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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)

UPDATE AND CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of China Success Finance Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 October 2013 (the “**Prospectus**”) relating to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited by way of public offer and international placing (the “**Global Offering**”) and the announcement of the Company dated 15 May 2014 relating to the change in use of proceeds. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The board of directors of the Company (the “**Board**”) hereby announces the update and change in use of proceeds from the Global Offering (the “**Net Proceeds**”) in the revised manner set out below:

Intended use of the Net Proceeds

- approximately 60% of the Net Proceeds (approximately HK\$172.2 million), will be used to expand our financial capability by increasing our net asset value, registered capital and/or paid-up capital

Updated and revised use of the Net Proceeds

- approximately HK\$131.2 million of the HK\$172.2 million (equivalent to approximately RMB104.5 million) will be used to increase the registered capital of Shenzhen Success Financial Leasing Co. Ltd (“**Success Financial Leasing**”).

- The remaining amount of approximately HK\$41.0 million of the HK\$172.2 million will continue to be used for the originally intended use to increase the registered capital of Success Asset.
- no change to the intended use
- approximately 30% (approximately HK\$86.1 million) of the Net Proceeds from the Global Offering, will be used to establish a wholly-owned financing leasing service company to further expand our business and service offerings
- no change to the intended use
- approximately 10% (approximately 28.7 million) of the Net Proceeds from the Global Offering, will be used for the working capital of our Group

The Net Proceeds from the Global Offering amounted to approximately HK\$287.0 million. During the period between the listing date of the Company and 30 June 2014, approximately HK\$15.8 million were utilised as the general working capital of our Group and HK\$84.0 million were utilised to establish Success Financial Leasing.

REASONS FOR THE UPDATE AND CHANGE IN USE OF PROCEEDS

As mentioned in the annual report of the Company dated 14 April 2014, the Qianhai Shenzhen-Hong Kong Modern Service Cooperation Zone has been developing rapidly and the financial policies of the new area have been gradually implemented. The Board believes that the Company is well positioned to further expand the business coverage of the Group and fully leverage the new policies in Qianhai. As such, the Group has established Success Financial Leasing in Qianhai area in June 2014 with a registered capital of US\$11.0 million which commenced its business operation in July 2014. Since its establishment, Success Financial Leasing was overseen by Ms. Wu Yanhua, the president of Success Financial Leasing, who has over 12 years' experience in the finance industry with extensive experience in business promotion and financial leasing. Further, the Company announced the appointment of Mr. Chen Hui (“**Mr. Chen**”) as the Group's new chief executive officer and as an executive

Director to the Board on 15 September 2014. Mr. Chen has over 24 years' of experience in the banking and finance industry and extensive experience in financial leasing, where he was in charge of the innovative financial leasing transaction of a motorway in the PRC and carried out numerous other financial leasing transactions while working in the Yunnan branch office of the China Development Bank.

After the completion of the Global Offering, the State Administration of Taxation issued an announcement (財稅[2013]106號) on 12 December 2013, which stipulating that for a financial leasing company to gain a tax advantage as a result of the change in tax policy from enterprise income tax to value added tax, its registered capital must be at least RMB170.0 million. When Success Financial Leasing was first established in June 2014, the Group was cautious and decided to only establish Success Financial Leasing with a registered capital of US\$11.0 million. However, in the first two months of its operation alone, the anticipated business of Success Financial Leasing should exceed its registered capital. As such, in order to meet with the growing business need and demand and to gain the tax advantage, it is necessary to increase the registered capital of Success Financial Leasing from US\$11.0 million (equivalent to approximately RMB67.7 million) to US\$28.0 million (equivalent to approximately RMB172.2 million). Furthermore, the State Council of the PRC has issued an announcement (國發(2014)26號) on 28 July 2014 that encourages the development of the financial leasing service.

Pursuant to the announcement of the Company dated 29 May 2014, Success Asset has been undergoing the relevant procedures to increase in its registered capital by RMB100,000,000 from RMB125,270,000 to RMB225,270,000, where by the Group has to contribute RMB99,000,000 in accordance to the Group's shareholdings in Success Asset using the Net Proceeds. However, as mentioned in the interim report of the Company dated 10 September 2014 and as at the date of this announcement, the relevant procedures are still pending and the time of completion remains unknown.

In view of the slow utilisation of the Net Proceeds, the macroeconomic situation and current policy development, the Board believes that allocating the Net Proceeds to where it is needed and encouraged by the government can maximise return to the Company and its shareholders.

In light of recent developments and business needs as mentioned above, the Board has decided to channel the relevant Net Proceeds (i.e. approximately HK\$131.2 million (equivalent to approximately RMB104.5 million)) into Success Financial Leasing to maximise the utilisation of the Net Proceeds and the return for its shareholders by strengthening the financial position of Success Financial Leasing. Meanwhile, the increase of the registered capital of Success Asset will continue its

relevant procedures and the Company will consider using its internal resources, the remaining of the relevant Net Proceeds (amount to approximately HK\$41.0 million), external financing or a combination thereof to satisfy the capital requirement once approved by the relevant PRC government bureau.

The Board is of the view that the change in the use of the Net Proceeds is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 19 September 2014

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Tiewei, Mr. Li Bin and Mr. Chen Hui, (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.