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China Success Finance Group Holdings Limited

中國金融發展（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3623)

SUPPLEMENTAL ANNOUNCEMENT TO 2023 ANNUAL REPORT

Reference is made to the 2023 annual report (“**2023 Annual Report**”) of China Success Finance Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the twelve months ended 31 December 2023 (“**FY2023**”) and the supplemental announcement to 2023 Interim Report dated 13 October 2023 (“**Interim Supplemental Announcement**”). Unless otherwise defined, definitions used herein shall have the same meaning as in the 2023 Annual Report and the Interim Supplemental Announcement.

This announcement is made to update shareholders and potential investors of the Company on the recent development of the Company.

Guarantee Business and Financial Leasing Business

The Group’s guarantee business subsidiary, Guangdong Success Finance Guarantee Company Limited (廣東集成融資擔保有限公司) (“**Success Guarantee**”) is engaged in the provision of financial and other guarantee services in the PRC and primarily targets small and medium enterprises and individual customers. Under a typical financial guarantee transaction, the Group provides guarantee in favour to the lending institution for loan repayment of Success Guarantee’s customers. Further, the Group provides a variety of other guarantee services to suit the various requirements of lending banks or institutions and the needs of the customers, and the Group are fast in adapting in providing new type of guarantee services to meet the changing and emerging market demand for different kinds of guarantee services, including guarantees in relation to the performance of payment obligations and litigation guarantees. Success Guarantee charges a guarantee fee for the provision of such services and typically require customers to provide certain counter-guarantee. In order to adapt to customers’ needs, the Group has been tailor making its services by offering guarantee and financial leasing services as a comprehensive package to its customers.

In FY2023, Success Guarantee continue to adhere to the “Risk First, Business Second” strategy, and was not required to make any guarantee payment to institutions for its clients as none of its clients defaulted on their borrowings or their payment obligations.

As disclosed in the Interim Supplemental Announcement, the Group has entered into a guarantee arrangement with a term of six (6) months, pursuant to which the Group guarantees its client's payment for the sale and purchase of products in a project with a trading market in the PRC. In 2024, the project was continued for a further term of six (6) months and the Group continues to provide financial guarantees for payment transactions to approximately 10,000 customers in connection with the project. The Group has so far recorded a net guarantee fee income for not less than RMB13 million from the project in 2024.

The Group is also engaged in financial leasing via its subsidiary, Foshan Success Financial Leasing Company Limited (佛山市集成融资租赁有限公司) (“**Success Financial Leasing**”). In order to adapt to customers' needs, the Group has tailor made its services and offered guarantee and financial leasing services as a comprehensive package to its customer and entered into such arrangement during FY2023.

The Group also actively followed up the recovery of its receivables from previous years and had successfully recovered a total of approximately RMB10 million in FY2023.

As disclosed by the Company's annual results announcement for FY2023, the Group had cash and bank deposits of approximately RMB134 million as at 31 December 2023. The Group expects to finance its guarantee business with its working capital. However, the Board does not rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to meet its operational needs or support future development of the Group.

The board of directors of the Company (the “**Board**”) is of the view that the Company has been actively promoting its guarantee business with the continuation of the Project and the introduction of new product involving its guarantee business and financial leasing business and the performance of its guarantee business will gradually improve in line with the recovery of the PRC macroeconomy sentiment.

Hog Business

The Group's hog farm has completed a biosafety assessment and transformation to prevent future spread of illness and to improve breeding quality and efficiency. Based on the Group's management account for the financial year 2024 (“**FY2024**”), as of the end of May 2024, the Company has sold approximately 2,700 growing hogs and recorded a revenue of approximately RMB4.26 million from the hog business.

The Group plans to purchase piglets, and raise these piglets into growing hogs for sale (the “**Self-raising Mode**”), and also plans to purchase breeding hogs which will raise market hogs for sale (the “**Self-breeding Mode**”).

Considering that the virus continue to mutate, making the risk of epidemics prevention and control remains high, and that there are too many uncertainties in the hogs market, and the production team needs to be nurtured and bonded, the Group has decided to revise the hog business plan set out in the Interim Supplemental Announcement to a more flexible batch basis.

As disclosed in the Interim Supplemental Announcement, under the Self-raising Mode, the Company intended to purchase approximately 1,500 growing hogs raised for sales at the start of 2024 and expected to be able to sell up to approximately 1,500 growing hogs during FY2024. The Group has revised the plan to tentatively scheduled to purchase approximately 4,300 piglets before the end of August 2024 which would be raised and sold before the end of December 2024 and purchase approximately another 2,500 piglets before the end of January 2025 which would be raised and sold before the end of June 2025. For the FY2024, under the Self-raising Mode, the Group expects to sell up to approximately 7,000 growing hogs and record a revenue of approximately RMB13.66 million(Specific revenues are subject to market conditions).

As disclosed in the Interim Supplemental Announcement, under the Self-breeding Mode, The Company intended to purchase approximately 1,500 breeding hogs at the start of 2024. Taking into account of the breeding cycle of the breeding hogs, the Company expected to be able to sell up to approximately 15,000 hogs raised by the breeding hogs during the financial year ended 31 December 2025 (“FY2025”). The Group has revised the plan to tentatively scheduled to purchase approximately 250 gilts (which shall become breeding hogs) by the end of August 2024. Taking into account hogs’ breeding cycle, the Company expects to be able to sell up to approximately 2,500 growing hogs raised by the breeding hogs during FY2025. For FY2024, the Self-Breeding Mode is expected not to generate any revenue.

The above production and revenue plan will be adjusted in due course according to the market environment, epidemic prevention and fluctuation of pig market prices.

The Company will fund its hog business with internal resources and the cash flow generated from the sale of hogs. The Company may consider debt or equity financing in the future, depending on the needs of hog farm’s business.

The Company believes that its hog farming business is financially viable and sustainable. The resumption of hog production and the sale of market hogs in the next few years will enable the Company to generate a sustainable cash flow, which is conducive to the daily operations and future resumption of hog production of the Group’s hog business. The Group will continue to pay close attention to industry trends and policy guidance, and adjust breeding plans promptly according to the market conditions in the PRC and comprehensive analysis by the Company’s management.

Energy Storage Business

In response to climate change and in efforts to reduce global carbon emissions, green energy and low-carbon development have become an international consensus. Global green energy market exposed high demand since the second half of 2022 and maintained high-speed growth in the first half of 2023 in global markets. The Group was considering how to further explore and develop financial services in China and the global markets. Our partner being a professional energy storage research and development company (the “Partner”) saw good potential demand for financial services such as, guarantee, instalment payment, finance lease, etc in the areas for industrial & commercial, as well as home energy storage systems,. In June 2023, the Group started to discuss with the Partner to find ways to work together to leverage each other’s strengths to fill the business opportunities, and in August 2023 the Group reached an alignment to start a joint energy storage business (“ES Business”) hence the setting up of GNW Capital Ltd (“GNW Capital”). GNW Capital was established in September 2023 and it officially started operations in December 2023. The Company hold 51% equity interest in GNW Capital.

As a startup company, GNW Capital applied the EPC model adopted by the Partner in existing markets namely South Africa and Australia. South Africa commonly experiences power outage and electricity shortage and the deficiency is filled by industrial and commercial energy storage systems which provide backup power on a commercial scale. Central Australia which is covered by vast desert areas has developed significant mining businesses. The industrial and commercial energy storage systems provide high quality and safe industrial and commercial energy to meet the local demand. It is intended that the ES Business will expand into European markets once the Group's ES Businesses in South Africa and Australia steady and mature. Over the next few years, GNW Capital will explore ways to provide financial service to its energy storage system customers.

Under the EPC Model, GNW Capital will design and develop and engage contractors in the PRC to produce the industrial and commercial energy storage systems and batteries. The Group leverages the cost competitiveness of the PRC supply chain while taking advantage of the available leading technology in the PRC in the area. GNW Capital aims to provide system integration services, whereby the energy storage systems can be customized according to the customers' specifications and requirements and the Group's industrial and commercial energy storage system is generally safer to use than its counterparts in the market. The products were made progression in modularized structure safety. By design optimization, some products were certified as IP67 or IP56.

The Group and the Partner also play complementary roles in supporting the business operations of GNW Capital. The former contributes by integrating its financial strengths into the energy storage sector and the Partner will contribute by leveraging its supply chain resources and its research and development output. GNW Capital has 4 contractors who are responsible for manufacturing and assembling the industrial and commercial energy storage system and the battery and has a distributor in South Africa and Australia, respectively. Once the industrial and commercial energy storage system and battery are assembled in the PRC, they are shipped to the distributors.

Members of the Board and the senior management team have been focusing on the green energy storage industry for some time. After extensive researching and liaison with the right people in the industry, the Group hired a senior personnel with more than 14 years of experience in related industries to be responsible for its operations. The appointment was made after extended communication and discussion for almost six months. The senior personnel has previously held positions as an executive or CEO of various companies, including world's top 500 enterprises, Hong Kong listed companies and A-share listed companies. The senior personnel has extensive industry experience and contacts in the energy storage sector. He will be fully responsible for the development, planning and business development of the energy storage system business. The Board and the senior management team have confidence that the senior personnel's experience, ability and connections can bring benefits to the Company's ES Business.

The Group's ES Business commenced in 2023 and recorded around RMB5 million of revenue during FY2023. Based on the Group's management account for FY2024, as of the end of May 2024, the ES Business has become more mature and has generated revenue of more than RMB29.7 million.

The ES Business is funded by the Group's internal resources and capital contribution from the Partner.

In view of (i) the competitive cost advantages of the PRC supply chain ecosystem; (ii) the implementation of increasingly more environmentally friendly policies on a global scale which will increase demand for the energy storage systems; (iii) the high-growth potential of overseas markets for energy storage systems; and (iv) the inherent competitiveness of GNW Capital's products, the Board is of the view that the prospect of the ES Business is bright.

The above information does not affect the information disclosed in the 2023 Annual Report and save as disclosed in this announcement, all other information in the 2023 Annual Report remains the same.

By order of the Board
China Success Finance Group Holdings Limited
Zhang Tiewei
Chairman and Executive Director

Hong Kong, 20 June 2024

As at the date of this announcement, the Board comprises (i) five executive directors, namely, Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan and (ii) three independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang.