



DING SHENG XIN  
**FINANCE**  
CO. LIMITED



# ANNUAL REPORT 2015



# Corporate Directory

## DIRECTORS

*Mr Zhenhua Guo*

Managing Director  
Chief Executive Officer

*Ms Wenfeng Tang*

Executive Director  
Chief Operating Officer

*Ms Chen Chang*

Non-Executive Chairman

*Mr James Zhong*

Non-Executive Director

*Ms Kathy Yuan*

Non-Executive Director

*Mr Winton Willesee*

Non-Executive Director

## JOINT COMPANY SECRETARIES

*Mr Winton Willesee*

*Ms Erlyn Dale*

## REGISTERED OFFICE

Suite 25, 145 Stirling Highway  
Nedlands WA 6009  
Australia

Telephone: +61 8 9389 3140

Facsimile: +61 8 9389 3199

## PRC OFFICE

28th Floor, Yonglixingzuo Building  
No. 188 South Section of Xintian Street  
Yunyan District, Guiyang City  
People's Republic of China

## WEBSITE

[www.dsxfinance.com.au](http://www.dsxfinance.com.au)

## ASX CODE

DXF

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

## CORPORATE ADVISER

Dao Capital Group Limited  
11F, Magnolia Plaza, No. 365 West Huaihai  
Shanghai 200030  
People's Republic of China

## AUDITOR

Moore Stephens Assurance Adelaide Pty Ltd  
Level 4, 81 Flinders Street  
Adelaide SA 5000

## Australian Legal Adviser

Price Sierakowski Corporate  
Level 24, 44 St Georges Terrace  
Perth WA 6000

## PRC Legal Adviser

Beijing DHH Law Firm  
16/F CBD International Maison  
No. 16 Yong'an Dongli, Chaoyang District  
Beijing 100022  
People's Republic of China





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# Managing Director's Address

The 2015 financial year was a successful, yet challenging year for the Group, and in particular, its Chinese-based operating subsidiary, Ding Sheng Xin Finance Guarantee Co. Limited ("DSX"). DSX accelerated the pace of its national expansion strategy and successfully launched 3 new operating branches in mainland China during the year, bringing the total number of operational branches to 15 (up from 12 at the end of 2014).

Despite the decline of China's economy over the period, the Group achieved a healthy net profit result for 2015 of AU\$10,614,000 albeit a 10% decrease on 2014's net profit result of AU\$11,845,000. In this challenging environment, management recognised the need to continue to evolve its business model through efficiency initiatives, product innovation and the exploration of new and existing channels and market opportunities. To this extent, DSX placed an increased focus on the development of its non-financial guarantee service offerings during the 2015 financial year which ultimately saw growth from this revenue segment partially offset declines in revenues from financial guarantee services. Through its increased focus on the non-financial guarantee services, DSX intends to continue to diversify its revenue segments and lay a solid foundation for business development in the future.

From a corporate perspective, 2015 saw the Company embark on its mission to become the first Chinese financing guarantee company to list on the Australian Stock Exchange, a goal which was fulfilled on 3 March 2016. Listing on the ASX represents a key milestone in the Group's long-term expansion strategy, with the ASX offering a sophisticated capital market and an internationally recognised corporate governance environment which the Directors believe will provide a suitable platform for the Company's growth.

The IPO capital raising was well supported by investors, with the Company raising AU\$10.268 million through the issue of approximately 17.1 million shares at an issue price of AU\$0.60 per share.

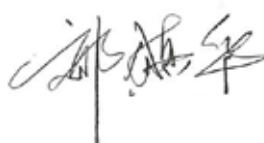
This substantial capital injection from the IPO has increased the Group's capacity to provide guarantee services to a larger customer-base and will facilitate the pursuit of its core objectives for 2016 which include:

- the addition of up to 15 new branches and representative offices with a focus on 2nd or 3rd tier cities in the PRC;
- the expansion of the Group's product offerings including the development of non-financial guarantee services to provide additional consumer-based guarantee products with a focus on home renovation & furnishing and vehicle purchases;
- cooperation with Non-Banking Financial Institutions (NBFI) to facilitate more service products tailored for small & medium size enterprises; and
- the identification of other medium sized guarantee companies as potential acquisition targets.

The Directors believe these measures will put the Group in a strong position to capitalize on the positive momentum gained from our successful ASX listing.

Lastly, on behalf of the Directors, I would like to take this opportunity to thank all of our dedicated employees for their ongoing commitment and hard work. I would also like to thank the management team and corporate advisors who assisted the Company in the pursuit of its ASX listing. As a company, we at Ding Sheng Xin Finance Co. Limited are incredibly proud of our achievements to date and look forward to this next chapter in future development of the Company.

Yours faithfully,



Mr Zhenhua Guo  
Managing Director

Dated 31 March 2016

“ first Chinese financing  
guarantee company to list on  
the Australian Stock Exchange ”



# Director's Report

The Directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Ding Sheng Xin Finance Co. Limited (referred to here after as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2015.

The Company was incorporated on 9 January 2015. As a result of transactions throughout the year the financial statements have been prepared as if the Company operated as a group for the full current and comparative period. Please refer to Note 1(b) in the financial statements for further information.

## Directors

The following persons were directors of Ding Sheng Xin Finance Co. Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Zhenhua Guo	Managing Director (appointed on incorporation 9 January 2015)
Ms Chen Chang	Chairperson, Non-Executive Director (appointed 8 July 2015)
Ms Wenfeng Tang	Executive Director, Chief Operating Officer, Chief Executive Officer of PRC operations (appointed 8 July 2015)
Mr James Zhong	Non-Executive Director (appointed 8 July 2015)
Ms Kathy Yuan	Non-Executive Director (appointed 8 July 2015)
Mr Winton Willesee	Non-Executive Director (appointed 10 November 2015)

## Operating and Financial review

### Our business

The principal activities of the Group are providing financing guarantee services to individuals, SMEs and microenterprises to assist them in obtaining loans from banks or other financial institutions in China. The Group started to provide non-financing guarantee services such as litigation and performance guarantee in 2014.

Across our business, we directly employ approximately 310 people and maintain over 15 branches throughout the People's Republic of China ("PRC" or "China"), of which 9 are located in Guizhou Province where the Group's operating company is based.

### Our business strategy

During the year ended 31 December 2015, the Group has accelerated its pace of national expansion in China. The Group's operations have opened 3 new operating branches in mainland China with 15 branches in operation as at year end 2015 compared to 12 branches in 2014. Due to the generally tightened domestic economy, the Group is focusing on the development of non-financial guarantee services, exploration of new business streams and channels, and increasing the coverage of business nationwide by opening new branches. By doing this, the Group was able to make up for reducing income from financial guarantee service and laid a solid foundation for business development in the future.

## Director's Report Continued

### Financial performance

	2015	2014	Change
	AUD \$'000	AUD \$'000	%
Financial guarantee fee income	10,826	11,342	(4.55)
Premium fee income - Other guarantee	8,239	2,304	257.60
Agency fee income	842	769	9.49
Government grants	-	1,258	(100.00)
Interest income	829	715	15.94
Interest income – guarantee fee receivable	1,054	2,716	(61.19)
Interest income – premium fee receivable	401	506	(20.75)
Other sundry income	76	112	(32.14)
	<u>22,267</u>	<u>19,722</u>	12.90
Operating expenses	(2,748)	(2,253)	21.97
Administration expenses	(6,456)	(4,121)	56.66
Finance costs	(40)	(12)	233.33
EBIT	<u>13,023</u>	<u>13,336</u>	(2.35)
Income tax	(2,409)	(1,491)	61.57
Profit after income tax expense for the year	<u>10,614</u>	<u>11,845</u>	(10.39)
Basic earnings per share (cents)	2.1	n/a	-
Net cash from operating activities	36,397	(8,339)	536.47

The Group's operating performance has been maintained during the 2015 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 similar level of net profit compared with last year under the overall downturn of the economy. The DXF Group realised an after tax profit of \$10.6 million for the 2015 financial year which represents a decreased of 10.39% on the previous year. As a result of the depreciation of the Australian dollar, the Group showed a foreign exchange gain on translation of its foreign operations of \$9.8 million.

The company has achieved total income of \$22.3 million in the financial year of 2015, with 12.9% increase from the financial year of 2014. Financial guarantee fee income and premium fee income (other guarantee) contribute the most in the total income, with \$10.8 million and \$8.2 million respectively. There was modest 4.5% reduction in the financial guarantee fee income, which is attributed to the market fluctuation. Income from other guarantee products grew substantially by 257.6% from last financial year as the Company diversifies its revenue streams by expanding the guarantee scope.

## Director's Report Continued

### Financial position

	2015	2014	Change
	AUD \$'000	AUD \$'000	%
Cash and cash equivalents	90,109	51,840	73.82
Total current assets	159,711	142,217	12.30
Total non-current assets	11,760	16,081	(26.87)
Total assets	171,471	158,298	8.32
Total current liabilities	13,115	18,307	(28.36)
Total non-current liabilities	2,928	6,479	(54.81)
Total liabilities	16,043	24,786	(35.27)
Total equity	155,428	133,512	16.42
Return on average equity	1.84%	2.40%	(23.48)

The Group's cash and cash equivalent reserve remain strong at \$90.1 million. The net assets of the Group has increased by \$21.9 million from \$133.5million at 31 December 2014 to \$155.4 million at 31 December 2015. The increase has largely resulted from the following factors:

- \$10.9 million Profit after tax attributable to members
- \$9.8 million increase in foreign exchange gain reserve

### Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

### Principal activities

The Group predominantly provides financing guarantee services, such as the guarantee of a borrower's loan repayment to a bank.

The Group also provides non-financing guarantee services such as performance guarantees (the guarantee of a party's obligation under a contract) and litigation guarantees (the guarantee of a party's obligations to court during litigation).

No significant change in the nature of these activities occurred during the year.



### Events subsequent to the end of the reporting date

Subsequent to year end 31 December 2015, the Group has issued an additional 17,113,343 fully paid ordinary shares at \$0.60 each amounting to \$10,268,006 upon its listing on the Australian Securities Exchange ("ASX") on 3 March 2016.

Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either the Group's operations in future financial years, the results of those operations in future financial years or the Group's state of affairs in future financial years.

### Future development, prospects and business strategies

The group endeavours to develop into the leading guarantee service provider in China. The Group is expanding its business in both Guiyang Province (where its headquarters are located) and in China by merging and acquisition. The Group is expected to maintain its high-speed growth with an annual growth above 50%.

### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia. The operations of the Company are regulated by Chinese Environmental Laws. There have not been any breaches under Chinese Environmental Laws since the start of the financial year to the date of this report unless otherwise stated.

### Dividends paid or recommended

No dividends were declared or paid during the financial year.



## Director's Report Continued

### Information on the directors

<b>Name:</b>	Mr Zhenhua Guo
<b>Title:</b>	Managing Director, Chief Executive Officer
<b>Qualifications:</b>	Master of Laws from Southwest Politics and Law University, Master of Business Administration from University of Illinois
<b>Experience and expertise:</b>	Before founding Ding Sheng Xin Financing Guarantee Co., Ltd in 2015, Mr Guo joined and established several companies where he took key positions. From 1985 to 1993, Mr Guo worked at the Pricing Bureau of Guiyang City. Following this role, Mr Guo founded and managed his own business including a guarantee company.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities</b>	None
<b>Interest in shares</b>	211,100,000 arising through his 100% shareholding interest in Grandeur Times Limited.
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None

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<b>Name:</b>	Ms Wenfeng Tang
<b>Title:</b>	Executive Director, Chief Operating Officer
<b>Qualifications:</b>	Economics Degree from Yunnan University, Masters of Business Administration from People's Bank of China Graduate School
<b>Experience and expertise:</b>	Ms Tang has been the Chief Operating Officer of Ding Sheng Xin Guarantee Co., Ltd since the establishment of the company in 2005
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities</b>	None
<b>Interest in shares</b>	112,250,000 arising through her 100% shareholding interest in Next Triumph Limited
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None



### Information on the directors (cont'd)

<b>Name:</b>	Ms Chen Chang
<b>Title:</b>	Non-executive Director
<b>Qualifications:</b>	Masters of Accounting from Beijing Technology and Business University, Certified Public Accountant
<b>Experience and expertise:</b>	<p>Ms Chang is the managing director of Dao Capital which is a leading finance advisory firm located in Shanghai. Ms Chang is a Certified Public Accounting in the PRC with extensive experience in financing, capital markets and corporate management.</p> <p>From 2006 to 2009, Ms Chang was a lecturer of the Association of International Accountants and served as a business analyst in the management consulting department of Synovate.</p> <p>Ms Chang joined Dao Capital in 2009, at which she works in private placements and IPOs in multiple markets such as South Korea, Hong Kong and the United States.</p> <p>Ms Chang is familiar with financial management and strategic planning, and has rich experience in financial analysis and financial projections.</p>
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities</b>	Chairperson of board of directors, Member of Audit and Risk Committee
<b>Interest in shares</b>	None
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None

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<b>Name:</b>	Mr James Zhong
<b>Title:</b>	Non-executive Director
<b>Qualifications:</b>	Registered Migration Agent, Licensed Real Estate Agent
<b>Experience and expertise:</b>	<p>Mr Zhong has over 20 years of business experience in Australia. He is familiar with business management in many industries, including education, immigration, tourism, real estate and health care products.</p>
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities</b>	Member of Audit and Risk Committee
<b>Interest in shares</b>	None
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None

## Director's Report Continued

### Information on the directors (cont'd)

<b>Name:</b>	Ms Kathy Yuan
<b>Title:</b>	Non-executive Director
<b>Qualifications:</b>	1991 – 1995 Southwest University of Nationalities - Bachelor of law. 2004-2006: Chisholm Institute of T.A.F.E -Certificate II in financial service (accounts clerical) -Diploma of accounting
<b>Experience and expertise:</b>	Ms Kathy Yuan has over 15 years of business experience in Australia in both the private and civil services sectors. Ms Yuan's strengths include identifying businesses with high potential based on changing market conditions, acquiring and stabilising the business, then steering the business towards growth.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities</b>	Chair of the Audit and Risk Committee
<b>Interest in shares</b>	None
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None

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<b>Name:</b>	Mr Winton Willesee
<b>Title:</b>	Non-executive Director
<b>Qualifications:</b>	Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary
<b>Experience and expertise:</b>	Over 15 years of experience as a company secretary and director with particular experience with Australian public and ASX listed companies.
<b>Other current directorships:</b>	Cove Resources Limited, Birimian Gold Limited, MMJ Phytotech Limited, Metallum Limited
<b>Former directorships (last 3 years):</b>	Otis Energy Limited (now iSignthis Limited), Base Resources Limited, Newera Resources Limited (now Consolidated Zinc Limited), Coretrack Limited (now LWP Tech Limited), Torrens Energy Limited (now High Peak Royalties Limited), Basper Limited (now Direct Money Limited)
<b>Special responsibilities</b>	None
<b>Interest in shares</b>	None
<b>Interest in options</b>	None
<b>Contractual rights to shares</b>	None



### Company Secretaries

Mr Winton Willesee – Joint Company Secretary – appointed 21 July 2015

Winton Willesee has over 15 years of experience as a company secretary and director with particular experience with Australian public and ASX listed companies.

Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

Ms Erlyn Dale – Joint Company Secretary – appointed 21 July 2015

Ms Erlyn Dale has a board range of experience in company administration and corporate governance having held the position of Company Secretary with several ASX-listed and unlisted corporations. Ms Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

### Director Meetings

There were no directors' meetings, or meetings of committees of the Board, held during the year. During the Company's formation year, the business of the Company was formalised with circular resolutions of the Board. Following admission to ASX it is the Company intention for the board to meet approximately bi-monthly with meetings of the sub committees as needed.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its regulations.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The Group's remuneration policy for executive directors (including the Chief Executive Officer) and senior management is designed to promote superior performance and long term commitment to the Group. Executives receive a base remuneration which is market related, and may also be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

### Remuneration report (audited) (cont'd)

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and, where necessary, expert advice. The Group's reward policy reflects the benefits of aligning executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- (a) remuneration is reasonable and fair, taking into account the Group's obligations at law, the competitive market in which the Group operates and the relative size and scale of the Group's business;
- (b) individual reward should be linked to clearly specified performance targets which should be aligned to the Group's short term and long term performance objectives; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors (including the Chief Executive Officer) and other senior managers may consist of the following:

- (a) salary - executive directors and senior managers may receive a fixed sum payable monthly in cash;
- (b) bonus - executive directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- (d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes.

#### *Non-executive directors' remuneration*

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for non-executive directors is currently \$500,000.

The total remuneration of non-executive directors may consist of the following:

- (a) fixed cash fees, the level of which reflect the time commitment and responsibilities of the role of a non-executive director;
- (b) superannuation contributions in line with the relevant statutory requirements;
- (c) non-cash benefits in lieu of fees such as equity or salary sacrifice into superannuation; and
- (d) equity-based remuneration where the Committee and Board deem that the issue of securities will align the interests of the Group's non-executive directors with those of other security holders. It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration with performance hurdles attached as it may lead to bias in decision making and compromise objectivity. However, whilst the Group remains small and the full Board, including the non-executive directors, are included in the day-to-day operations of the Group more than what may be the case with larger companies, the non-executive directors are entitled to participate in equity based remuneration schemes.

Non-executive directors of the Group are not entitled to any retirement benefits other than superannuation.



## Remuneration report (audited) (cont'd)

### *Group performance and link to remuneration*

There is no link between remuneration and group performance. At the discretion of the Board bonuses and other compensation may be provided.

### *Use of remuneration consultant*

The Group did not use a remuneration consultant for the financial year ended 31 December 2015.

### *Voting and comments made at last Annual General Meeting (AGM)*

The company has not held an AGM as it was incorporated on 9 January 2015.

## Details of remuneration

### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Group consisted of the following directors of Ding Sheng Xin Finance Co. Limited:

- Mr Zhenhua Guo
- Ms Wenfeng Tang
- Ms Chen Chang
- Mr James Zhong
- Ms Kathy Yuan
- Mr Winton Willesee

And the following persons

- Mr Hua Zhang – Chief Financial Officer
- Mr Wei Deng – General Manager of Business Development

## Remuneration report (audited) (cont'd)

2015

	Short-term benefits			Total
	Cash salary and fees	Cash bonus	Other short term employee benefits	
	\$	\$	\$	\$
<i>Non-Executive Directors</i>				
Ms Chen Chang *	-	-	-	-
Mr James Zhong *	-	-	-	-
Ms Kathy Yuan *	-	-	-	-
Mr Winton Willesee *	-	-	-	-
<i>Executive Directors</i>				
Mr Zhenhua Guo	38,075	-	-	38,075
Ms Wenfeng Tang	25,383	25,383	11,423	62,189
<i>Other Key Management Personnel</i>				
Mr Hua Zhang	23,289	12,057	-	35,346
Mr Wei Deng	25,637	9,942	-	35,579
	112,384	47,382	11,423	171,189

\* - Non-Executive Directors are not remunerated until the company lists on the Australian Stock Exchange.

During the year ended 31 December 2015 no short-term non-monetary benefits, post-employment benefits, long-term benefits, termination benefits or share-based payments were made to key management personnel.



## Remuneration report (audited) (cont'd)

2014

	Short-term benefits			Total
	Cash salary and fees	Cash bonus	Other short term employee benefits	
	\$	\$	\$	\$
<i>Executive Directors</i>				
Mr Zhenhua Guo	32,354	-	-	32,354
Ms Wenfeng Tang	21,570	-	9,706	31,276
<i>Other Key Management Personnel</i>				
Mr Hua Zhang *	5,033	-	1,510	6,543
Mr Wei Deng	21,390	7,909	-	29,299
	80,347	7,909	11,216	99,472

\* - Commenced employment on 15 September 2014

During the year ended 31 December 2014 no short-term non-monetary benefits, post-employment benefits, long-term benefits, termination benefits or share-based payments were made to key management personnel.

Cash salary and fees noted above are fixed amounts. Cash bonus and other short term employee benefits are discretionary payments not linked specifically to performance conditions.

### Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows;

Name	Mr Zhenhua Guo
Title	Managing Director and Chief Executive Officer
Agreement commenced	8 July 2015
Term of Agreement	Until termination of Agreement in accordance with the terms of the Agreement
Details	Total remuneration of \$70,000 commencing from the company's listing on the Australian Stock Exchange to be reviewed annually on or about 8 July.

## Director's Report Continued

### Remuneration report (audited) (cont'd)

Name	Ms Wengfeng Tang
Title	Executive Director and Chief Operating Officer
Agreement commenced	8 July 2015
Term of Agreement	Until termination of Agreement in accordance with the terms of the Agreement
Details	Total remuneration of \$50,000 commencing from the company's listing on the Australian Stock Exchange to be reviewed annually on or about 8 July.

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Name	Mr Winton Willesee
Title	Non-executive director
Agreement commenced	2 March 2016
Term of Agreement	Until termination of Agreement in accordance with the terms of the Agreement
Details	Total remuneration of \$4,500 per month for duties for a period of up to four days per month commencing from the company's listing on the Australian Stock Exchange to be reviewed annually. An executive rate of \$280 per hour for time required in excess of four days per month.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

#### *Share-based compensation*

There has been no share-based compensation in the years ended 31 December 2014 and 31 December 2015.

#### *Additional information*

The company has not provided disclosures in relation to earnings of the Group and its impact on shareholders return as the company was not listed in the previous five years.



## Director's Report Continued

### Remuneration report (audited) (cont'd)

#### *Additional disclosures in relating to key management personnel*

The number of shares in the company held during the financial year by each director and other member of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
Ms Chen Chang	-	-	-	-	-
Mr James Zhong	-	-	-	-	-
Ms Kathy Yuan	-	-	-	-	-
Mr Winton Willesee	-	-	-	-	-
Mr Zhenhua Guo	-	-	211,100,000	-	211,100,000
Ms Wenfeng Tang	-	-	112,250,000	-	112,250,000
Mr Hua Zhang	-	-	-	-	-
Mr Wei Deng	-	-	-	-	-
			323,350,000	-	323,350,000

No options were on issue on during the years ended 31 December 2014 and 31 December 2015.

During the financial year, payments for company secretarial services from Azalea Consulting (director-related entity of Mr Winton Willesee) of \$7,450 were made. The current trade payable balance as at 31 December 2015 was \$7,450. All transactions were made on normal commercial terms and conditions and at market rates.

*This concludes the remuneration report which has been audited*



### Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### Indemnifying officers or auditor

During or since the financial year, the Company has not paid any premiums insuring any director or officer of Ding Sheng Xin Finance Co. Limited. The Company has agreements in place to indemnify each director against any and all liabilities incurred by the Director as an officer of Ding Sheng Xin Finance Co. Limited to the extent as permitted by section 199A of the Corporations Act 2001.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Moore Stephens Assurance Adelaide Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Moore Stephens Assurance Adelaide Pty Ltd during or since the financial year.

### Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons;

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### Officers of the company who are former partners of Moore Stephens

There are no officers of the company who are former partners of Moore Stephens.

## Director's Report Continued

### Rounding of amounts

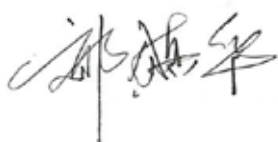
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**Mr Zhenhua Guo**  
Managing Director

Dated 31 March 2016



# Auditor's Independence Declaration

## MOORE STEPHENS

Moore Stephens Assurance Adelaide Pty Ltd

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## Auditor's Independence Declaration

In accordance with the requirement of s307C of the *Corporations Act 2001*, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

### MOORE STEPHENS ASSURANCE ADELAIDE PTY LTD



**JIM GOUSKOS**

**DIRECTOR, ASSURANCE**

**ADELAIDE**

Dated this 30<sup>th</sup> day of March 2016

Moore Stephens Assurance Adelaide Pty Ltd ABN 26 139 429 691. Liability limited by a scheme approved under Professional Standards Legislation. The Adelaide Moore Stephens firm is not a partner or agent of any other Moore Stephens firm. An independent member of Moore Stephens International Limited - members in principal cities throughout the world.



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue	2	19,907	14,415
Other income	3	2,360	5,307
Operating expenses	4	(2,748)	(2,253)
Administration expenses	5	(6,456)	(4,121)
Finance costs	6	(40)	(12)
Profit before income tax		13,023	13,336
Income tax expense	7	(2,409)	(1,491)
<b>Profit for the year attributable to Owners</b>		<b>10,614</b>	<b>11,845</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation differences		9,829	8,433
Other comprehensive income for the year, net of tax		9,829	8,433
<b>Total comprehensive income for the year</b>		<b>20,443</b>	<b>20,278</b>
		<b>cents</b>	<b>cents</b>
<b>Earnings per share for profit attributable to the owners of Ding Sheng Xin Finance Co. Limited</b>			
Basic earnings per share	32	2.1	n/a
Diluted earnings per share	32	2.1	n/a

These financial statements should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	90,109	51,840
Trade and other receivables	9	17,523	21,399
Other assets	10	74	109
Pledged bank deposits	11	52,005	68,849
Current tax assets		-	20
<b>Total current assets</b>		<b>159,711</b>	<b>142,217</b>
<b>Non-current assets</b>			
Trade and other receivables	9	2,876	4,355
Pledged bank deposits	11	7,536	10,194
Property, plant and equipment	12	1,124	1,511
Other assets	10	204	-
Intangible assets	13	20	21
<b>Total non-current assets</b>		<b>11,760</b>	<b>16,081</b>
<b>Total assets</b>		<b>171,471</b>	<b>158,298</b>
<b>Current liabilities</b>			
Liabilities from guarantees	14	6,380	8,048
Liabilities from insurance contracts	15	2,272	2,364
Other current liabilities	16	3,905	7,895
Current tax liabilities	17	558	-
<b>Total current liabilities</b>		<b>13,115</b>	<b>18,307</b>
<b>Non-current liabilities</b>			
Liabilities from guarantees	14	2,119	3,283
Liabilities from insurance contracts	15	282	2,265
Other non-current liabilities	16	527	931
<b>Total non-current liabilities</b>		<b>2,928</b>	<b>6,479</b>
<b>Total liabilities</b>		<b>16,043</b>	<b>24,786</b>
<b>Net assets</b>		<b>155,428</b>	<b>133,512</b>
<b>Equity</b>			
Issued capital	18	83,550	82,077
Reserves	20	32,930	22,516
Retained earnings		38,948	28,919
<b>Total equity</b>		<b>155,428</b>	<b>133,512</b>

These financial statements should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Issued Capital	Retained Earnings	Statutory Reserve	Foreign Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2014</b>	<b>82,077</b>	<b>17,681</b>	<b>599</b>	<b>12,877</b>	<b>113,234</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	-	11,845	-	-	11,845
<i>Other comprehensive income</i>					
Foreign currency translation differences	-	-	-	8,433	8,433
<b>Total comprehensive income for the year</b>	-	11,845	-	8,433	20,278
<b>Reserve Transfers</b>					
Transfer to statutory reserve	-	(607)	607	-	-
<b>Balance at 31 December 2014</b>	<b>82,077</b>	<b>28,919</b>	<b>1,206</b>	<b>21,310</b>	<b>133,512</b>
<b>Balance at 1 January 2015</b>	<b>82,077</b>	<b>28,919</b>	<b>1,206</b>	<b>21,310</b>	<b>133,512</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	-	10,614	-	-	10,614
<i>Other comprehensive income</i>					
Foreign currency translation differences	-	-	-	9,829	9,829
<b>Total comprehensive income for the year</b>	-	10,614	-	9,829	20,443
<b>Transactions with owners in their capacity as owners</b>					
Contributions of equity, net of transaction costs	1,473	-	-	-	1,473
	1,473	-	-	-	1,473
<b>Reserve Transfers</b>					
Transfer to statutory reserve	-	(585)	585	-	-
<b>Balance at 31 December 2015</b>	<b>83,550</b>	<b>38,948</b>	<b>1,791</b>	<b>31,139</b>	<b>155,428</b>

These financial statements should be read in conjunction with the accompanying notes.



# Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		56,336	44,014
Transfer from / (to) pledged bank deposits		25,195	(25,892)
Payments to guarantee holders, suppliers and employees		(44,093)	(25,682)
Interest received		829	715
Finance costs		(40)	(12)
Income tax paid		(1,830)	(1,482)
<b>Net cash provided by (used in) operating activities</b>	<b>30</b>	<b>36,397</b>	<b>(8,339)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(243)	(592)
Purchase of Intangibles		-	(13)
Proceed from sale of non-current assets		58	-
<b>Net cash provided by (used in) investing activities</b>		<b>(185)</b>	<b>(605)</b>
<b>Cash flows from financing activities</b>			
Cash receipts(Advanced) From(to) non related parties		(3,313)	4,888
Cash receipts(Advanced) From(to) related parties		412	-
Additional share capital issued		1,473	-
<b>Net cash provided by (used in) financing activities</b>		<b>(1,428)</b>	<b>4,888</b>
Net change in cash and cash equivalents held		34,784	(4,056)
Cash and cash equivalents at beginning of financial year		51,840	47,538
Exchange rate adjustments to cash at beginning of period		3,485	8,358
<b>Cash and cash equivalents at end of financial year</b>	<b>8</b>	<b>90,109</b>	<b>51,840</b>

These financial statements should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 31 December 2015

## 1. Statement of significant accounting policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements cover Ding Sheng Xin Finance Co. Limited as a Group ('the Group') consisting of Ding Sheng Xin Finance Co. Limited ('the Company') and the entities in controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Ding Sheng Xin Finance Co. Limited's presentation currency.

Ding Sheng Xin Finance Co. Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the directors' report which is not part of the financial statements.

The financial statements were authorised for issues, in accordance with a resolution of directors, on 31 March 2016. The directors have the power to amend and reissue the financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

### Significant accounting policies

#### a. Principles of consolidation

The Group financial statements incorporate the assets and liabilities of all subsidiaries of the company as at 31 December 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## **1. Statement of significant accounting policies (cont'd)**

### **b. Business Combination**

Pursuant to a share sale agreement dated 8 July 2015, the Company issued 499,999,900 shares to the then existing shareholders of China Ding Sheng Xin Holdings Limited (HK DSX) as consideration for 100% of the share capital of HK DSX. This transaction is referred to as a common control acquisition transaction.

Guizhou Ding Sheng Xin Long Asset Management Co., Ltd (WFOE DSX) is a wholly owned subsidiary of HK DSX. Pursuant to a share sale agreement dated 10 July 2015, WFOE DSX acquired 100% of the registered capital contribution in Ding Sheng Xin Financing Guarantee Co., Ltd (PRC DSX). When combined with transaction above, WFOE DSX and HK DSX became intermediate holding companies for the Group.

Through these transactions, effective control of PRC DSX passed to the shareholders of the Company. This transaction is referred to in AASB 3 Business Combinations as a common control acquisition, where following the corporate restructure of the Group, the company took control of PRC DSX with no change in underlying control.

The Group has elected to account for these transactions using the predecessor value method. The method requires financial statements to be prepared using predecessor book value. Predecessor book values represent the carrying amount of net assets before the common control transaction. The treatment also requires the presentation of current year performance as if the Group had been in place for the entire year as well as full year comparative information of all entities.

### **c. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

### **d. Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(h)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method at the following rates:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Office equipment	20~33%
Furnitures & Fittings	20~33%
Motor vehicles	20~25%



## 1. Statement of significant accounting policies (cont'd)

### e. Intangible assets – Accounting Software

Accounting Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of Accounting Software over its estimated useful lives.

### f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### g. Guarantees Issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a guarantee, the ‘premium’ (being cash and/or receivable) and the payable (the financial guarantee contract liability) are both recognised at fair value, which normally means, unless there is evidence to suggest the fair value of the financial guarantee contract liability exceeds the fair value of the ‘premium’ received, the liability is measured at the fair value of the premium. Subsequent to initial recognition, financial guarantee contracts are accounted for as follows:

- any receivable is measured at amortised cost, adjusted for any impairment losses; and
- the financial guarantee contract liability is subsequently measured at the higher of:
  - the best estimate of the expenditure required to settle the obligation ; and
  - the amount initially recognised less, when appropriate, cumulative amortisation.

The fair value of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from guarantees issued.

Deferred income is amortised and recognised in profit or loss as the entity is released from risk. Where the amount guaranteed is repaid on a regular basis under a debt instrument by a specified debtor, income is recognised using the rule of 78. Where the amount guaranteed is repaid on maturity under a debt instrument by a specified debtor, income is recognised on a straight line basis.

## **1. Statement of significant accounting policies (cont'd)**

### **g. Guarantees Issued (cont'd)**

#### *Basis of provision against the outstanding guarantees issued.*

In addition, provisions are recognised in accordance with Note 1(n) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

The Group makes provision on guarantees issued if there is objective evidence of impairment as a result of one or more events that occur after initial recognition (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the guarantees or group of guarantees that can be reliably estimated.

The Group assesses (either individually or collectively) the liabilities arise from its outstanding guarantees issued in accordance with AASB 137 and AASB 139. If it is determined that the Group has a legal or constructive obligation arising as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made, then a "provision of guarantee losses" is recognised and the loss is recognised in the statement of profit or loss. The provisions are determined by using individual and collective assessments for the outstanding guarantees as at the end of the reporting period. Provisions are stated at the present value of the expenditure expected to settle the obligation.

The historical default rate, loss rate and economy cycle are considered by the Group to be indicators of losses from its financial guarantee business. Default rate is the rate at which guarantee holders default on the guaranteed loans amount that they owe. Loss rate is the rate at which loss incurred by the Group for the defaulted amounts.

For those financial guarantees that are not considered individually significant and those financial guarantees that have been individually assessed, but for which there is no objective evidence of losses, the Group adopts a methodology to collectively assess whether there is objective evidence that losses on Group of financial guarantees are already incurred.

For the purposes of a collective evaluation of losses, financial guarantees are grouped on the basis of similar risk characteristics and the Group use a methodology which utilizes a statistical analysis of historical trends of probability of default and amount of consequential loss, as well as an adjustment of observable data that reflects the current economic and credit environment and judgment on inherent loss based on management's historical experience.

If it is probable that an outflow of economic benefits will be required to settle the obligation arising from the individual and collective assessments, provisions will be recognised as liabilities in the statement of financial position item "Liabilities from guarantees" and the losses are included in "Impairment and provision (charged)/written back" in the statement of profit or loss. The provision for guarantee losses will vary from year to year depending on the assessed level of exposure on the outstanding guarantees issued.

The weighted average length of financial guarantee contract is 35.64 months (2014: 33.7 months).

## 1. Statement of significant accounting policies (cont'd)

### h. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### i. Employee Benefits

Salary and wages are paid on a monthly basis and recognised as an expense when incurred and no leave entitlements accrue at the end of the reporting period.

### j. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### k. Pledged Bank Deposits

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowing from banks.

### l. Insurance Contracts

Contracts under which an entity accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the policy holder or other beneficiary are classed as insurance contracts. Insurance risk is risk other than finance risk.

### m. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

#### (i) Premium revenue

With respect to insurance contracts, premiums are brought to account as income from the date of attachment of risk over periods up to three years based on assessment of the pattern and period of risk. The earned portion of premiums is recognised as revenue. The balance of premium received is recorded as unearned premium reserve.

#### (ii) Agency services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the services performed to date as a percentage of the total services to be performed.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that it is probable be recoverable.

## 1. Statement of significant accounting policies (cont'd)

### m. Revenue (cont'd)

#### (iii) Interest income

Interest income arising from deferred and instalment-based premiums is recognised as it accrues using the effective interest method.

#### (iv) Government grants

Government grants are recognised initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

### n. Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(o)).

Subrogation fee receivables represents default loan amounts repaid by the Group on behalf of customers. Upon default by a customer in respect of repayment of financing arrangements, according to the relevant guarantee agreement, the outstanding balance shall be firstly settled by the Group on behalf of customers. The Group will then request repayment from customers or take possession of any assets pledged as security for the guarantee to recover the outstanding balance.

### o. Impairment of Receivables

Trade and other receivables that are measured at amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed or additional impairment charge is required.

Impairments and provision for impairment represents estimates of losses associated with guarantee contracts written and subrogation fees outstanding after taking into account any expected recovery of any underlying security pledged in relation to the guarantee contracts.

#### *Basis of provision of impairment for payment on behalf of customers*

When customers default on settling the loans advanced from banks, the Group is required to honour the guarantee contracts and required to settle the loans on behalf of customer. Accordingly, the Group records the "Payments on behalf of customer" as "subrogation receivables".

The Group performs individual credit assessments for those recorded subrogation receivables. If there is objective evidence of impairment of subrogation receivables, the loss is measured as the excess of its carrying amount over the present value of the estimated future cash inflows, discounted at the original effective interest rate. The calculation of the present value of the estimated future cash flows focuses on individual customer's financial status and information specific to the customers, including cash flows generated from operation or insurance claims, foreclosure less costs for obtaining and selling the collateral, and any customers' pledged deposits received.

For those subrogation receivables that have been individually assessed, but for which there is no objective evidence of losses, the Group groups these receivables on the basis of similar risk characteristics and collectively assesses for losses. The collective assessment utilizes a statistical analysis of historical trends of probability of default and amount of consequential loss, as well as an adjustment of observable data that reflects the current economic and credit environment and judgment on inherent loss based on management's historical experience.

The losses arising from individual and collective assessments are deducted from the carrying value of the "subrogation receivable" on the statement of financial position and the losses are included in "Impairment and provision (charged)/written back" in profit or loss.



## 1. Statement of significant accounting policies (cont'd)

### p. Liability adequacy test

The liability adequacy test is an assessment of the carrying amount of the unearned premium liability and is conducted at each reporting date. If current estimates of the present value of the expected cash flows relating to future claims plus an additional risk margin to reflect the inherent uncertainty in the central estimate exceed the unearned premium liability less related deferred reinsurance and deferred acquisition costs, then the unearned premium liability is deemed to be deficient. The test is performed at a portfolio level of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency is recognised in the statement of profit or loss and other comprehensive income, with a corresponding impact in the statement of financial position as an unexpired risk liability.

### q. Borrowing Costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

### r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### s. Critical accounting estimates and judgments

Key sources of estimation uncertainty are as follows:

#### (a) Provision of guarantee losses

The Group makes reasonable estimate on expense required to fulfil the relevant obligation of guarantee contracts when the Group computes the provisions of guarantee losses. Such estimation is made based on the available information as at the end of each reporting period and is determined by the Group's practical experience, default history of the business, taking into consideration of industry information and market data. It is possible that the practical experience and default history is not indicative of future loss on the guarantees issued. Any increase or decrease in the estimate of the provision would decrease or increase profit in future years.

The discount rate used in estimating the present value of the expenditure expected to settle the obligation was determined taking into account the risk that future contracted amounts will not be received and that customers will default on the loan requiring the entity to take responsibility for the loan. The discount rate used for the year ended 31 December 2015 was 17.5% (2014: 18.5%).

#### (b) Estimation of premium revenue / unearned revenue

Premium is earned over periods of up to five years. The principal underlying earning recognition is to derive a premium earning scale that recognises the premium in accordance with incidence of claims risk.

The review of the premium earning scale is based on an analysis of the historical pattern of claims incurred and the pattern of policy cancellations. The estimate for unearned premiums is established on the basis of this earning scale.

#### (c) Estimation of outstanding claims liabilities

Provision is made for the estimated claim cost of reported delinquencies at the reporting date, including the cost of delinquencies incurred but not yet reported to the Group.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of expected third party recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will provide to be different from the original liability established.

A risk margin is added to the central estimate as an additional allowance for uncertainty in the ultimate cost of claims over and above the central estimate. The overall margin adopted by the Group is determined after considering the uncertainty in the portfolio, industry trends, the Group's risk appetite and the margin corresponding with the appetite.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of cost of settling claims already notified to the Group, where more information about the claim event is generally available. IBNR claims may often not be apparent to the insured until sometime after the events giving rise to the claims have happened.

## 1. Statement of significant accounting policies (cont'd)

### s. Critical accounting estimates and judgments (cont'd)

#### (c) Estimation of outstanding claims liabilities (cont'd)

In calculating the estimated costs of unpaid claims, the Group uses a variety of estimation techniques, generally based upon statistical analysis of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which might create distortion in the underlying statistics or cause the cost of unsettled claims to increase or decrease when compared with the cost of previously settled claims.

Provisions are calculated gross of any recoveries.

### t. Accounting standards not yet effective

There are new accounting standards and IFRIC interpretations that have been published that are not mandatory for current reporting periods. The Group has not applied the following new and revised AASBs that have been issued but are not yet effective which may have a material impact on the financial statements in future:

### AASB 9 Financial Instruments – Annual reporting periods beginning on or after 1 January 2018

#### Classification and measurement

AASB 9 amends the classification and measurement of financial assets:

- Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).
- Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL.
- All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.

The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9:

- Classification and measurement of financial liabilities, and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

#### Impairment

The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model.

A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.

A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months.

For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.

The entity has both long term and short term trade receivables. The Group is currently reviewing the impact of this standard.

The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.

## 1. Statement of significant accounting policies (cont'd)

### t. Accounting standards not yet effective (cont'd)

#### **AASB 15 Revenue from Contracts with Customers – Annual reporting periods beginning on or after 1 January 2018**

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 18 *Revenue*.

Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

#### **AASB 16 Leases – Annual reporting periods beginning on or after 1 January 2019**

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AASB 117.

To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 January 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.

Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 *Leases*. This trend will reverse in the later years.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

The Group is currently reviewing the impact of this standard.

### u. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

### v. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## **1. Statement of significant accounting policies (cont'd)**

### **w. Foreign currency translation**

The financial statements are presented in Australian dollars, which is the Group's presentation currency. The functional currency is the Chinese Yuan (RMB).

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **x. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting

period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **y. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **z. Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The Group has elected to account for the business combination using the predecessor value method. The method requires financial statements to be prepared using predecessor book value. Predecessor book values represent the carrying amount of net assets before the common control transaction. The treatment also requires the presentation of current year performance as if the Group had been in place for the entire year as well as full year comparative information of all entities.



Notes to the Financial Statements Continued

For the year ended 31 December 2015

## 1. Statement of significant accounting policies (cont'd)

### z. Earnings per share (cont'd)

As a result, earnings per share for the year ended 31 December 2015 has been calculated using the capital of the parent entity and full year net profit of the Group.

Comparative information for earnings per share and net tangible assets have not been provided. The Group entities in the comparative period operated using contributed capital rather than issuing shares. As a result there is no available denominator.

### aa. Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### bb. Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### cc. New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

#### *AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The Group has applied Parts A to C of AASB 2014-1 from 1 January 2015. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

## 2. Revenue

	2015	2014
	\$'000	\$'000
<b>Operating activities</b>		
Financial guarantee fee income	10,826	11,342
Premium fee income - Other guarantee	8,239	2,304
Agency fee income	842	769
<b>Total revenue</b>	<b>19,907</b>	<b>14,415</b>

## 3. Other income

	2015	2014
	\$'000	\$'000
<b>Other Income</b>		
Government grants	-	1,258
Interest income	829	715
Interest income – guarantee fee receivable	1,054	2,716
Interest income – premium fee receivable	401	506
Other sundry income	76	112
<b>Total other income</b>	<b>2,360</b>	<b>5,307</b>

## 4. Operating Expenses

	2015	2014
	\$'000	\$'000
<b>Operating expenses</b>		
Salary and welfare expenses	1,693	1,550
Staff travelling and commuting expenses	225	179
Impairment provision charged/(written back) for provision for guarantee losses (refer note 14(a))	(153)	109
Unexpired risk liability expenses (refer note 1(p))	(20)	136
Impairment provision charged/(written back) for subrogation receivables (refer note 9(a))	99	(236)
Impairment provision charged/(written back) for provision for guarantee fee receivable (refer note 9(a))	564	-
Advertisements	78	322
Other expenses	262	193
Claim expense (refer note 26)	-	-
<b>Total operating expenses</b>	<b>2,748</b>	<b>2,253</b>

## 5. Administration Expenses

	2015	2014
	\$'000	\$'000
<b>Administration expenses</b>		
Salary and welfare expenses	2,160	1,762
Rent	1,196	675
Depreciation	647	528
Staff travelling and commuting expenses	286	305
Office expenses	433	273
Business hospitality expenses	217	168
Professional consulting expenses	167	113
ASX initial public offering costs	983	-
Other expenses	367	297
<b>Total administration expenses</b>	<b>6,456</b>	<b>4,121</b>

## 6. Finance Costs

	2015	2014
	\$'000	\$'000
<b>Finance costs</b>		
Finance Expense – Bank Charge	40	12
<b>Total finance costs</b>	<b>40</b>	<b>12</b>

## 7. Income Tax Expense

	2015	2014
	\$'000	\$'000
<b>The components of tax expense comprise:</b>		
Current tax	2,407	1,481
Under-provision in respect of prior years	2	10
<b>Total Income Tax Expense</b>	<b>2,409</b>	<b>1,491</b>

The Australian assessable earning will be taxed at 30%. The Chinese assessable earnings will be taxed at 15%.

### Reconciliation of tax expense

Profit before income tax	13,023	13,336
Prima facie tax payable on profit before income tax at 30% (2014: 15%)	3,906	2,000
Tax effect of:		
– Foreign losses not recognised	75	-
– Losses in the parent entity not recognised	184	-
– Under-provision for income tax in prior year	2	10
– Effect of permanent difference for deductible provision	173	(714)
– Net Effect of other non-deductible expense and non- assessable income	119	195
– Differences in taxation rates in foreign subsidiaries	(2,050)	-
<b>Total Income Tax Expense</b>	<b>2,409</b>	<b>1,491</b>
The applicable weighted average effective tax rate	18%	11%

## 8. Cash and cash Equivalents

	2015	2014
	\$'000	\$'000
<b>Current</b>		
Cash on hand	49	120
Cash at bank	90,060	51,720
<b>Total current cash and cash equivalent</b>	<b>90,109</b>	<b>51,840</b>



## Notes to the Financial Statements Continued

For the year ended 31 December 2015

## 9. Trade and other Receivables

		2015	2014
	Note	\$'000	\$'000
<b>Current</b>			
Guarantee Fee Receivable	9(i)	1,565	1,957
Subrogation Receivables	9(ii)	11,143	7,355
Less: allowance for doubtful debts	9(a)	(1,055)	(368)
		11,653	8,944
Other receivables	9(iv)	153	5,534
Guarantee Fee Contract Receivable	9(iii)	3,544	5,621
Premium Contract Receivable	9(iii)	2,173	1,300
Total current trade and other receivables		<b>17,523</b>	<b>21,399</b>
<b>Non-current</b>			
Other receivables	9(iv)	266	169
Guarantee Fee Contract Receivable	9(iii)	2,610	3,099
Premium Contract Receivable	9(iii)	-	1,087
Total non-current trade and other receivables		<b>2,876</b>	<b>4,355</b>

- (i) Guarantee fee receivables and represent fee income receivable from customers
- (ii) Subrogation receivables represent payment made by the Group to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because the customers fail to make payment when due and is the acquired right to the impaired loan that the Group has assumed under the terms and conditions of the financial guarantee contracts it writes. Subrogation receivables are interest bearing and the Group holds certain collaterals over certain customers.
- (iii) Guarantee fee contract receivables and premium contract receivable represent the present value of future cash flows in relation to existing contracts
- (iv) Other receivables mainly represent unsecured loans to employees of the Group and to external third parties.

Notes to the Financial Statements Continued

For the year ended 31 December 2015

**a) Impairment of trade receivables**

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly (see Note 1(n)).

		2015	2014
	Note	\$'000	\$'000
<b>Balance at 1 January 2015</b>		<b>368</b>	<b>587</b>
Impairment (write back) incurred for the year	4	663	(236)
Impact of provision in foreign currency		24	17
Write-off incurred for the year		-	-
<b>Balance at 31 December 2015</b>		<b>1,055</b>	<b>368</b>

**b) Trade receivables that are not impaired**

The ageing analysis of trade debtors and payments on behalf of customers that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	\$'000	\$'000
Neither past due nor impaired	12,931	12,966
Less than 3 months past due	680	792
More than 3 months but less than 12 months past due	6,351	5,569
More than 12 months	18	724
	19,980	20,051

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers of whom the Group has continuously monitored their credit status. Based on the credit assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are pledged by certain assets of these customers. Therefore, the balances are still considered fully recoverable.

## Notes to the Financial Statements Continued

For the year ended 31 December 2015

## 10. Other current assets

	2015	2014
	\$'000	\$'000
<b>Current</b>		
Prepayment	74	109
<b>Total other current assets</b>	<b>74</b>	<b>109</b>
<b>Non-current</b>		
Prepayment	204	-
<b>Total other non-current assets</b>	<b>204</b>	<b>-</b>

## 11. Pledged bank deposits

	2015	2014
	\$'000	\$'000
Current	52,005	68,849
Non-current	7,536	10,194
<b>Total pledged bank deposits</b>	<b>59,541</b>	<b>79,043</b>

## 12. Property, plant and equipment

	2015	2014
	\$'000	\$'000
<b>Furniture and Fittings</b>		
At cost	412	272
Accumulated depreciation	(183)	(99)
<b>Total Furniture and Fittings</b>	<b>229</b>	<b>173</b>
<b>Office Equipment</b>		
At cost	747	604
Accumulated depreciation	(524)	(345)
<b>Total Office Equipment</b>	<b>223</b>	<b>259</b>
<b>Motor Vehicles</b>		
At cost	1,824	1,826
Accumulated depreciation	(1,152)	(747)
<b>Total Motor Vehicles</b>	<b>672</b>	<b>1,079</b>
<b>Total property, plant and equipment</b>	<b>1,124</b>	<b>1,511</b>

**a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<b>Furniture and Fittings</b>	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2015</b>	<b>173</b>	<b>259</b>	<b>1,079</b>	<b>1,511</b>
Additions	128	115	-	243
Disposals	(1)	-	(90)	(91)
Depreciation expense	(78)	(176)	(396)	(650)
Exchange differences	7	25	79	111
<b>Balance at 31 December 2015</b>	<b>229</b>	<b>223</b>	<b>672</b>	<b>1,124</b>

## 13. Intangible assets

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Computer software	27	26
Accumulated amortisation	(7)	(5)
<b>Total Intangible Assets</b>	<b>20</b>	<b>21</b>

## 14. Liabilities from guarantees

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>		
Deferred income – Financial guarantee contract	6,010	7,561
Provision for guarantee losses	370	487
<b>Total current liabilities from guarantees</b>	<b>6,380</b>	<b>8,048</b>
<b>Non-current liabilities</b>		
Deferred income – Financial guarantee contract	2,119	3,283
<b>Total Non-current liabilities from guarantees</b>	<b>2,119</b>	<b>3,283</b>

Provision for guarantee losses and unexpired risk liability represents the estimated amount the company may be required to repay the guaranteed debt of customers.



## Notes to the Financial Statements Continued

For the year ended 31 December 2015

## 14. Liabilities from guarantees (cont'd)

## a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of provision between the beginning and the end of the current financial year:

	Note	\$'000
<b>Balance at 1 January 2015</b>		<b>487</b>
Charge/(written back) for the year	4	(153)
Impact of provision in foreign currency		36
<b>Balance at 31 December 2015</b>		<b>370</b>

The provision for guarantee losses will vary from year to year depending on the assessed level of exposure on the outstanding guarantees issued.

## 15. Liabilities from insurance contracts

	2015 \$'000	2014 \$'000
<b>Current liabilities</b>		
Deferred income – Other guarantee	2,133	2,215
Unexpired risk liability	139	149
<b>Total current liabilities from insurance contracts</b>	<b>2,272</b>	<b>2,364</b>
<b>Non-current liabilities</b>		
Deferred income – Other guarantee	282	2,265
<b>Total Non-current liabilities from insurance contracts</b>	<b>282</b>	<b>2,265</b>

## 16. Other Liabilities

	2015 \$'000	2014 \$'000
<b>Current</b>		
Wages and Salaries Payables	607	600
Other payables	2,886	7,295
Related party payable	412	-
<b>Total other current liabilities</b>	<b>3,905</b>	<b>7,895</b>
<b>Non-current</b>		
Other payables	527	931
<b>Total other non-current liabilities</b>	<b>527</b>	<b>931</b>

## 17. Taxation

	2015	2014
	\$'000	\$'000
<b>Current</b>		
Current tax liability	558	-
Total tax liability	<b>558</b>	<b>-</b>

## 18. Issued Capital

	2015	2014
	\$'000	\$'000
Share capital	83,550	82,077
Total Issued Capital	<b>83,550</b>	<b>82,077</b>

### *Movement in ordinary share capital*

	Date	No. of Shares
Issue of shares on incorporation	9 January 2015	100
Issue of shares	8 July 2015	499,999,900
Balance as at 31 December 2015		<b>500,000,000</b>

Refer to note 1(b) for further details on the share capital of the company and Group.

### *Ordinary Shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

### *Share buy-back*

There is no current on-market share buy-back.

## Notes to the Financial Statements Continued

For the year ended 31 December 2015

### 19. Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure, monitors the returns on capital, and makes adjustments to the capital structure in light of changes in economic conditions.

During 2015, there were no changes in the Group's approach to capital management from 2014.

Pursuant to the Interim Measures and the Implementing Rules in the PRC, the outstanding financial guarantee amount provided by a financial guarantee company for a single customer shall not exceed 10% of its net assets and the aggregate outstanding financial guarantee amount provided by such company shall not exceed 10 times of its net assets.

Particularly, the Company monitors regularly the residual balance of outstanding guarantees for single customers and multiples of the total outstanding guarantees in relation to net assets and paid-in capital of the entity, which is the principal operation entity of the Company, so as to keep the capital risk within an acceptable limit. The decision to manage the net assets and registered capital of the entity to meet the needs of developing guarantee business rests with the directors.

As at 31 December 2015, multiples of the total outstanding guarantees in relation to net assets and paid-in capital of the entity are as follows:

		2015	2014
	Note	\$'000	\$'000
Outstanding guarantees	24(a)	615,123	645,933
• Finance guarantee		455,857	497,173
• Performance guarantee		139,411	131,361
• Litigation guarantee		19,855	17,399
Net assets of the entity		155,428	133,512
Registered/paid-in capital of the entity		83,550	82,077
Multiples of			
• Net assets		3.96	4.83
• Paid-in capital		7.36	7.87

### 20. Reserves

#### *Statutory Reserve*

Pursuant to the current People's Republic of China Company Law, the Group is required to transfer 5% to 10% of its profit after taxation in its PRC-based subsidiary to a statutory reserve until the surplus reserve balance reaches a minimum of 50% of the registered capital.

#### *Foreign Currency Translation Reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operation to Australian dollars.

## 21. Commitments

### a) Capital Commitments

The Group does not have any capital commitments as at 31 December 2015.

### b) Operating Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements are as follows:

	2015	2014
	\$'000	\$'000
Payable — minimum lease payments		
not later than 12 months	1,230	705
between 12 months and five years	2,003	1,484
greater than five years	-	-
	3,233	2,189

## 22. Events After the Balance Sheet Date

Subsequent to year end 31 December 2015, the Group has issued an additional 17,113,343 fully paid ordinary shares at \$0.60 each amounting to \$10,268,006 upon its listing on the Australian Securities Exchange ("ASX") on 3 March 2016.

Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either the Group's operations in future financial years, the results of those operations in future financial years or the Group's state of affairs in future financial years.

## 23. Related Party Transactions

There was a loan from a related party, Mr Guo Zhenhua of \$412,000 (2014: \$0). The amount is unsecured and interest free.

During the financial year, payments for company secretarial services from Azalea Consulting (director-related entity of Mr Winton Willesee) of \$7,450 were made. The current trade payable balance as at 31 December 2015 was \$7,450. All transactions were made on normal commercial terms and conditions and at market rates.

## **24. Financial Instrument Risk Management**

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below. The Group manages financial guarantee contracts in the same manner as its insurance contracts which cover performance and litigation guarantees.

### **a) Credit risk**

Credit risk primarily arises from the possibility that a customer or counterparty in the transaction may default on their guaranteed loan, leading to losses. Credit risk is primarily attributable to unexpired financial guarantees issued by the Group. The Group has entered into

- Financial guarantee contracts in which it has guaranteed the banks the repayment of loans entered into by customers of the Group;
- Performance guarantee contracts in which it has guaranteed to a third party the performance of an obligation of a customers of the Group;
- Litigation guarantee contracts in which it has guaranteed to a third party the litigation costs of a Customer of the Group.

The Group has the obligation to compensate banks or third parties for the losses they would suffer if customers call on the guarantee. The Group's risk management committee under the leadership of the executive director is tasked with organising and coordinating the Group's risk management and internal control.

The committee is comprised of the Group's internal personnel, including executive director, COO and head of each department. The committee is responsible for

- (i) Design and implementation of overall risk management internal Control policies and procedures and establishing appropriate risk appetite;
- (ii) Design and execution of due diligence procedures;
- (iii) Review the creditworthiness of customers before submitting to the executive director for final approval.

The Group has taken measures to identify credit risks arising from guarantees issued. The Group manages credit risk at every stage along the guarantee approval process, including pre-transaction, in-transaction and post- transaction monitoring processes. The Group conducts due diligence and evaluates customers by internal credit assessment system during the pre-approval process. Guarantees issuance is subject to approval of the Group's risk management committee and the executive Director.

The project managers assigned to each case monitor the post-transaction status of the customers. Each manager is responsible for a number of customers. They visit the customers regularly to understand their operation and financial status by checking their financial reports, sale contracts, sale invoices, value added tax filing documents, utility bills and bank statements and others relevant documents.

The Group has established guidelines on the acceptability of various classes of collateral and determined the corresponding valuation parameters. The guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management.

The extent of collateral coverage over the Group's outstanding guarantees depends on the type of customers and the product offered. Types of collateral mainly include land use rights, machineries and equipment, properties and vehicles, etc.

As at 31 December 2015, the carrying value of outstanding guarantees of \$615,123,040 (2014: \$645,932,518) is fully or partially covered by collateral.



## 24. Financial Instrument Risk Management (cont'd)

### a) Credit risk (cont'd)

At 31 December the total maximum guarantees issued are as follows:

	2015	2014
	\$'000	\$'000
Financial guarantee	455,857	497,173
Performance guarantee	139,411	131,361
Litigation guarantee	19,855	17,399
<b>Total</b>	<b>615,123</b>	<b>645,933</b>

The total maximum guarantees issued represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

Pricing of guarantee contracts (financial, performance and litigation) is assessed based on the risk assessment procedures and collateral available for the specific contract as well as an overall assessment of the Group's current exposure in that geographic and industrial sector. This enables a pricing percentage based on guarantee issued to be put forward to the risk management committee as part of the issuance of the guarantee.

#### (i) Risk concentration

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its businesses in Guizhou province, there exists a significant level of geographical concentration risk for its guarantee portfolios in that it might be affected by changes in the local economic conditions.

## Notes to the Financial Statements Continued

For the year ended 31 December 2015

## 24. Financial Instrument Risk Management (cont'd)

## a) Credit risk (cont'd)

## (i) Risk concentration (cont'd)

The Group has significant level of concentration of exposure to manufacturing and processing industry in respect of total maximum guarantees issued. The credit risk in respect of these guarantees and insurance contracts as at 31 December is as follows:

Financial Guarantee contracts	The Group			
	2015		2014	
	\$'000	%	\$'000	%
Manufacturing and processing	101,239	22	118,901	24
Wholesales and retailing	166,129	36	172,274	35
Construction and installation	117,708	26	19,133	4
Financial services	19,961	4	18,286	4
Tourism and service sector	27,296	6	30,482	6
Real Estate	4,448	1	8,238	2
Transportation	3,162	1	5,112	1
Others	15,914	4	124,747	24
<b>Total</b>	<b>455,857</b>	<b>100</b>	<b>497,173</b>	<b>100</b>

Insurance contracts	The Group			
	2015		2014	
	\$'000	%	\$'000	%
Manufacturing and processing	23,203	15	18,404	13
Wholesales and retailing	7,542	5	2,955	2
Construction and installation	9,924	6	4,686	3
Financial services	114,128	72	98,807	66
Tourism and service sector	2,108	1	8,160	5
Real Estate	2,361	1	3,588	2
Transportation	-	-	-	-
Others	-	-	12,160	9
<b>Total</b>	<b>159,266</b>	<b>100</b>	<b>148,760</b>	<b>100</b>

## 24. Financial Instrument Risk Management (cont'd)

### a) Credit risk (cont'd)

#### *Concentrations of insurance risk*

The table below demonstrates the concentration of insurance risk by gross written premium:

	2015		2014	
	\$'000	%	\$'000	%
Manufacturing and processing	728	10	783	11
Wholesales and retailing	135	2	54	1
Construction and installation	423	6	47	1
Financial services	2,261	31	5,904	81
Tourism and service sector	503	7	251	4
Real Estate	3,224	43	58	1
Transportation	-	-	-	-
Others	59	1	61	1
<b>Total</b>	<b>7,333</b>	<b>100</b>	<b>7,158</b>	<b>100</b>

The Group's other credit risk is attributable to bank deposits and security deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The bank deposits and security deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

### b) Market risk

Market risk arises when the adverse changes in market prices (interest rates, exchange rates, as well as equity prices and other prices) lead to losses from the Group's on-balance sheet and off-balance sheet businesses. The Group's market risk mainly arises from currency risk and interest rate risk.

#### (i) *Currency risk*

The Group's businesses are principally conducted in RMB, while most of the Group's monetary assets and liabilities are denominated in RMB. At the end of the reporting period, the recognised assets or liabilities are mainly denominated in the functional currency of the Group entity to which they relate. Accordingly, the directors considered the Group's exposure to foreign currency risk is not significant during the year.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividend in foreign currencies to its equity shareholders.

#### (ii) *Interest risk*

The Group is principally engaged in providing guarantee services. Its interest rate risk arises primarily from deposits with banks. Deposits with banks are mainly at floating rates stipulated by the People's Bank of China. The Group's interest rate profile is monitored by management and the directors consider that the Group's exposure to market risk for changes in interest rate is not significant during the years.

## 24. Financial Instrument Risk Management (cont'd)

### c) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The remaining contractual maturities at the end of the reporting period of the Group's financial liabilities are reflected in the classification of financial liabilities as current or non-current in notes 14 and 15.

### d) Insurance contracts and associated risks

#### *Objectives, policies and processes*

Performance and litigation guarantee contracts are categorised as insurance contracts under AASB 4 *Insurance Contracts*. The objectives, policies and procedures for managing risks arising from these contracts and the methods used to manage those risks are described in Note 24(a).

#### *Claims information*

At 31 December 2015 no claims had been made by holders of performance or litigation guarantees as a result a table has not been presented detailing actual claims with previous estimates (i.e. claims development table).

#### *Sensitivity and concentration of insurance risk*

At 31 December 2015 no claims had been made by holders of performance or litigation guarantees. Further to this, the Group has reviewed the position of the underlying obligations of these contracts and does not expect a material claim to arise from them. Profit or loss would be impacted if this assessment was to change. The maximum extent of this change would be to the extent of the guarantees which are summarised at Note 24(a)(i).

Performance and litigation guarantee contracts are similar in nature to financial guarantee contracts and the Group therefore considers credit, market and liquidity risk across all contracts. The distinction in the contracts solely relates to the classification under Australian Accounting Standards with financial guarantee contracts able to be accounted for outside of the requirements of AASB 4 *Insurance Contracts*. As a result Note 24 (a) – (c) apply equally to all contracts. Where material differences occur in risk, information is presented separately. There are no embedded derivatives in any contract.

### e) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013. The fair value measurements of financial instruments carried at cost or amortised cost are using Level 2 inputs as defined in AASB 13. The description of valuation techniques and inputs for the fair value measurements are set out in note 1(g).

### f) Estimation of fair value

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments.

#### (i) Trade and other receivables

Trade receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date.

## 24. Financial Instrument Risk Management (cont'd)

### (ii) Guarantees issued

The fair value of guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

### (iii) Interest rates used for determining fair value

The market interest rates adopted for determining the fair value of guarantee fee receivables is 17.5% (2014: 18.5%).

## 25. Key Management Personnel Compensation

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	171,189	99,472
<b>Total KMP compensation</b>	<b>171,189</b>	<b>99,472</b>

## 26. General Insurance Disclosures

### (a) Underwriting result

		2015	2014
	Note	\$'000	\$'000
Direct premium revenue	2	8,239	2,304
Inwards reinsurance premium revenue		-	-
Recoveries revenue		-	-
		8,239	2,304
Claims expense	2	-	-
Outwards reinsurance premium expense		-	-
Underwriting expense		-	-
		8,239	2,304
<b>Underwriting result</b>		<b>8,239</b>	<b>2,304</b>



**Notes to the Financial Statements** Continued

For the year ended 31 December 2015

## 26. General Insurance Disclosures (cont'd)

(b) Net claims incurred

	2015	2014
	\$'000	\$'000
Amount relating to risks borne in current period	-	-
Amounts relating to reassessment of risks borne in all previous accounting periods	-	-
	-	-

(c) Outstanding claim liability

No claims have been lodged on any insurance contracts issued by the company, nor has there been an indication of a claim event.

## 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Moore Stephens Assurance Adelaide Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	2015	2014
	\$	\$
<i>Audit Services – Moore Stephens Assurance Adelaide Pty Ltd</i>		
Audit or review of the financial services	120,000	45,000
<i>Other services – network firms</i>		
Independent Accountants Report	60,000	-
Taxation Report	5,000	-

## 28. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2015	2014
	\$'000	\$'000
<i>Statement of profit or loss and other comprehensive income</i>		
Profit/(loss) after income tax	(610)	-
Total comprehensive income	(610)	-
<i>Statement of financial position</i>		
Total current assets	80	-
Total non-current assets	500	-
Total assets	580	-
Total current liabilities	690	-
Total non-current liabilities	-	-
Total liabilities	690	-
Issued capital	500	-
Retained earnings	(610)	-
Total equity	(110)	-

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

There are no guarantees entered into by the parent entity.

### *Contingent liabilities*

The parent entity has no contingent liabilities.

### *Capital commitments – Property, Plant and Equipment*

The parent entity has no capital commitments.

### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1 except for the following;

- Investments in subsidiaries are accounted for at costs, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of impairment of the investment.

## Notes to the Financial Statements Continued

For the year ended 31 December 2015

### 29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
China Ding Sheng Xin Holdings Limited	Hong Kong	100.00%	-
Guizhou Ding Sheng Xin Long Asset Management Co., Ltd	People's Republic of China	100.00%	-
Ding Sheng Xin Financing Guarantee Co., Ltd	People's Republic of China	100.00%	-

### 30. Cash flow reconciliation

	2015 \$'000	2014 \$'000
<b>Reconciliation of cash from operations with profit after income tax</b>		
Profit after income tax	10,614	11,845
Non-cash flows in profit		
Depreciation	649	631
Amortisation	3	3
Gain on disposal of property, plant and equipment	34	-
Changes in assets and liabilities		
(Increase) / Decrease in pledged bank deposits	25,195	(25,892)
(Increase) / Decrease in trade receivables	1,503	(1,130)
(Increase) / Decrease in other receivables	3,703	(3,538)
(Increase) / Decrease in prepayments	(163)	97
Increase / (Decrease) in provisions	(173)	294
Increase / (Decrease) in unearned revenue	(5,884)	8,289
Increase / (Decrease) in salary payable	(35)	79
Increase / (Decrease) in income taxes payable	579	10
Increase / (Decrease) in other tax liabilities	244	217
Increase / (Decrease) in other payables	128	756
<b>Total</b>	<b>36,397</b>	<b>(8,339)</b>

## 31. Operating segments

The Group is organised in one operating segment being the issue of guarantees in China. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. As a result the statement of profit or loss and other comprehensive income and the statement of financial position is reflective of this operating segment.

### *Major customers*

During the year ended 31 December 2015 approximately 13.90% (2014 13.83%) of the Group's external revenue was derived from providing guarantees to one customer.

## 32. Earnings Per Share

### *Earnings per share for profit*

Profit after income tax attributable to the owners of Ding Sheng Xin Finance Co. Limited

2015	2014
\$'000	\$'000

10,614

n/a

2015	2014
number	number

*Weighted average number of ordinary shares used in calculating basic and diluted earnings per share*

500,000,000

n/a

The company has no options or other arrangements that would dilute earnings per share.

The Group has elected to account for the business combination using the predecessor value method. The method requires financial statements to be prepared using predecessor book value. Predecessor book values represent the carrying amount of net assets before the common control transaction. The treatment also requires the presentation of current year performance as if the Group had been in place for the entire year as well as full year comparative information of all entities.

As a result, earnings per share for the year ended 31 December 2015 has been calculated using the capital of the parent entity and full year net profit of the Group.

Comparative information for earnings per share and net tangible assets has not been provided. The Group entities in the comparative period operated using contributed capital rather than issuing shares. As a result there is no available denominator.

# Director's Declaration

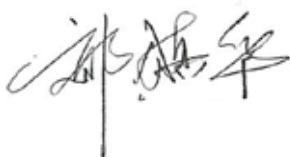
In the directors' opinion:

1. the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements;
2. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
3. the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance the financial year ended on that date;
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Mr Zhenhua Guo**  
Managing Director

Dated 31 March 2016



# Independent Auditor's Report

## MOORE STEPHENS

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DING SHENG XIN FINANCE CO. LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Ding Sheng Xin Finance Co. Limited ("the Company") and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ding Sheng Xin Finance Co. Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Moore Stephens Assurance Adelaide Pty Ltd ABN 26 139 429 691. Liability limited by a scheme approved under Professional Standards Legislation. The Adelaide Moore Stephens firm is not a partner or agent of any other Moore Stephens firm. An independent member of Moore Stephens International Limited - members in principal cities throughout the world.

## Independent Auditor's Report Continued

**MOORE STEPHENS**

### Auditor's Opinion

In our opinion:

- a. the financial report of Ding Sheng Xin Finance Co. Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

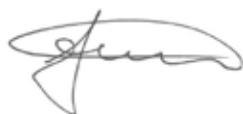
### Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the year ended 31 December 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Auditor's Opinion

In our opinion the remuneration report of Ding Sheng Xin Finance Co. Limited for the year ended 31 December 2015 complies with s 300A of the *Corporations Act 2001*.

**MOORE STEPHENS ASSURANCE ADELAIDE PTY LTD**



**JIM GOUSKOS  
DIRECTOR, ASSURANCE  
ADELAIDE**

Dated this 31<sup>st</sup> day of March 2016

# Corporate Governance Statement

This Corporate Governance Statement of Ding Sheng Xin Finance Co. Limited ('the company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and is included in the company's Annual Report pursuant to ASX Listing Rule 4.10.3. This listing rule requires the company to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the company has not followed a recommendation and any related alternative governance practice adopted.

This statement relates to the parent company's corporate governance practices during the financial year ended 31 December 2015 and is reported on an unconsolidated basis, given the transaction to acquire China Ding Sheng Xin Holdings Limited and its subsidiaries was not effected until after the end of the financial year.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below. The statement was approved by the Company's Board of Directors ('Board') on 29 April 2016.

As the Company was not admitted to the Official List of the ASX during the financial year, the Company applied the ASX Principles and Recommendations only to the extent that they were relevant and practical, having regard to the nature and scale of the Company at the time.

Following the end of the financial year, the Company has further developed its corporate governance regime in response to the increased size, nature and scope of the Company's activities since its successful admission to the Official List of the ASX on 26 February 2016 and remains committed to evolving its corporate governance regime in a way that is consistent with the ASX Principles and Recommendations.

	Recommendation	Compliance	Explanation
<b>1.</b>	<b>Lay a solid foundation for management and oversight</b>		
1.1	A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a <i>Board Charter</i> , which discloses the specific responsibilities of the Board, including detailing those matters which are reserved expressly for the Board and those which are delegated to management. A copy of the Company's <i>Board Charter</i> is available on the Company's website within the Corporate Governance Plan.

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	(a) The Company's guidelines for the appointment and selection of members of the Board are set out in the Company's <i>Nomination Committee Charter</i> which includes a requirement for the Company to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director.  (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements with all Directors and senior executives which sets out the terms of their appointment.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Under the <i>Board Charter</i> , the Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objective for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	Partially	<p>(a) The Company has adopted a Diversity Policy which complies with the guidelines prescribed by the ASX Corporate Governance Council, including:</p> <p>(i) The Diversity Policy provides a framework for the Company to set and achieve measurable objectives that encompass gender equality; and</p> <p>(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the measurable objectives.</p> <p>(b) The Diversity Policy is available within the Corporate Governance Plan on the Company's website.</p> <p>(c) Given the simplicity of the Company and its business prior to its acquisition of China Ding Sheng Xin Holdings Limited and its subsidiaries and the listing of the Company on the ASX,</p> <p>(i) the Company has yet to formally define the measurable objectives towards achieving diversity and did not comply with (c)(i) of Recommendation 1.5 during the 2015 financial year.</p> <p>(ii) As at 31 December 2015, the proportions of men and women on the board, in senior executive positions and across the whole organisation were as follows:</p> <ul style="list-style-type: none"> <li>• 50% of the 6 person board were women.</li> <li>• The Company did not employ any senior executives during the financial year. Senior executives are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, but who are not members of the Board.</li> <li>• Across the whole organisation (being the Board and the Company Secretary), 57% of the positions were held by women.</li> </ul>



## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>(a) During the period the role of the nomination committee was undertaken by the full Board. Since listing on the ASX, the Company has taken steps to form a Nomination Committee which will be responsible for evaluating the performance of the Board and individual Directors in line with the process set out in Annexure B of the Company's Corporate Governance Plan on its website.</p> <p>(b) Given the short time since the Company's incorporation, the Board did not consider it necessary to undertake a performance evaluation of the Board, its committees or its individual directors.</p> <p>As the Company is now listed on the ASX, it intends to undertake annual performance evaluations in line with its recently adopted Corporate Governance Plan in future periods.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>(a) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives in line with the process outlined in Annexure B "Performance Evaluation".</p> <p>(b) The Company did not employ any senior executives during the period.</p> <p>Following the Company's listing on the ASX, and the employment of several senior executives across the Group, the Company intends to undertake annual performance evaluations in line with its Corporate Governance Plan in future periods.</p>

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
<b>2.</b>	<b>Structure the Board to add value</b>		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least 3 members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>(a) Due to the size and nature of the existing Board the Company did not establish a Nomination Committee prior to its listing on the ASX, with the full Board carrying out the duties of the Nomination Committee.</p> <p>Since listing the Company has made steps to establish a Nominations Committee. The <i>Nominations Committee Charter</i> is available on in the Corporate Governance Plan on the Company's website.</p> <p>(b) Since listing on the ASX, the Board has taken steps to establish a Nomination Committee which will be responsible for devoting time on at least an annual basis to discuss Board composition, performance and succession matters.</p>
2.2	A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	<p>The Board is comprised of directors with a broad range of financial and other skills, experience and knowledge relevant to overseeing the business of a financial services company. The Board has developed a Board skills matrix and will regularly review its composition against its skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction of the Company.</p> <p>A copy of the board skills matrix is available on the Company's website within its Corporate Governance Plan.</p>

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	(a) The current independent directors of the Company are Ms Chang Chen, Mr James Zhong and Ms Kathy Yuan.  (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the board in light of the interests disclosed by Directors. There are no interests, positions, associations or relationships that would cause the Board to consider independence compromised.  (c) The length of service of each Director is provided in the Directors Report.
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Of the 6 Directors, the following 3 members are considered by the Board to be independent Directors: <ul style="list-style-type: none"> <li>• Ms Chang Chen;</li> <li>• Mr James Zhong; and</li> <li>• Ms Kathy Yuan.</li> </ul>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chairman, Ms Chang Chen, is an independent Non-Executive Director.
2.6	A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Yes	The Company's program for the induction of new directors is tailored for each new Director (depending on their personal requirements, background skills, qualifications and experience) and includes the provisions of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company, and the roles, duties and responsibilities of Directors and the Executive Team.  All Directors will be encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors may have access to various resources and professional development training to address any skills gaps.

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
<b>3.</b>	<b>Promote ethical and responsible decision making</b>		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	(a) The Company has a Corporate Code of Conduct that applies to its Directors, employees and contractors (all of which are referred to as “employees” in the Code).  (b) The Company’s Corporate Code of Conduct is available in the Corporate Governance Plan on the Company’s website.
<b>4.</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	(a) The Board has established an Audit and Risk Committee. Its primary function is to assist the Board to fulfil its responsibilities to provide shareholders with timely and reliable financial reports and to protect the interests of shareholders, customers, employees and the broader community through the effective identification, assessment, monitoring and management of risks.  (i) The members of the Audit and Risk Committee are Ms Chang Chen, Mr James Zhong and Ms Kathy Yuan, all of whom are independent, non-executive directors.  (ii) Ms Kathy Yuan is the chair of the Audit and Risk Committee and is not the chair of the board.  (iii) A copy of the Audit and Risk Committee Charter is available on the Company’s website.  (iv) The relevant qualifications and experience of the members of the committee are set out in the Directors Report.  (v) The number of Committee meetings held and attended by each member is disclosed in the ‘Meetings of directors’ section of the Directors’ Report  (b) Not applicable.

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Company's Audit and Risk Committee is responsible for ensuring that before the Board approves the Company's interim and annual financial reports, the Company receives from its CEO and CFO a declaration that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's Audit and Risk Committee is responsible for ensuring that the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
<b>5.</b>	<b>Make timely and balanced decisions</b>		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	(a) The Company has adopted a <i>Continuous Disclosure Policy</i> which details the Company's disclosure requirements as required by the Listing Rules and other relevant legislation.  (b) A copy of the <i>Continuous Disclosure Policy</i> is available on the Company website in its Corporate Governance Plan.
<b>6.</b>	<b>Respect the rights of shareholders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company, and its governance is available on the Company's website in its Corporate Governance Plan.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a <i>Shareholder Communications Strategy</i> which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders, including via its website, through announcements released to the ASX, its annual report and general meetings. Shareholders are also welcome to contact the Company or its registrar, Computershare Investor Services Pty Ltd, via email or telephone.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.



## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar, Computershare, at any time.  Security holders can also register with the Company at <a href="mailto:admin@dsxfinance.com.au">admin@dsxfinance.com.au</a> to receive email notifications whenever an announcement is made by the Company to the ASX.
<b>7.</b>	<b>Recognise and manage risk</b>		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least 3 members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	Yes	<p>(a) The Board has established an Audit and Risk Committee. Its primary function is to assist the Board to fulfil its responsibilities to provide shareholders with timely and reliable financial reports and to protect the interests of shareholders, customers, employees and the broader community through the effective identification, assessment, monitoring and management of risks.</p> <p>(i) The members of the Audit and Risk Committee are Ms Chang Chen, Mr James Zhong and Ms Kathy Yuan, all of whom are independent, non-executive directors.</p> <p>(ii) Ms Kathy Yuan is the chair of the Audit and Risk Committee and is not the chair of the board.</p> <p>(iii) A copy of the Audit and Risk Committee Charter is available on the Company's website in the Corporate Governance Plan.</p> <p>(iv) The relevant qualifications and experience of the members of the committee are set out in the Directors' report.</p> <p>(v) The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' Report</p> <p>(b) Does not apply.</p>

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>(a) The Company's process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. The Company's <i>Risk Management Policy</i> details the Company's disclosure requirements with respect to the review of the Company's risk management procedures and internal compliance and controls.</p> <p>(b) As the Company has only recently listed and implemented its Corporate Governance Plan there has not been a review in this reporting period.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>(a) The Company does not currently have an internal audit function however, following admission to the Official List of the ASX the Company will consider establishing an internal audit function in the future should the need arise.</p> <p>(b) The Company monitors, evaluates and improves its risk management and internal control processes in line with the processes set out in its <i>Risk Management Policy</i>. A copy of this policy is available at the Company's website.</p>
7.4	<p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>Prior to the Company's admission to the official list of the ASX, the Board undertook a thorough review of the Company's exposures to economic, environmental and social sustainability risks and disclosed these risks in its Prospectus dated 28 August 2015. A copy of this Prospectus is available on the Company's website at: <a href="http://www.dsxfinance.com.au">www.dsxfinance.com.au</a> under the "Investor Relations" menu.</p>

## Corporate Governance Statement Continued

	Recommendation	Compliance	Explanation
<b>8.</b>	<b>Remunerate fairly and responsibly</b>		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least 3 members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>(a) Due to the size and nature of the existing Board the Company did not establish a Remuneration Committee during the period, and instead the full Board carried out the duties ordinarily assigned to the Remuneration Committee.</p> <p>Since listing on the ASX, the Company has taken steps to form a Remuneration Committee which will be responsible for the carrying out the duties outlined in the <i>Remuneration Committee Charter</i>. The <i>Remuneration Committee Charter</i> is available on the Company's website in the Corporate Governance Plan.</p> <p>(b) The Remuneration Committee will devote times on an annual basis to discuss the level and composition of remuneration for directors and senior executives and will ensure that such remuneration is appropriate and not excessive.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	Yes	The Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior employees are set out in its <i>Remuneration Policy</i> , a copy of which is available on the Company's website in the Corporate Governance Plan.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>(a) The Company does not currently have an equity-based remuneration scheme in place, however should it choose to adopt one in the future, the Company's Remuneration Committee must review and approve such a plan and will also assume responsibility for the review and approval, on a case by case basis, of a participants ability to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.</p> <p>(b) A copy of the Company's <i>Remuneration Committee Charter</i> is available on the Company's website in the Corporate Governance Plan.</p>

# Shareholder Information

The shareholder information set out below was applicable as at 19 April 2016.

## 1. Quotation

Listed securities in Ding Sheng Xin Finance Co. Limited are quoted on the Australian Securities Exchange under ASX code DXF (Fully Paid Ordinary Shares).

## 2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (a) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no options or performance rights on issue.

## 3. Distribution of Shareholders

Shares Range	Holders	Units	%
1 – 1,000	7	2,784	0.00
1,001 – 5,000	126	412,571	0.08
5,001 – 10,000	26	215,714	0.04
10,001 – 100,000	72	2,133,751	0.41
100,001 and above	27	514,348,523	99.47
<b>Total</b>	<b>258</b>	<b>517,113,343</b>	<b>100.00%</b>

On 19 April 2016, there were 5 holders of unmarketable parcels of less than 997 ordinary shares (based on the closing share price of \$0.83). There is no on-market buy back currently in place.

## 4. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 19 April 2016 are:

- Grandeur Times limited  
Holder of: 211,100,000 fully paid ordinary shares, representing 40.8%  
Notice received per prospectus
- Next Triumph Limited  
Holder of: 112,250,000 fully paid ordinary shares, representing 21.7%  
Notice received per prospectus

## 5. Restricted Securities

As at 19 April 2016, 323,350,000 of the 517,113,343 fully paid ordinary shares on issue are subject to voluntary escrow restrictions for a period of 24 months from the date of 3/03/16.

## Shareholder Information Continued

### 6. On market buy-back

There is currently no on market buy back in place.

### 7. Application of funds

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

### 8. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 19 April 2016 are as follows:

	Name	No. of Shares	%
1	Grandeur Times Limited	211,099,900	40.82
2	Next Triumph Limited	112,250,000	21.71
3	Copious Harvest Limited	22,750,000	4.40
4	Red Fountain Developments Limited	22,750,000	4.40
5	Spacious City Limited	22,750,000	4.40
6	Speedy Sharp Ventures Limited	22,750,000	4.40
7	De Investment Holdings Limited	15,000,000	2.90
8	Majestic Dragon Limited	13,600,000	2.63
9	The Water Holding Limited	13,600,000	2.63
10	Ping Jiang	10,000,000	1.93
11	He Xuan	10,000,000	1.93
12	Captain Choice Limited	9,100,000	1.76
13	Opulent Tycoon International Limited	9,100,000	1.76
14	Prestige Goal Holdings Limited	8,600,000	1.66
15	Ace Blossom Holdings Pty Ltd	6,650,000	1.29
16	Mr Yi Tang	2,000,000	0.39
17	Ms Jin Qiao Qian	317,460	0.06
18	Mr Yi Ping Wang	317,460	0.06
19	Ms Haiyan Yi	317,063	0.06
20	Citicorp Nominees Pty Limited	307,332	0.06
	<b>Total</b>	<b>513,259,215</b>	<b>99.25</b>







