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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)**

### **PROFIT WARNING**

This announcement is made by China Success Finance Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Group’s unaudited management accounts for the six months ended 30 June 2022 (the “**Reporting Period**”) and information currently available to the Board, the Group is expected to record a net loss of approximately RMB65.3 million for the Reporting Period (Six months ended 30 June 2021 (“**6M2021**”): net profit of approximately RMB5.0 million).

The main reasons for the Group to record a net loss for the Reporting Period are as follows:

1. The Group faced changes in macro economic and market conditions, decrease in overall guaranteed rates in the market and increased competition in guarantee business which led to a decrease in the yield of the Group's guarantee business during the Reporting Period;
2. The Group faced decrease in guarantee income recognized during the Reporting Period from deferred revenue of previous years as a result of gradual maturity of existing guarantee business; and
3. The Group recorded provision for impairment losses of approximately RMB58.6 million for the Reporting Period (6M2021: reversal of provision for impairment losses of approximately RMB5.1 million). During the Reporting Period, as default risks in the real estate-related industries of Mainland China continued to ferment, upstream and downstream industries of real estate industries such as the construction industry, were affected and faced increased default risks. The loans of customers in the construction industry from banks and financial institutions faced

increased risk of becoming overdue or were overdue. In addition, due to the rising delinquency rate of loans from banks and financial institutions and the uncertainty of the Chinese economy in the Reporting Period, the Group impaired its financial assets in accordance with applicable accounting policies. The impairment provision is non-cash in nature and therefore has no impact on the Group's operating cash flows.

The Group actively explores new businesses and investments to generate value for its shareholders in a long term and sustainable manner. The Group has invested in livestock farming business and the construction of modern hog farm in the Greater Bay Area which the Group has invested in has been completed and put into production. The Group's livestock farming business has gradually transitioned from the hog fostering model in 2021 to the self-breeding and self-raising model. Since April 2022, the first batch of over 10,000 self-bred and self-raised commercial hogs have been slaughtered and sales of live hogs under such model began to record sales revenue in the second quarter of 2022. However, in light of multiple pressures such as cyclical fluctuations in hog prices and rising feeding costs due to rising prices in global feeding raw materials, revenue from live hog sales during the Reporting Period fell short of expectations. The Group expects that, with the support of national policy, the continuous recovery of live hog production on a national scale and the gradual recovery in cyclical prices of hogs in the second half of 2022, live hog sales revenue of the Group will achieve accelerated growth in the second half of 2022.

The information contained in this announcement is based on the preliminary assessment by the Board of the unaudited management accounts of the Group for the Reporting Period and the information currently available to the Board. The Group is in the process of finalizing its interim results for the Reporting Period. Actual financial results of the Group may be different from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the announcement of the Company in relation to its financial results for the Reporting Period.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 23 August 2022

*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) four independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur, Mr. Xu Yan and Mr. Zhou Xiaojiang.*