

ASX RELEASE

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Market Update

Ding Sheng Xin Finance Co. Ltd (ASX:DXF) (“DXF” or the “Company”) wishes to provide investors with the following update on its operations.

Financial Reporting

As noted in its releases to ASX of 29 August 2017 and 24 September 2017, as a consequence of the difficulties the Company experienced in securing the relevant approvals to transfer funds from its Chinese subsidiary to its Australian parent, the Company was unable to file its 30 June 2017 half year accounts and accordingly sought a voluntary suspension from trading in its securities on ASX.

The Company has since been successful in receipt of a transfer and has made the relevant payments needed to have the review of its 30 June 2017 accounts commenced.

The Company has since commenced the process for a second transfer in order to make the payments needed to facilitate the completion of the review of its June 2017 accounts and commencement of the audit of its 31 December 2017 full year accounts and is awaiting that approval.

Unfortunately the Company is unable to give meaningful guidance on the timetable for these events at this stage.

Ongoing Operations

As noted in its release of 27 July 2017, trading conditions in the guarantee markets in the Peoples Republic of China have become increasingly difficult over recent times. As evidenced in its June and September 2017 Appendix 4C lodgements, the Company has been experiencing an increase in defaults and the consequential requirement for it to lodge subrogation payments, and the December 2017 quarter saw a further increase in its requirements to lodge subrogation payments.

This has resulted in an increase in the legal cases in which the Company is involved, which further complicates the Company’s application for approvals to transfer funds to Australia.

The increase in subrogation payments the Company has been required to lodge has also acted to reduce the Company’s access to its cash reserves to continue to build its guarantee operations.

In the context of the aforementioned difficulties and the previously noted work to diversify the Company’s operations the Board has resolved to commence a formal strategic review of the operations of the Company.

The review is designed to ascertain the most appropriate segments of the Company’s operations to allocate its resources in order to overcome or mitigate the difficulties noted above and maximise the

benefits of the Company's assets and resources for our shareholders along with ascertain any structural changes that may be beneficial or necessary.

The Company will provide further detail on the review and progress is made and findings and decisions are reached.

For more information:

Winton Willesee

Chairman

Ding Sheng Xin Finance Co. Limited

Tel: +61 8 9389 3140

Email: winton@azc.com.au