

ASX RELEASE

ASX DXF • ABN 64 603 612 479

29 April 2016

Quarterly Report

For the quarter ended 31 March 2016

Ding Sheng Xin Finance Co. Ltd (ASX:DXF) (“**DXF**” or the “**Company**”) is pleased to provide the following update on its activities during the three-month period ended 31 March 2016 and its Appendix 4C quarterly cash flow report for the same period.

Successful Completion of Initial Public Offering

The first quarter of 2016 saw the successful listing of the Company’s securities on the Australian Stock Exchange on 3 March 2016 following the completion of its well-supported IPO capital raising under which the Company raised \$10.268 million.

Listing on the ASX represents a significant milestone for the Company and its subsidiaries (together referred to as the “**DXF Group**”) as the ASX offers a sophisticated capital market to support the expansion of its business as a provider of guarantee services to customers throughout the People’s Republic of China (“**PRC**”).

The substantial capital injection from the IPO has increased the DXF Group’s capacity to provide guarantee services 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 identification of other medium sized guarantee companies as potential acquisition targets;
- 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.

With experienced Australian-based director, Mr Winton Willesee, joining the Company’s strong executive management team and Board, the Company is well positioned and well-funded to achieve its growth objectives for 2016.

Additional Branches in China

The operations of the Group are carried out through the Company’s wholly owned Chinese subsidiary, Ding Sheng Xin Financing Guarantee Co., Ltd (“**DSX**”).

During the quarter DSX undertook the preparatory work for the opening of three new branches. The Guangxi branch, Hainan branch and Liaoning branch are all expected to be formally opened in the current quarter.

The increased branch numbers extend the footprint of DSX and increase the number of customers to whom the DSX products will be available.

New Products

During the quarter DSX continued its research and development on the guarantee markets with a view to developing new and innovative products for its customers. Innovations in products designed for the commercial real estate markets, litigation markets and restructuring of existing guarantee books are being developed.

Contract Growth

During the quarter DSX continued to grow the number of contracts in its portfolio and the level of funds guaranteed.

Awards

During the quarter DSX was awarded three significant awards;

1. 'China's best risk management guarantee agency' awarded by the China Enterprise Sincerity Construction Work Association.
2. 'China's top ten most influencing guarantee agency' awarded by the Pacific-Asia Monetary Industry Research Centre.
3. 'China's most competitive and top ten brand integrity in the financing guarantee industry' awarded by the National Integrity and Honor Committee.

As at 31 March 2016, the Group had a cash balance of \$96,827,000 as outlined in the accompanying Appendix 4C.

For more information:

Winton Willesee

Executive Director

Ding Sheng Xin Finance Co. Limited

Tel: +61 8 9389 3140

Email: winton@azc.com.au

About Ding Sheng Xin Finance Co. Limited

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

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

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

Since the establishment of its business in 2005, DSX has grown to 15 operating branches employing over 300 people across 4 provinces in the PRC. In aggregate, DSX has guaranteed more than RMB 6 billion (approximately A\$1.3 billion) for approximately 6,500 customers over that time.

The Group is committed to the concept of ‘inclusive finance’, believing that people and businesses from all sectors of society should have the opportunity to obtain finance. The Group takes immense pride in providing guarantee services which promote social and economic growth such as its “Working Capital Guarantee” for SMEs and its “Home Decoration Guarantee” tailored for individuals and families.

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

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Ding Sheng Xin Finance Co.Ltd

ABN

64 603 612 749

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	2,839	2,839
1.2	Payments for (a) staff costs	(1,256)	(1,256)
	(b) advertising and marketing	(61)	(61)
	(c) research and development		
	(d) leased assets	(306)	(306)
	(e) other working capital	(113)	(113)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	130	130
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid	(799)	(799)
1.7	Other (provide details if material)		
Net operating cash flows		422	422

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	422	422
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(9)	(9)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(9)	(9)
1.14 Total operating and investing cash flows	413	413
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	10,268	10,268
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	10,268	10,268
Net increase (decrease) in cash held	10,681	10,681
1.21 Cash at beginning of quarter/year to date	90,109	90,109
1.22 Exchange rate adjustments to item	(3,963)	(3,963)
1.23 Cash at end of quarter	96,827	96,827

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	28
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Directors fees	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	
3.2	Credit standby arrangements	

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	96,827	90,109
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		96,827	90,109

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
 (Director/Company secretary)

Print name: Winton Willesee

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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