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China Success Finance Group Holdings Limited

(中國集成金融集團控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3623)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHT	FOR THE	FOR THE	CHANGE IN
	YEAR	YEAR	
	ENDED 31	ENDED 31	
	DECEMBER	DECEMBER	
	2015	2014	
	(RMB'000)	(RMB'000)	
Revenue	72,599	58,901	23.3%
Other revenue	5,484	8,717	-37.1%
Profit before taxation	35,216	39,814	-11.5%
Profit for the year	24,333	26,354	-7.7%
Total comprehensive income for the year	29,554	28,618	3.3%
Basic earnings per share (RMB per share)	0.06	0.06	0%
	AS AT 31	AS AT 31	
	DECEMBER	DECEMBER	
	2015	2014	
	(RMB'000)	(RMB'000)	CHANGE IN
Total assets	878,939	733,621	19.8%
Total equity	842,827	691,412	21.9%

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Success Finance Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2015, together with the comparative figures for the preceding financial year, as follows:

Consolidated statement of profit or loss
for the year ended 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Service fee from consulting services		31,905	17,932
Guarantee Income		23,411	40,034
Less: re-guarantee fee		(2,225)	(2,279)
Net guarantee fee income		21,186	37,755
Interest income from leasing		19,882	3,214
Less: interest expenses		(374)	—
Net interest income		19,508	3,214
Revenue	3	72,599	58,901
Other revenue	4	5,484	8,717
Impairment and provision charged	5(a)	(2,305)	(2,809)
Operating expenses		(45,769)	(32,221)
Share of profits of associates		5,207	7,226
Profit before taxation	5	35,216	39,814
Income tax	6(a)	(10,883)	(13,460)
Profit for the year		24,333	26,354
Attributable to:			
Equity shareholders of the Company		24,647	26,080
Non-controlling interests		(314)	274
Profit for the year		24,333	26,354
Earnings per share (RMB per share)			
Basic	8(a)	0.06	0.06
Diluted	8(b)	0.06	0.06

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2015
(Expressed in Renminbi)

	2015	2014
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	24,333	26,354
Other comprehensive income for the year that may be reclassified subsequently to profit or loss (after tax: Nil)		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC")	<u>5,221</u>	<u>2,264</u>
Total comprehensive income for the year	<u>29,554</u>	<u>28,618</u>
Attributable to:		
Equity shareholders of the Company	29,868	28,344
Non-controlling interests	<u>(314)</u>	<u>274</u>
Total comprehensive income for the year	<u>29,554</u>	<u>28,618</u>

Consolidated statement of financial position
(Expressed in Renminbi)

		31 December 2015	31 December 2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Equipment		2,308	1,947
Intangible assets		23	29
Interest in associates		101,712	76,505
Other non-current assets	9	89,258	97,841
Pledged bank deposits	10	112,075	131,050
Deferred tax assets		<u>1,488</u>	<u>—</u>
		306,864	307,372
Current assets			
Pledged bank deposits	10	23,899	53,105
Trade and other receivables	11	365,468	115,447
Cash and bank deposits	12	<u>182,708</u>	<u>257,697</u>
		<u>572,075</u>	<u>426,249</u>
Current liabilities			
Receipts in advance		2,671	385
Accruals and other payables	13	12,052	5,097
Customer pledged deposits received		72	915
Current tax liabilities		5,708	8,400
Liabilities from guarantees	14	<u>8,891</u>	<u>19,732</u>
		<u>29,394</u>	<u>34,529</u>
Net current assets		<u>542,681</u>	<u>391,720</u>
Total assets less current liabilities		<u>849,545</u>	<u>699,092</u>
Non-current liabilities			
Liabilities from guarantees	14	779	1,897
Deferred tax liabilities		<u>5,939</u>	<u>5,783</u>
		<u>6,718</u>	<u>7,680</u>
NET ASSETS		<u>842,827</u>	<u>691,412</u>
CAPITAL AND RESERVES			
Share capital	15	3,755	3,276
Reserves		<u>834,905</u>	<u>683,655</u>
Total equity attributable to equity shareholders of the Company		838,660	686,931
Non-controlling interests		<u>4,167</u>	<u>4,481</u>
TOTAL EQUITY		<u>842,827</u>	<u>691,412</u>

Notes to the financial statements

(Expressed in Renminbi unless otherwise indicated)

1 Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) *Changes in accounting policies*

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee Contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not operate defined benefit plans.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

2 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The directors did not determine the business component/reportable segments as the directors allocated resources to and assessed the performance of the Group's line of business through reviewing the financial information provided by each operating subsidiary.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

3 Revenue

The principal activities of the Group are the provision of financial leasing, guarantees and financial consultancy services. The amount of each significant category of revenue recognised during the year is as follows:

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Service fee from consulting services		<u>31,905</u>	<u>17,932</u>
Guarantee fee income			
Income from financial guarantees		22,008	37,030
Income from litigation guarantees		895	2,339
Income from performance guarantees		508	665
Less: re-guarantee fee		<u>(2,225)</u>	<u>(2,279)</u>
Net guarantee fee income		<u>21,186</u>	<u>37,755</u>
Interest income from leasing		19,882	3,214
Less: interest expenses	(a)	<u>(374)</u>	<u>—</u>
Net interest income		<u>19,508</u>	<u>3,214</u>
Total		<u><u>72,599</u></u>	<u><u>58,901</u></u>

- (a) Shenzhen Success Financial Leasing Company Limited* (深圳市集成融資租賃有限公司) (“**Success Financial Leasing**”) borrowed a loan of RMB15 million through Guangdong Jiayou Network Technology Co., Ltd.* (廣東嘉友網絡科技有限公司) (“Jiayou Network”), with a term of 3 months and an interest rate of 9% per year. The total expense for this loan is RMB374,000, out of which RMB338,000 is interest and RMB36,000 is service fee.

The Group’s customer base is diversified and includes two customers with whom transactions have exceeded 10% of the group’s revenue. In 2015, the percentage of the Group’s largest single customer’s revenue was 17.04% (2014: 6.49%); while the percentage of the Group’s top 5 customers’ revenue was 43.45% (2014: 24.08%).

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Customer A	12,817	—
Customer B	7,803	—

The Group mainly provide financial consultancy service and financial leasing service to the above customers.

4 Other revenue

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Government grants	(a)	954	1,358
Interest income from bank deposits		4,530	7,356
Others		<u>—</u>	<u>3</u>
Total		<u>5,484</u>	<u>8,717</u>

(a) Guangdong Success Finance Guarantee Company Limited (廣東集成融資擔保有限公司) (“**Success Finance Guarantee**”) received funding supporting mainly from Foshan Municipal Bureau of Finance* (佛山市財政局). The entitlements of the government grants were under the discretion of the relevant government bureaus. The purpose of the government grants was to grant financial assistance to small and medium enterprises.

5 Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(a) *Impairment and provision — (written back)/charged*

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Provision written back for guarantees issued	(4,471)	(99)
Impairment provision charged for		
— payments on behalf of customers	6,099	1,319
— other non-current assets	440	1,589
— trade debtors from factoring services	<u>237</u>	<u>—</u>
Total	<u>2,305</u>	<u>2,809</u>

(b) *Staff costs*

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Salaries, wages and other benefits	15,865	8,370
Contributions to defined contribution retirement plan	688	381
Equity settled share-based payment expenses	<u>2,061</u>	<u>5,890</u>
Total	<u>18,614</u>	<u>14,641</u>

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local authority whereby the PRC subsidiaries are required to make contributions to the Schemes based on certain percentages of the eligible employees’ salaries. The local government authority is responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) *Other items*

	2015	2014
	<i>RMB’000</i>	<i>RMB’000</i>
Depreciation and amortisation	627	418
Operating lease charges in respect of leasing of properties	5,837	2,405
Auditors’ remuneration	2,197	2,100
Net foreign exchange loss	<u>1,400</u>	<u>3,035</u>

6 Income tax in the consolidated statement of profit or loss

(a) *Taxation in the consolidated statement of profit or loss represents:*

	2015	2014
	<i>RMB’000</i>	<i>RMB’000</i>
Current tax		
Provision for PRC income tax for the year	12,215	14,878
Deferred tax		
Origination and reversal of temporary differences	<u>(1,332)</u>	<u>(1,418)</u>
Total	<u>10,883</u>	<u>13,460</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>35,216</u>	<u>39,814</u>
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	9,950	11,412
Tax effect of unused tax losses not recognised	—	(117)
Effect of non-taxable income	—	(683)
Effect of non-deductible expenses	<u>933</u>	<u>2,848</u>
Actual tax expense	<u>10,883</u>	<u>13,460</u>

- (i) Pursuant to the rules and regulations of Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax has been made for the Company and the subsidiary located in Hong Kong as the Company and the subsidiary had not derived any income subject to Hong Kong Profits Tax during the year.
- (iii) According to the PRC Corporate Income Tax (“CIT”) Law that took effect on 1 January 2008, the Group’s PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25%.
- (iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. As a part of the continuing evaluation of the Group’s dividend policy, management considered that for the purpose of business development, the undistributed earnings from 1 January 2008 of the PRC subsidiaries amounted to RMB113,418,000 as at 31 December 2015 (2014: RMB80,264,000) will not be distributed in the foreseeable future. As such, no deferred tax liabilities were recognised in respect of the PRC withholding tax.

7 Dividends

The Company declared a final dividend of HKD 0.02 per ordinary share on 21 April 2015. There were a total of 414,044,000 ordinary shares outstanding at the date of announcement, giving a total final dividend amount of HKD8,281,000. On 31 December 2015, an approximate amount of HKD5,776,000 was paid, leaving dividend payable to be HKD2,505,000, or RMB2,099,000 as at 31 December 2015. Subsequent to 31 December 2015, the directors proposed a final dividend of HKD0.02 per ordinary share, amounting to a total of HKD9,498,000. The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2015.

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB24,647,000 (2014: RMB26,080,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2015 of 447,375,000 (2014: 414,044,000).

(i) Weighted average number of ordinary shares

	2015	2014
	'000	'000
Issued ordinary shares at 1 January	414,044	414,044
Effect of shares issued by share option exercised	525	—
Effect of shares issued by share offering	32,877	—
Effect of shares repurchased by the Company	<u>(71)</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December	<u>447,375</u>	<u>414,044</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB24,647,000 (2014: RMB26,080,000) and the weighted of 450,431,000 ordinary shares (2014: 414,758,000), calculated as follows:

	2015	2014
	'000	'000
Weighted average number of ordinary shares at 31 December	447,375	414,044
Effect of deemed issue of shares under the Group's share option scheme	<u>3,056</u>	<u>714</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>450,431</u>	<u>414,758</u>

9 Other non-current assets

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Prepayments to a related party		6,107	6,107
Deferred expenses		5,295	2,741
Prepayments and deposits		1,028	1,208
Mortgage assets		412	—
Refund of re-guarantee handling fees		—	84
Others		570	—
Long-term receivables from finance leases	(a)	<u>171,060</u>	<u>150,898</u>
Total		184,472	161,038
Less: within one year of long-term receivables		(93,185)	(61,608)
Less: impairment allowance		<u>(2,029)</u>	<u>(1,589)</u>
Total		<u><u>89,258</u></u>	<u><u>97,841</u></u>

(a) Long-term receivables from finance leases

The tables below provide an analysis of long-term receivables from finance leases for leases of certain property and equipment in which the Group is the lessor.

(i) An analysis of the above finance leases receivable is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Amount due from lessees	187,047	175,134
Less: unearned finance income	<u>(15,987)</u>	<u>(24,236)</u>
Finance leases	<u><u>171,060</u></u>	<u><u>150,898</u></u>

- (ii) The table below analyses the Group's Long-term receivables from finance leases by relevant maturity groupings at the end of the reporting period:

	2015		2014	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	93,186	105,091	61,608	76,757
After 1 year but within 5 years	<u>77,874</u>	<u>81,956</u>	<u>89,290</u>	<u>98,377</u>
Total	171,060	187,047	150,898	175,134
Impairment allowances: collectively assessed	<u>(2,029)</u>	<u>(2,029)</u>	<u>(1,589)</u>	<u>(1,589)</u>
Net investment in finance leases, receivable	<u>169,031</u>	<u>185,018</u>	<u>149,309</u>	<u>173,545</u>

10 Pledged bank deposits

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Non-current	112,075	131,050
Current	<u>23,899</u>	<u>53,105</u>
Total	<u>135,974</u>	<u>184,155</u>

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.

11 Trade and other receivables

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade debtors from guarantees	(i)	42	1,320
Trade debtors from consultancy services		3,427	477
Trade debtors from factoring services	(ii)	20,125	—
Less: allowances for factoring services	a / b(i)	<u>(237)</u>	<u>—</u>
		19,888	—
Payments on behalf of customers	(iii)	177,925	53,294
Less: allowances for doubtful debts	a / b(ii)	<u>(12,797)</u>	<u>(8,649)</u>
		165,128	44,645
Trade receivables		188,485	46,442
Long-term receivables from finance leases with maturity of one year		93,185	61,608
Amounts due from related parties		2,730	2,730
Other receivables (Net of impairment provision)		<u>5,010</u>	<u>3,040</u>
Receivables		289,410	113,820
Prepayments for re-guarantee fees		245	901
Prepayments for investment	(iv)	74,300	—
Deferred expenses		689	714
Other prepayments		<u>824</u>	<u>12</u>
Total	(v)	<u><u>365,468</u></u>	<u><u>115,447</u></u>

- (i) The amounts represented service fee income receivables from customers.
- (ii) Trade debtors from factoring services represented the receivables from factoring business that the Group began in December 2015.
- (iii) Payments on behalf of customers represented 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 in accordance with the terms of the corresponding debt instruments. Payments on behalf of customers were interest bearing and the Group holds certain collaterals over certain customers.

- (iv) Prepayments for investment is the down payment for the acquisition project that the Group is conducting.
- (v) All of the trade and other receivables, apart from those mentioned in Note 9, are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (net of allowance for doubtful debts and excluding receivables from finance leases), based on the guarantee income recognition date or advance payment date, is as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	30,795	19,526
Over 1 month but less than 3 months	9,050	3,798
Over 3 months but less than 1 year	114,930	17,516
More than 1 year	<u>46,744</u>	<u>14,251</u>
	201,519	55,091
Less: allowances for factoring services	(237)	—
Less: allowances for doubtful debts	<u>(12,797)</u>	<u>(8,649)</u>
Total	<u><u>188,485</u></u>	<u><u>46,442</u></u>

At 31 December 2015, no receivables from finance leases were overdue.

12 Cash and bank deposits

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Demand deposits and term deposits with banks with original maturity less than three months	182,439	256,539
Restricted customer pledged deposits	72	915
Cash in hand	<u>197</u>	<u>243</u>
Cash and bank deposits in the consolidated statement of financial position	<u><u>182,708</u></u>	<u><u>257,697</u></u>

Pursuant to the Implementing Rules for the Administration of Financial Guarantee Companies promulgated by the People's Government of the Guangdong Province on 27 September 2010 and the Notice on Regulating the Management of Customer Pledged Deposits of Financial Guarantee Institutions announced by the Joint Committee for the Regulation of the Financial Guarantee Industry on 15 April 2012, the Group is required to set up certain arrangements to manage the customers' pledged deposits by 31 March 2011. The arrangements include: (a) enter into tripartite custodian agreement among lending bank, customer and the Group for ensuring the entrustment of lending bank to manage the deposits; (b) deposit the pledged deposit received from the customer into a designated custodian bank account; and (c) such deposit is not available for use by the Group.

In order to comply with the aforesaid rules and regulations, the Group had set up internal guidelines which were adopted by the Group in May 2012. However, the aforesaid rules and regulations are not enforceable to banks and the Group could not enter into tripartite custodian arrangement with certain lending banks. As at 31 December 2015 and 2014, customer pledged deposits of RMB72,000 and RMB915,000 respectively were deposited into a designated bank account under two tripartite custodian arrangements. For those guarantee services without setting up tripartite custodian arrangements, the Group has maintained the restricted customer pledged deposits received in the Group's bank accounts. As at 31 December, the restricted customer pledged deposits received were maintained as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Designated custodian bank accounts	68	850
The Group's bank accounts	<u>4</u>	<u>65</u>
Total	<u><u>72</u></u>	<u><u>915</u></u>

13 Accruals and other payables

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Dividends payables		2,099	—
Other accruals and Payables	(i)	<u>9,953</u>	<u>5,097</u>
Total		<u><u>12,052</u></u>	<u><u>5,097</u></u>

(i) Accruals and other payables are expected to be settled within one year and are repayable on demand.

14 Liabilities from guarantees

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Current liabilities		
- Deferred income	6,354	12,724
- Provision of guarantee losses	<u>2,537</u>	<u>7,008</u>
	8,891	19,732
Non-current liabilities		
- Deferred income	<u>779</u>	<u>1,897</u>
	<u><u>9,670</u></u>	<u><u>21,629</u></u>

15 Share capital

(i) Authorised and issued share capital

	2015			2014		
	No. of shares '000	Share capital HKD'000	Share capital RMB'000	No. of shares '000	Share capital HKD'000	Share capital RMB'000
Authorised:						
Ordinary shares of HKD0.01 each	800,000	8,000	6,512	800,000	8,000	6,512
Ordinary shares, issued and fully paid:						
At 1 January	414,044	4,140	3,276	414,044	4,140	3,276
Issuance of shares by share offering	60,000	600	473	—	—	—
Share issued under share option scheme	1,070	11	8	—	—	—
Purchase of own shares	<u>(200)</u>	<u>(2)</u>	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December	<u><u>474,914</u></u>	<u><u>4,749</u></u>	<u><u>3,755</u></u>	<u><u>414,044</u></u>	<u><u>4,140</u></u>	<u><u>3,276</u></u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16 Guarantees Issued

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

		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
Financial guarantees	(i)	537,767	1,024,209
Litigation guarantees		120,258	145,614
Performance guarantees		<u>16,470</u>	<u>107,014</u>
Gross guarantee amount		674,495	1,276,837
Proportional re-guarantee amount		<u>(8,700)</u>	<u>(109,995)</u>
Total maximum guarantees issued		<u><u>665,795</u></u>	<u><u>1,166,842</u></u>

- (i) Since 18 November 2013, the Group has provided guarantees to customers who obtained funding from lenders through peer-to-peer lending services platform - "Jiayou Network", and the lenders are the guarantee holders. Pursuant to the relevant agreement between the Group and the borrowers, and the one between Jiayou Network and the borrowers, the Group is charging guarantee fee to the borrowers based on the borrowing amount while the Jiayou Network is charging a service fee to the borrowers. The Group is required to make payments on behalf of the customers to reimburse the beneficiary of the guarantee holder for a loss the holder incurs when the borrowers fail to make payment when due in accordance with the terms of the relevant agreements.

The guarantees provided by the Group through Jiayou Network as at 31 December 2015 were RMB111,650,000 (2014: RMB154,000,000). Guarantee fee income received from the customers for guarantee services provided through Jiayou Network during the year ended 31 December 2015 and 2014 were RMB4,240,000 and RMB2,204,000.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the year ended 31 December 2015, the Company has improved and effectively implemented its business strategy based on the developments in the overall economic situation in the People's Republic of China (“**PRC**” or “**China**”, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan). In the face of complex economic situation, the Group continued its focus on small and medium enterprise (“**SME**”) customer groups in the Pearl River Delta region of China and provided whole-process and all-rounded comprehensive financial services via its full range of products in a customer-oriented manner. Leveraging on the Group's established competitive advantages and close relationship with customers, the Group had maintained its overall business performance during the reporting period.

Throughout the year, the Group paid close attention to the developments in the market and explored various business opportunities. Set out below are the major business developments of the Group:

Inclusive finance

Opening up the channel between assets and capital has always been the goal of the Group's inclusive finance business.

As part of the Group's development of inclusive finance business, the registered capital of its wholly owned subsidiary Guangdong Success Finance Guarantee Company Limited* (廣東集成融資擔保有限公司) (“**Success Finance Guarantee**”), was increased to RMB 0.33 billion in 2014. Subsequently, the Group established Shenzhen Success Financial Leasing Company Limited* (深圳市集成融資租賃有限公司) (“**Success Financial Leasing**”) in the Qianhai Cooperation Area, which was then rapidly put into operation. The Group increased its stake in Foshan Chancheng Success Micro Credit Company Limited* (佛山市禪城集成小額貸款有限公司) to 27.28%, established Shenzhen Success Equity Investment Fund Management Limited* (深圳集成股權投資基金管理有限公司) (“**Success Equity Fund**”), set up a Hong Kong office and changed the name of the Guangdong Success Asset Management Company Limited* (廣東集成資產管理有限公司) (“**Success Asset**”) it controlled. The major products and services provided under the umbrella of the Group's inclusive finance business were financing guarantee, small loans, assets management and finance leasing.

Consumer finance

Leveraging on the growth of national consumption and the resurgence of the real estate market in China, the Group established Foshan Success Financial Services Outsourcing Limited* (佛山市集成金融服務外包有限公司) in October 2015 for the development of its real estate financing service, i.e. “Real Estate Circle” business. Through such company, the Group explored the consumer finance market and began serving individual clients.

The Group had set the second-hand property market in Foshan, China as the entry point to the real estate financing market and provided services via online and offline channels. As real estate transactions and the related bank financing transactions in China are generally complicated and time consuming, the Group saw an opportunity to provide short-term bridge financing services and to establish a new money supply chain aiming at real estate financing market to solve the immediate problems of individual consumers.

Industrial finance

Leveraging on the growing popularity of the (public-private-partnership) model due to promotion by the Chinese government (“**PPP Model**”, namely the model which combines the construction of public infrastructure with private enterprises), the Group entered into a memorandum of understanding with Shenzhen Success Number One Equity Investment Fund* (深圳市集成一號股權投資基金中心) (“**Success Fund**”), Guangdong Shun Yang Construction Engineering Company Limited* (廣東順洋建設工程有限公司) (“**Shun Yang Construction**”) and the two shareholders of Shun Yang Construction to set up a joint venture in China, which will mainly focus on public infrastructure financing services. Leveraging on the Group’s risk management and assets management capabilities, the Directors believe that the Group can seize the market opportunities in the area of public infrastructure finance.

Core businesses

Financial consultancy

Relying on an integrated business model, the Group’s financial consultancy team is equipped with extensive industry knowledge, supported by a variety of market resources and is able to provide rich and flexible financial products and services, such as management consulting, product design and liquidity management. The team also provides customers with professional advisory and credit enhancement services to fulfill the needs of customers in respect of investment and financing, asset management, mergers and acquisitions, and corporate problem diagnostics. The financial consultancy service has become one of the major businesses of the Group.

The Group's increasing range of products and services, and mature business model will allow the Group's financial consultancy service to grow further. The Directors believe that, with the gradual refinement of the Group's chain of integrated financial services, the profits generated from the Group's intermediate businesses such as financial consultancy service and asset-light business will grow significantly and the Group's financial consultancy service will become a powerful tool contributing to the revenue increase of the Group as a whole and enhance the Group's customer base and loyalty.

Financial guarantee business

A sizeable number of guarantee companies in the PRC have gone out of business in recent years. However, due to its effective risk control and management mechanism, Success Finance Guarantee survived the market crash and stood out as one of the top ten regional guarantee companies. During the year ended 2015, Success Finance Guarantee worked with a number of strategic business partners, actively expanded into new market areas, developed new products and services, and created new business growth points.

During the year ended December 2015, Success Finance Guarantee launched the "fixed investment bonds" product jointly with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司) and Guangzhou Equity Trading Center* (廣州股權交易中心). Not only did the product broaden financing channels for enterprises, but it also represented a new access to financing for Success Finance Guarantee.

Non-financial guarantee business

Non-financial guarantee business of the Group mainly involved the provision of litigation guarantee and performance guarantee.

During the year end December 2015, the Group continued to identify the demands of existing long-term customers when expanding customer resources. With the Group's solid risk control capacity and understanding of its recurring customers accumulated over the years, the Group sees the development potential of performance guarantee business. As such, a performance guarantee team was established to promote the Group's expansion in this field.

Financial leasing business

Success Financial Leasing commenced operation in July 2014. Following its outstanding performance in the second half of 2014, the Group increased the capital of Success Financial Leasing to keep up with its growth momentum and to accelerate the pace of its development. As a result, it achieved important progress in terms of market positioning, expansion scale and product innovation. While constantly improving its business management and procedures, Success Financial Leasing established its Guangzhou branch, which provided a new base for the Group to conduct its cross-regional business in China.

During the year ended 31 December 2015, in addition to continuing its focus on building construction financing, Success Financial Leasing also conducted selective business expansions which targeted customers in the home furnishing industry, the escalator installation industry, the construction industry and the municipal administration and road construction industry. In order to cater for the overall strategic deployment of the Group, Success Financial Leasing gradually expanded its customer resources to better serve the real economy and SMEs.

Based on its existing business, Success Financial Leasing continues to expand and innovate new products and services, control its risk exposures, solidify its underlying asset and enhance cooperation with other financial organisations. The Directors believe that this will further stabilise the foundation of the Group's financial leasing business, perfects its business chain and improves the Group's ability to provide comprehensive financial service and business innovation.

BUSINESS HIGHLIGHTS

Private equity fund manager qualification

During the year ended 31 December 2015, the Group received the private equity investment fund manager qualification. Holders of such qualification may conduct private equity business such as securities investment, equity investment and venture capital investment. The issuance of this certificate will enable the Group to expand its channels of introducing funds and the range of services offered by the Group. Through such qualification, the Directors believe that the Group will obtain more customer resources to achieve its “focusing on wealth” strategy.

Establishment of Success Fund

- 1 Success Fund is a limited liability partnership established in the PRC and a wholly-owned subsidiary of the Company. At the beginning of 2015, the Group initiated the “Success +” strategy. The “Success +” strategy is to realise brand

export and business expansion through methods such as merger and acquisition and equity investment. Combining the Group's "Success +" and public infrastructure finance development strategy, Success Fund entered into a memorandum of understanding with Shun Yang Construction to set up a joint venture in China to be principally engaged in the financial services of public infrastructure works.

The PPP Model generally refers to the cooperation between the government and private entities. Under the PPP Model, in order to carry out infrastructure construction projects or to provide a public item or service, the government would form partnership cooperation relations with private organisations according to certain procedures and methods to achieve favorable results.

The Group served several construction engineering enterprises in the past. Riding on the developments of the PPP Model in PRC, the Group expects to see more opportunities to work with construction engineering enterprises and develop the Group's public infrastructure finance business with controllable risks.

- 2 The Group cooperated with a subsidiary of the company which operates China's third largest building steel production base in China, namely Guangzhou Kingbo Logistics and Trade Group Co., Ltd.* (廣州金博物流貿易集團有限公司) ("**Kingbo Logistics and Trade**"), to set up an e-commerce platform, namely bhdz.com, with a view to expand the Group's business to include e-commerce supply chain. The Directors believe that platform bhdz.com has obvious advantages in integrating and giving play to regional resources and consolidating the regional market, and it is expected to become a competitive regional and comprehensive service provider. By leveraging on the opportunity brought by Kingbo Logistics and Trade, the Directors believe that the Group will be able to effectively accumulate high quality assets to create more profit for the Group and will also be able to discover higher quality assets from the entire supply chain. The platform will thus become another channel for the Group to obtain customer resources.

Development of the "Real Estate Circle"

At the beginning of 2015, the Group initiated the "Internet +" linking strategy, which is a linking strategy which combines information technology measures on the internet and the business of the Group to expand the Group's business online by breaking all existing business development restrictions. In conjunction with the Group "Internet +" linking strategy and consumer finance development strategy, the Group launched the "Real Estate Circle" business, which focuses on the demands of the real estate market by addressing the difficulties in real estate financing by dual driving online

and offline financing services by integrating online internet finance transactions with offline real estate transactions. Throughout the whole transaction, the “Real Estate Circle” can also provide guarantee and mortgage services. On 18 October 2015, the Group signed strategic cooperation agreements with each of Bank of China Ltd. Foshan Branch and China Construction Bank Corp. Foshan Branch respectively for cooperation in the housing mortgage business of the “Real Estate Circle”.

During the period starting on 18 October 2015, the commencement date of the “Real Estate Circle” business, and up to 31 December 2015, the Group handled over 141 mortgage cases and recorded a total loan amount of approximately RMB57.28 million.

The Directors believe that effective implementation of the “Real Estate Circle” will provide the Group with a number of high quality mortgage assets, which will in turn bring long-term support for the capital and asset based businesses of the Group. In addition, the Directors also believe that a collaboration between the Group’s existing business and the “Real Estate Circle” will have a synergy effect.

Proposed acquisition of P2P platform

In order to further implement “Internet +” linking strategy and consumer finance development strategy, the Group has commenced work for the acquisition of Dragon Harvest International Limited. If such acquisition is successful, the Directors believe that the peer-to-peer (“P2P”) platform “www.51jili.com”, which belongs to Dragon Harvest International Limited, will bring new businesses to the Group. The platform had been steadily developing its customer traffic, strict and effective risk control measures and good protection for product principal and interest.

As to consumer financing, such P2P business can allow easier access to funds by the Group’s customers according to the regulations applicable to the industry, which can reduce the geographical restrictions on financing and increase the flexibility of customers’ financial planning.

As to business coverage, the implantation of P2P business can shift the Group’s business implementation from single offline to dual online and offline channels. By leveraging on the online platform, the corporate and product advertising means and the business coverage of the Group may be expanded.

As to service target, the Group’s service target can be expanded to include individuals and the Group’s source of funds can be expanded to include financing

from financial institutions and social fund financing without geographical restrictions. By utilising data processing techniques, the capital and asset suppliers will be connected to form an inclusive finance service platform which is internet-centric and ever-growing with high value.

INDUSTRY REVIEW

An overview of economic and financial environment

In 2015, the global economy was in a state of recovery. The developed economies recovered steadily but the foundation was weak. The growth of emerging economies slowed down significantly while growth in the Asia-Pacific region was relatively robust. Factors such as rising interest rates, currency devaluation in emerging markets, fluctuation of stock markets, weakening commodities market and the increase in systematic financial risks in certain countries were affecting the world economy. Moreover, the inconsistency between macro policies of major economies, the large scale cross-border capital flows, fluctuation of exchange rates and financial markets, geopolitical changes and natural catastrophes had adversely affected the operation of the world economy.

The growth rate of the GDP of China in 2015 entered the shift stage. Although the downward pressure on economic growth in 2015 was still building up, the overall employment situation was stable, commodity price kept rising at the low level, the structural adjustment took place rapidly, the emerging markets were under the fostering stage and the overall situation is at the stable momentum of development.

The year ended 31 Decmeber 2015 was the final year of the Chinese government's "12th Five-Year Plan". Although the market was in sharp turmoil, financial reforms still achieved substantial progress. In the face of complex international environment and uncertainties in relation to the domestic reforms in China, the Group adhered to the overall working tone of seeking improvement in stability and actively adapted to the new norm in economic development. The PRC government guided financing institutions to optimise credit structure and intensified the support for the development of economy and society. In addition, the product innovation, system construction and two-way opening of the financial market took new steps, and the regional financial reform formed the reproducible and propagable experience. Meanwhile, linking strategies similar to "Internet +" was being implemented in the financial industry with internet finance being officially included in the relevant regulatory framework of the PRC.

A review of the guarantee industry

In 2015, with the continuous affect of systematic financial risks, the guarantee industry faced severe challenges. After the shuffle of the industry, a number of favorable policies were implemented to boost the confidence and power of the industry.

On 12 August 2015, in order to strengthen the supervision and management over financing guarantee companies, to promote development of financing guarantee industry, and to provide sound legal protection, the Legal Affairs Office of the State Council formulated the Financing Guarantee Companies Regulation* (《融資擔保公司管理條例》). The draft of such regulation which was published for consultation purpose specified the definitions of financing guarantee companies and financing guarantee business and set provisions for the establishment, change and termination of financing guarantee companies, business rules, supervision and management.

In the same month, two other policies relevant to the guarantee industry were promulgated by PRC government authorities in order to stabilise and promote the overall development of the guarantee industry:

Firstly, Ministry of Industry and Information of China (“**MIIT**”) and State Administration of Taxation (“**SAT**”) promulgated the Notice on Related Issues upon the Cancellation of Approval for Business Tax Exemption for SME Credit Guarantee Institution* (《關於中小企業信用擔保機構免徵營業稅審批事項取消後有關問題的通知》) (the “**MIIT Notice**”). According to the MIIT Notice, for guarantee institutions which meet the conditions and engage in the SME credit guarantee or re-guarantee business, business tax will not be charged for incomes earned within three years.

Secondly, in order to promote the rapid development of financing guarantee industry and better serve the economic and social development, the State Council of the PRC (“**State Council**”) promulgated the Opinions on Promoting the Development of Financing Guarantee Industry* (《關於促進融資擔保行業加快發展的意見》) (the “**State Council Opinion**”), which plans to stimulate the development of SMEs and agricultural industries, and to create jobs through the development of the financial guarantee service industry to support the flow of capital towards SMEs and agricultural industries. The State Council Opinion also proposed development targets such as the achievement of no less than 60% of financing guarantee users related to SMEs and “agriculture, farmer and rural area” and the establishment of financing guarantee institution system, regulating system and government supporting system.

In January 2016, the China Banking Regulatory Commission (“**CBRC**”), National Development and Reform Commission of the PRC, MIIT, Ministry of Finance of the

PRC, the People's Bank of China and China Securities Regulatory Commission jointly promulgated the Guidance on Finance Security Instruments Supporting Major Engineering Construction* (《關於融資擔保機構支持重大工程建設的指導意見》) and proposed to establish a uniform and regulated governmental financing guarantee system. The joint participation of the government, banks and regulatory bodies increases the support for the participation of SMEs in the major engineering construction projects. The Securities Association of China, during the same period, promulgated the notice of Guarantee Business Specifications for Securities Market of Financing Guarantee Companies* (《融資擔保公司證券市場擔保業務規範》) which aims to regulate the guarantee business actions for the securities market of financing guarantee companies and to protect the legal rights and social public interests of investors, which further standardise the operation of guarantee industry and reduce the uncertainty of regulation.

A review of the financial leasing industry

In order to create a good environment for the development of the financial leasing industry and to emphasize the role of financial leasing services on the development of real economy and to promote the stable economic growth, transformation and upgrading, the General Office of the State Council promulgated the Guidance on Accelerating the Development of Financial leasing Industry* (《關於加快融資租賃業發展的指導意見》) in September 2015. It simplified the qualification management of the relevant industries, reduces the restrictions on the development of financial leasing, proposed system and mechanism to reform the restrictions on the development of financial leasing and encourages financial leasing companies to actively serve key national strategies such as “One Belt One Road”, coordinated development of Beijing-Tianjin-Hebei, Yangtze River Economic Zone, “Made in China 2025” and new-type urbanization. Besides, it also accelerated the development of SME financial leasing services, strived to develop cross-border leasing, supported the innovative development of financial leasing, and encouraged various financing institutions such as banks, insurances companies and funds to increase the support for financial leasing companies so as to broaden the financing channels with controllable risks. In accordance with related provisions of General Office of the State Council's Guidance on Accelerating the Development of Financial leasing Industry* (《國務院辦公廳關於加快融資租賃業發展的指導意見》(國辦發[2015]68號)), sound development of financial leasing industry and fair taxation shall be promoted. The Ministry of Finance and SAT promulgated the Notice on Stamp Duty Policy in Financial leasing Contracts* (《關於融資租賃合同有關印花稅政策的通知》) in December 2015, which provides taxation exemption for financing leaseback businesses.

A review of the small micro financial industry

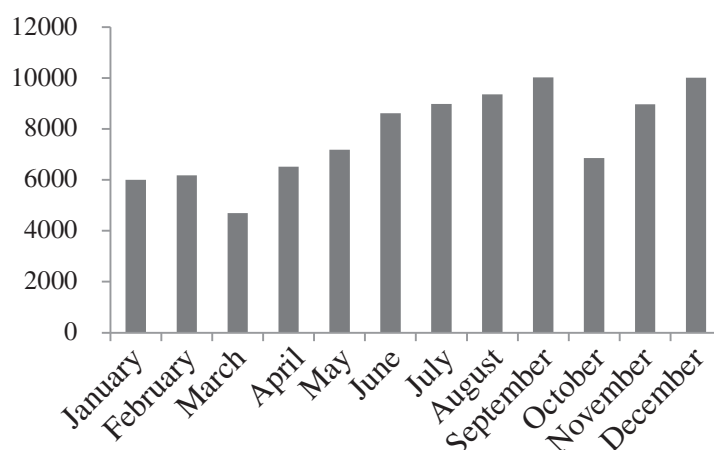
CBRC promulgated the 2015 Guidance on Financial Services of SMEs* (《2015年小微企業金融服務工作的指導意見》) (“**CBRC Guidance**”) in March 2015. The CBRC Guidance adjusted the financial services work targets of SMEs of the bank industry from the “two being no lower than” approach, which merely focused on loan growth rate and increment, to the “three being no lower than” approach, which examines the growth of SMEs loans from three aspects, namely growth rate, number of borrowers and achievement rate of loans. Efforts were made to ensure that the growth rate of SME loans shall be higher than the average rate of loans, the number of SME borrowers shall be higher than those of the same period of previous year and the achievement rate of SME loans shall be higher than that of the same period of the previous year by making efforts to improve the loan increments.

A review of the equity fund industry

The Asset Management Association of China (the “**China AMA**”) promulgated the Internal Control Guideline for Private-equity Investment Fund Managers* (《私募投資基金管理人內部控制指引》) on 1 February, 2016 to further promote the development of private-equity fund services. On 5 February, the China AMA also promulgated the Notice for Further Regulating the Registration of Private-equity Investment Fund Managers* (《關於進一步規範私募基金管理人登記若干事項的公告》) (the “**China AMA Notice**”). The China AMA Notice cancelled four aspects of registered certificate for private-equity investment fund managers, strengthened information distribution, legal opinions and qualification of managers requirements for stricter regulation of registration of private-equity investment fund managers to encourage them to perform their duties and fully honour their obligations of being honest, professional and diligent, and promoted the development of a regulated private-equity fund industry. The promulgation of the said notices shall lead to the improvement of the supervision and management of fund centers under the Group and will be effective in promoting business development of fund companies.

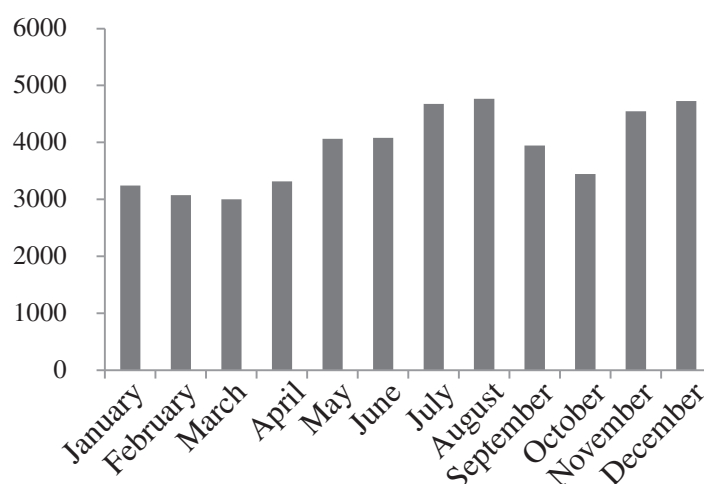
A review of the real estate finance industry

The property market in China gradually picked up in 2015. The transaction volume of second-hand residential properties in Guangzhou amounted to 93,369 units, representing a year-on-year increase of 25.49%, while that in Foshan amounted to 46,879 units, representing a year-on-year increase of 40.15%. As shown in the graph below which sets out the monthly transaction volumes of the two cities, there had been an overall increasing trend despite a slight drop in September, October and November 2015.



Monthly transaction volumes of second-hand residential properties in Guangzhou in 2015

Sources: Guangzhou Real Estate Information Center* (廣州市房地產信息中心)



Monthly transaction volumes of second-hand residential properties in Foshan in 2015

Source: Housing and Urban Rural Construction Management Bureau of Foshan* (佛山市住房和城鄉建設管理局)

Based on the above graphs, it is likely that the “destocking” of completed flats will continue to take place in the real estate market. Through such process, China’s domestic real estate market will stabilise gradually. However, it had been one of the main features of China’s property market that the prices of some premium residential properties may still rise further despite high transaction volume in the property market. Such development will also boost the transactions of second-hand housings

to a certain extent. According to the sources quoted above, the said characteristic of the domestic property market was evident in the second-hand housing transaction volumes in Guangzhou and Foshan during 2015. In preparation for the typical development of domestic second-hand housing mortgages, banks and other conventional financial institutions may require additional support to complete mortgage loan payment procedures. As such, the Directors believe that there will be a strong demand for the Group's "Real Estate Circle" business from second-hand housing buyers due to their demand for short-term funds.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group's revenue was approximately RMB72.6 million (year ended 31 December 2014: approximately RMB58.9 million), representing an increase of approximately 23.3%. A detailed analysis of the Group's revenue is as follows:

1. Financial consultancy services

Revenue from the Group's financial consultancy service was mainly generated from the service fees charged for for the provision of financial consultancy services by the Group. For the year ended 31 December 2015, the Group's revenue generated from financial consultancy services was approximately RMB31.9 million (year ended 31 December 2014: approximately RMB17.9 million), representing approximately 43.9% of the Group's total revenue for the year ended 31 December 2015 (year ended 31 December 2014: approximately 30.4%), respectively. The financial consultancy service business is a new revenue growth point for the Group, and is an area to which the Group will devote great efforts and focus to develop in future. The performance of this business segment may be affected by factors such as financing channels of the financial market and financing costs. The Board believes that its growth will enhance the Group's position in the financial services market in China.

2. Financial leasing services

Revenue from the Group's financial leasing services was mainly generated from the rental fees charged by the Group for the provision of financial leasing services to customers. For the year ended 31 December 2015, revenue from the Group's financial leasing segment was approximately RMB19.9 million, representing approximately 27.4% of the Group's total revenue in the year ended 31 December 2015. The Group's financial leasing service business has grown rapidly since the second half of 2014 and has contributed significant revenue to the Group.

3. *Financial guarantee services*

Revenue from the Group's financial guarantee services was mainly generated from the service fees charged for our financial guarantee service. For the year ended 31 December 2015, the Group's revenue generated from financial guarantee services was approximately RMB22.0 million (year ended 31 December 2014: approximately RMB37.0 million), representing a decrease of approximately 40.6% and accounted for approximately 30.3% (year ended 31 December 2014: approximately 62.8%) of the Group's total revenue.

During the year ended 31 December 2015, as China's overall economy was undergoing adjustments, the credit scale was restricted and the financial guarantee services industry experienced an overall downturn. However, the Group maintained a leading position in terms of financial guarantee services and continued to maintain a stable guarantee maturity structure under the tightening regime of risk control.

4. *Non-financial guarantee services*

Revenue from the Group's non-financial guarantee services was mainly generated from the service fees charged for providing customers with performance guarantees in relation to the performance of payment obligations and litigation guarantees. For the year ended 31 December 2015, the Group's revenue generated from non-financial guarantee services decreased 53.3% to approximately RMB1.4 million (year ended 31 December 2014: approximately RMB3.0 million), accounting for approximately 1.9% (year ended 31 December 2014: approximately 5.1%) of the Group's total revenue in the year ended 31 December 2015, respectively. Such decrease was mainly attributable to the overall economic downturn in China.

Other revenue

The Group's other revenue comprised government grants and interest income. For the years ended 31 December 2014 and 2015, the Group's other revenue was approximately RMB8.7 million and RMB5.5 million, respectively, representing a decrease of approximately 37.1%. It was mainly attributable to the decrease in our interest income by approximately 38.4% from approximately RMB7.4 million for the year ended 31 December 2014 to approximately RMB4.5 million for the year ended 31 December 2015, due to the decrease in the principal of term deposit at the bank.

Impairment and provision (charged)/written back

Impairment and provision mainly represents the impairment and provision for outstanding guarantees issued and the impairment and provision for trade and other receivables where it is likely that the customers or other parties are in financial difficulties and recovery was considered to be remote. In the event that any impairment and provision was made in the previous years but subsequently recovered, impairment and provision previously made will be written back in the year in which the relevant amount is recovered.

Operating expenses

For the year ended 31 December 2015, the Group's operating expenses was approximately RMB45.8 million (year ended 31 December 2014: approximately RMB32.2 million), accounting for approximately 63.0% (year ended 31 December 2014: approximately 54.7%) of the Group's revenue. The increase in operating expenses was mainly attributable to the increase in staff costs and the increase in operating lease expenses, which was mainly due to the rents paid for the Group's Hong Kong office.

Share of profits of an associate

The share of profits of an associate amounted to approximately RMB5.2 million for the year ended 31 December 2015, representing a decrease of approximately RMB2.0 million from approximately RMB7.2 million for year ended 31 December 2014, the decrease in the share of profits of an associate was within our acceptable range.

Profit before taxation

As the total revenue of the Group increased significantly and the Group's profit before tax decrease by approximately RMB4.6 million, or approximately 11.5%, from approximately RMB39.8 million for the year ended 31 December 2014 to approximately RMB35.2 million for the year ended 31 December 2015. Such decrease was mainly attributable to the increase in operating expenses. Please refer to Note 5 to the financial statement on pages 9 to 10 of this announcement for further details on the Group's profit before taxation.

Income tax

For the year ended 31 December 2015, the Group's income tax amounted to approximately RMB10.9 million, representing a decrease of approximately 19.1% to approximately RMB13.5 million in the corresponding period of 2014. Such decrease was mainly attributable to the decrease in the profit before taxation and the nondeductable expense.

Trade and other receivables - Payments on behalf of customers

Payments on behalf of customers mainly represents the default loan amount repaid by the Group on behalf of our customers. Upon default by a customer in respect of repayment of a bank loan, according to the relevant guarantee agreement, the outstanding balance shall be first paid by the Group on behalf of our customers. The Group will then subsequently request repayment from our customers or take possession of the counter-guarantee assets provided by such customers to recover the outstanding balance. Payments on behalf of customers were interest bearing and the Group holds certain collaterals over certain customers. The net book value of payments on behalf of customers increased from approximately RMB44.6 million as at 31 December 2014 to approximately RMB165.1 million as at 31 December 2015.

LIQUIDITY AND CAPITAL RESOURCES

Treasury management and investment policy

In order to more effectively utilise the Group's financial resources for obtaining a better return for Shareholders, it had been the Group's general approach for its management to seek some alternative investment opportunities which could provide a better return but at minimum risk exposure.

Pledged bank deposits and cash and bank deposits

As at 31 December 2015, the current pledged bank deposits amounted to approximately RMB23.9 million (31 December 2014: approximately RMB53.1 million), representing an decrease of approximately RMB29.2 million as compared to the end of last year. Cash and bank deposits amounted to approximately RMB182.7 million (31 December 2014: approximately RMB257.7 million), representing a decrease of approximately RMB75.0 million, as compared to the end of last year. Such decrease was mainly attributable to the decline of the deposit from customers, due to the decrease of the outstanding guarantee balance.

Interest rate risks, foreign exchange risks and charges on group asset

As at 31 December 2015, the Group had no borrowings and charges on group assets. The Group's interest rate primarily related to interest-bearing bank deposits and pledged bank deposits.

The Group's businesses for the year ended 31 December 2015 were principally conducted in RMB, while most of the Group's monetary assets and liabilities are denominated in HKD and RMB. As the RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have impact on the

Group's result. Although foreign currency exposure does not pose a significant risk on the Group and currently, the Group does not have hedging measures against such exchange risks, we will continue to take proactive measures and monitor closely the risk arising from such currency movement.

Current ratio

The Group's current ratio increased from approximately 1,234.5% as at 31 December 2014 to approximately 1,946.2% as at 31 December 2015, which was mainly attributable to the increase in current assets as a result of the increase in trade and other receivables as well as the decrease in current liabilities due to the decrease in liabilities from guarantees.

Gearing ratio

The Group's gearing ratio decreased from 6.1% as at 31 December 2014 to approximately 4.3% as at 31 December 2015, which was mainly attributable to the increase in accumulated equity and the decrease in liabilities.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group recruits personnel from open market and enters into employment contracts with its employees. The Group offers competitive remuneration packages to employees, including salaries and bonuses to qualified employees. The Group also provides training to the staff on a regular basis to enhance their knowledge of the financial products in the market and the applicable laws and regulations in relation to the industry in which the Group operates.

As at 31 December 2015, the Group has 99 full-time employees. Compensation of the employees primarily includes salaries, discretionary bonuses, contributions to social insurance and retirement benefit scheme. The Group incurred staff costs (including Directors' remuneration) of approximately RMB18.6 million for the year ended 31 December 2015.

The Company has adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme as an incentive to the Directors and eligible employees.

Social enterprise

The Success Love Charity Foundation voluntarily formed by the Group's employees rides out difficult times with employees and their families by assisting employees in difficulties and providing timely support to families of employees who suffer from serious diseases or accidental injuries.

Celebrate prosperity beating gongs and drums, and Lantern Festival with songs and dance. In March 2015, the “Nature Success • Folk Music Brilliance” 2015 Lantern Festival National Symphony Concert jointly hosted by Success Finance and Foshan Bureau of Culture, Publication, Radio, Film and Television was grandly held in the Foshan Qionghua Grand Theater. It was an audio-visual feast which the Group meticulously prepared jointly with the Guangdong National Orchestra for the audience in Foshan. The “Nature Success • Folk Music Brilliance” held on the night of the Lantern Festival has become the spiritual culture brand enjoyed by the Foshan citizens.

On 5 March 2015, the Group joined the “Foshan Charity Union” sponsored by Foshan Charity and donated RMB 100,000 to the public interest group - Foshan Fukang Social Worker Center and provided funds for “Love Brightening Women” - Foshan Female Cancer Patients Cross-border Services. The project site was located at the Foshan Maternal and Child-care Service Center and covers female cancer patients in municipal affiliated hospitals in Foshan with the need. They are provided with holistic recovery care services physically, psychologically, socially and spiritually.

The Group continues to show concern for education and foster talent. As such, university-enterprise cooperation opportunities were actively explored by the Group. In order to further strengthen cooperative education by universities and enterprises and foster talents, the Group and Guangdong University of Finance decided to cooperate in the development of university-enterprise in October 2015. The “Success Finance-GDUF Financial Master Teaching Practice Base” was established and elite students were selected for university-enterprise joint training.

PROSPECT AND OUTLOOK

As an integrated financial service provider which targets SMEs, the Group will closely cooperate with local governments and fully explore the possibility of future cooperation in its future development. With its increasingly mature range of products and services, the Group has enhanced its bargaining power in dealing with various kinds of cooperating institutions.

In 2015, the Group effectively implemented its annual strategic deployment plans which conformed to the developments in the overall economic situation and preliminary results. The Group also had adequate communication with institutions from various fields. Riding on the success of its strategic deployment plan of 2015, the Group will accelerate the pace of adjusting the overall business structure in 2016. The Group is engaged in the development of three major business areas: inclusive finance, consumer finance and product finance, all of which will be developed further base on the “Success+” merger and acquisition strategy, “Internet+” linking strategy, “Focus on wealth” strategy, “Products + Channels” strategy, as well as the business

partnership strategy. These strategies will be rapidly implemented in an effective manner by means of acquisition, reorganisation and equity investment, so as to increase the Group's market share and consolidate the leading position of the Group within the industry.

Inclusive finance

The Group's inclusive finance business includes traditional businesses of the Group such as guarantee, finance lease and small loans, all of which are the well developed businesses of the Group. As the most major and fundamental business of the Group, the Group's inclusive finance business has played a vital role in maintaining the Group's market share and empowering the adjustment of Group's overall business structure. The growth momentum of this area will drive the growth of the Group's consumer finance and industrial finance businesses. Thus, this area is the most important link in the strategic deployment of the Group.

Consumer finance

In accordance with the strategic deployment of the Chinese economy, consumer finance will be an industry with top priority in 2016. In the second half of 2015, the Group entered the consumer finance industry, and preliminary concepts and results had been achieved. In 2016, by complying with the economic development policies of the PRC government, the Group will boost its consumer financial business, namely its newly-established real estate financing business and the planned internet finance business. The Group's client acquisition channels will be expanded to include individual customers. The expansion of such channels will lead to new business opportunities. While constantly expanding its range of products and services, and adjusting its products structure, the Group plans to penetrate into each level of the mass consumption and further explore the market demand for consumer finance business. The new demand is expected to be a new boost to the Group's businesses.

Industrial finance

At the end of 2015, the Group leveraged on the growing popularity of the PPP Model and entered the infrastructure finance market. The Group will further expand into the financial service market for public infrastructure construction by means of deepening cooperation with construction engineering companies in order to expand its business coverage.

In the mean time, the Group will follow the developments of the PPP Model and its lease finance company will be involved in different links of the industrial chain such

as financing, construction, operation and maintenance. Compared with the traditional model which is limited to financing, the Group will expand its services to cover more parts of the industrial chain, with an expectation to share risks and profits between social capital and public bodies in an all-rounded manner.

In addition to the product strategy and “Internet+” linking strategy model which has been deployed in the early stage, the Group will integrate PPP Model with the innovative internet finance model, so as to provide efficient and low-cost go-between service to both financing side and investment side of the government and credit assets. In the future projects, assets from the government projects are expected to reduce the Group’s fund recovery risk, improve the capital efficiency and provide long-term, stable and safe investment channels for a large amount of idle social funds. The Directors believe that the Group shall be able to achieve its goal of sustainable development and benefit the general public.

Various strategies under the three major areas of development

Following its launch of “Success+” merger and acquisition strategy in 2015, the Group will continue such strategy and rapidly expand its business plans in 2016. The Group plans to adopt the advanced management model and business model of its partners, and enrich and consolidate all businesses in its inclusive financial segment. Meanwhile, it will promote its consumer finance business and provide cooperation opportunities for its industrial finance business.

As for the Group’s “Internet+” linking strategy, its implementation has linked assets and capital sources. In the coming year, the Group will focus on the development of its “Internet+” strategy and plans to include capital sources in the Group’s business scope. It will absorb high-quality assets and resolve the problem of inadequacy of capital sources. It will form a seamless linkage between capital and assets, so as to further create synergy between various financial services of the Group.

Under the “Products + Channels” strategy, the Group plans to shift its earlier business focus from the asset end to the product end, and to further enhance the efficiency of the linked capital sources and continue creating a steady inner loop of the financial ecosystem within the system of the Group. In 2014 and 2015, the Group’s business structure had constantly improved, thus promoting the diversification of the Group’s product structure and laying a solid foundation for its business development. In 2016, improvements in the products structure will be the foundation for the Group’s

business development. Therefore, multiple models of cooperation channel will be developed from the diversification of the product structure. This will strengthen the Group's position in the industry, and will improve its overall ability to provide integrated financial services.

While the developments in these three areas are being carried out, the Group will continue to adhere to the concepts of "People First" and "Importance Attached to Talents" according to the Group's overall business development. It will attract talents who are beneficial to the Group in order to support the Group's strategic developments.

OTHER INFORMATION

Purchase, sale or redemption of securities

The Placing

On 2 June 2015, the Company and Ping An Securities Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**") whereby the Company conditionally agreed to allot and issue, and the Placing Agent agreed to procure placees to subscribe for, 60,000,000 new ordinary shares of HK\$0.01 each (the "**Placing Shares**") in the share capital of the Company at a price of HK\$2.68 per Placing Share (the "**Placing**").

The Placing Shares were successfully placed to not less than six placees. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the placees of the Placing Shares and their respective ultimate beneficial owners was a third party independent of the Group and its connected persons. None of the placees became a substantial shareholder of the Company (as defined under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) immediately after the completion of the Placing.

The net proceeds from the Placing was approximately HK\$159,204,000, which was used as general working capital of the Group and for the development of existing and future projects of the Group.

The Share Repurchase

On 25 August 2015, the Company repurchased, on the Stock Exchange, 200,000 ordinary shares of the Company (the "**Share Repurchase**") which were cancelled on 21 September 2015, with the highest price being HK\$3.00 per share. The aggregate

consideration for the Share Repurchase was approximately HK\$599,480, which was funded by the internal resources of the Company. The Share Repurchase was made pursuant to the repurchase mandate granted to the Board at the annual general meeting of the Company held on 19 May 2015.

Exercise of share options

Prior to the listing of shares in the share capital of the Company (“**Shares**”) on the Stock Exchange, the Company granted options to subscribe for an aggregate of 10,000,000 (“**Pre-IPO Share Options**”) pursuant to a share option scheme adopted on 18 October 2013. An aggregate of 1,070,000 Shares were issued by the Company during the year ended 31 December 2015 upon the exercise of some of the Pre-IPO Share Options. The amount received from such exercises of options amounted to HK\$2,033,000 and were used for general working capital. As at 31 December 2015, Pre-IPO Share Options to subscribe for 8,705,000 Shares remained unexercised and Pre-IPO Share Options to subscribe for 35,000 Shares were forfeited. Save for the Pre-IPO Share Options, the Company has not granted any options to subscribe for Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Corporate Governance

The Company has applied the principles and code provisions as set out in the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules. For the year ended 31 December 2015, the Company has been in compliance with all the code provisions of the Corporate Governance Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted the model code for securities transactions by directors of listed issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, the Directors confirmed that they had been in compliance with the requirements set out in the Model Code for the year ended 31 December 2015.

Dividends

The Board recommended the distribution of a final dividend of HK\$0.02 per ordinary share to the shareholders whose names appear on the register of members of the Company on 27 May 2016, subject to the approval of the shareholders at the AGM. If the resolution for the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on or around 30 June 2016.

Audit Committee

The Company established an audit committee (the “**Audit Committee**”) on 18 October 2013 with terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditor(s), review the financial statements and material advice in respect of financial reporting and oversee the internal control and risk management systems of the Company. As at 31 December 2015, the Audit Committee comprises Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Xu Yan. Mr. Tsang Hung Kei has been appointed as the chairman of the Audit Committee.

As certain amendments to the code provisions of the Corporate Governance Code became effective starting from the 1 January 2016 (the “**Amended Code Provisions**”), the Company amended the terms of reference of the Audit Committee to ensure compliance with the Amended Code Provisions. The Directors will use their best endeavors to ensure the Company’s continued compliance with the code provisions of the Corporate Governance Code, as amended from time to time.

Review of Annual Results

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2015. The Audit Committee is of the view that these financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and statutory provisions, and sufficient disclosures have already been made.

Annual General Meeting

The annual general meeting of the Company (the “**AGM**”) for the year ended 31 December 2015 is scheduled to be held on 19 May 2016. A notice of AGM will be issued and disseminated to the shareholders of the Company in due course.

Closure of Register of Members

The Company's register of members will be closed from 13 May 2016 to 19 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 12 May 2016.

The register of members of the Company will be closed from 24 May 2016 to 27 May 2016 (both days inclusive), during which period no transfer of shares will be registered, for ascertaining shareholder's entitlement to receive the proposed final dividend. In order to be eligible to receive the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 23 May 2016.

Publication of Annual Results Announcement and Annual Report

This announcement has been published on the Company's website (www.gdjcrzdb.cn) and the designated website of the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2015 containing all relevant information required by the Listing Rules will be disseminated to the shareholders and available on the above websites in due course.

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

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Tiewei, Mr. Chen Hui and Mr. Li Bin (ii) three non-executive Directors, namely, Mr. He Darong, Mr. Xu Kaiying and Mr. Pang Haoquan, and (iii) three independent non-executive Directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Xu Yan.

** In this announcement, the English names of the PRC entities are translation of their Chinese names and included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*