement.
  - 2.3. Who the plaintiff was.
  - 2.4. The quantum of any payment that the Company has been ordered to pay pursuant to the Judgement.
  - 2.5. If a payment was ordered to be paid by the Company, has the payment be made? If not, when is/was the final date for payment?
  - 2.6. If the Company has been ordered to make a payment and the payment has not been made by the due date what are the consequences for the Company?
3. Has the Company been declared a “Dishonest Institution Subject to Enforcement” (“Declaration”) in the PRC?
4. If the answer to question 3 is yes please provide comprehensive details of the Declaration including (without limiting the generality of the foregoing) the following information:
  - 4.1. When the Declaration was made.
  - 4.2. Which court made the Declaration.
  - 4.3. The terms of the Declaration.



5. What are the consequences for the Company of the Declaration having been made?
6. Has the Company been honouring its guarantee obligations?
7. If the answer to question 6 is no please provide details of guarantee obligations which have not been honoured.

#### **Compliance with the Listing Rules**

8. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.
9. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and Where to Send Your Response**

This request is made under, and in accordance with, Listing rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 3:00 pm AWST on Friday, 28 April 2017**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under listing rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Elizabeth.Harris@ASX.com.au](mailto:Elizabeth.Harris@ASX.com.au) and copied to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rules 3.1 and 3.1A**

You should note that if the information requested by this letter is information required to be given to ASX under listing rule 3.1 and it does not fall within the exceptions mentioned in listing rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

In responding to this letter, you should have regard to the Company's obligations under listing rules 3.1 and 3.1A and also to Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B.

It should be noted that the Company's obligation to disclose information under listing rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



Please contact me if you have any queries about this letter.

Yours sincerely

*[sent electronically without signature]*

Elizabeth Harris  
**Principal Adviser, ASX Listings Compliance**



# Attachment

(Unit: CNY)

N mber	Enforcement C se Numbers	Enforcement Courts	Enforcement Amount
1	(2015)黔高执字第 00048 号	Guizhou Province High People's Court	32,222,000.00
2	(2017)黔执恢 29 号		26,422,036.00
3	(2016)黔 04 执 99 号	An Shun City Intermediate People's Court	10,900,000.00
4	(2016)黔 04 执 98 号		10,900,000.00
5	(2015)安市执字第 00139 号		3,000,000.00
6	(2017)黔 27 执 32 号	Qiannan Buyi Miao Minority autonomous prefecture Intermediate People's Court	29,000,000.00
7	(2016)黔 27 执 98 号		22,032,320.00
8	(2017)黔 27 执 31 号		22,000,000.00
9	(2016)黔 23 执 18 号	Qian Nan Zhou Intermediate People's Court	29,000,000.00
10	(2016)黔 27 执 98 号	Qian Nan Zhou Intermediate People's Court	22,032,320.00
11	(2016)黔 01 执 478 号	Guiyang City Intermediate People's Court	21,000,000.00
12	(2017)黔 03 执 144 号	Zunyi City Intermediate People's Court	8,569,888.00
13	(2016)黔 0523 执 973 号	Jinsha County People's Court	4,500,000.00
14	(2016)黔 2601 执 735 号	Kaili City People's Court	4,028,593.00
15	(2016)黔 0424 执 300 号	Guangling Buyi Miao Minority autonomous county People's Court	2,518,327.50
16	(2016)黔 0424 执 296 号		2,052,565.80
17	(2015)普执字第 00303 号	Pu Ding County People's Court	2,000,000.00
18	(2016)黔 2701 执 218 号	Duyun City People's Court	1,576,299.00
19	(2016)黔 0111 执 755 号	Guiyang City Huaxi District People's Court	976,937.50
20	(2016)黔 0423 执 66 号	Zhenning Buyi	939,442.56

		minority Miao minority autonomous county People's Court	
21	(2015)石法执字第 01420 号	Shi He Zi City People's Court	797,097.00
22	(2016)黔 0402 执 585 号	Xi Xiu District People's Court	580,000.00
23	(2016)黔 0402 执 706 号		500,000.00
24	(2016)黔 0402 执 706 号		500,000.00
25	(2016)黔 0603 执 175 号	Tongren City Wanshan District People's Court	430,000.00
26	(2016)黔 0603 执 199 号		430,000.00
27	(2016)黔 0603 执 151 号		430,000.00
28	(2016)黔 0603 执 128 号		430,000.00
29	(2016)黔 0603 执 224 号		430,000.00
30	(2015)福法执字第 00598 号	Fuquan City People's Court	400,000.00
31	(2017)黔 0103 执 206 号	Guiyang City Yunyan District People's Court	300,000.00
32	(2016)黔 0303 执 2017 号		300,000.00
33	(2017)黔 0303 执 870 号		134,268.00
34	(2017)黔 0303 执 868 号		116,123.00
35	(2017)黔 0302 执 804 号	Zunyi City Hong Hua Gang District People's Court	120,000.00
Total Amount			261,568,217.36