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China Success Finance Group Holdings Limited

中國金融發展（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3623)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
DISPOSAL OF 12.9% EQUITY INTEREST IN GUANGDONG MUPAI
TECHNOLOGY**

Reference is made to the announcement of the Company dated 28 December 2022 in relation to the disposal of 12.9% equity interest in Guangdong Mupai Technology (the “**Announcement**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide supplemental information in relation to the transaction.

CONSIDERATION AND PAYMENT TERMS

The consideration of RMB36,980,000 for the Sale Shares shall be settled by the Purchaser to the Vendor in the following manner:

- (i) RMB15,405,000 payable upon execution of the Disposal Agreement (the “**First Tranche**”);
- (ii) RMB10,787,500 shall be payable by 28 December 2023 (the “**Second Tranche**”); and
- (iii) the remaining of the consideration in the amount of RMB 10,787,500 shall be payable by 28 December 2024 (the “**Third Tranche**”).

The consideration and payment terms were determined after arm’s length negotiations between the Vendor and the Purchaser, which are fair and reasonable in the interest of the Company and its shareholders as a whole for the following reasons:

- (i) The Group completed capital injection in the principal amount of RMB11,850,000 (“**Capital Injection**”) into the registered capital of Guangdong Mupai Technology for the Sale Shares. The First Tranche exceeds the Capital Injection and represents a 30% investment return for the Company;
- (ii) As set out in the Company’s announcement dated 3 July 2019 in relation to the Capital Injection, Mr. Zhang Tiewei, the Chairman and Executive Director of the Company, undertook to the Board that in 36 months after completing the Capital Injection, the equity value of the Capital Injection would increase by 10% annually. The First Tranche is equivalent to the aforementioned expected investment return; and

- (iii) The Second and Third Tranches represent nearly double of the Capital Injection, which were determined with reference to the Board's assessment on the expected return to be realized by the Purchaser from the sell of commercial factory buildings and supporting facilities constructed on Guangdong Mupai Technology's land and property development in a high-tech industrial park (the "Investment Project").

PERSONAL GUARANTEE

On 4 January 2023, the ultimate beneficial owner of the Purchaser, Ms. Huang Shumin, entered into a Deed of Guarantee in favour of the Vendor in relation to the Disposal Agreement. Pursuant to the Deed of Guarantee, Ms. Huang Shumin irrevocably and unconditionally:

- (i) guaranteed the timely performance of all obligations of the Purchaser under the Disposal Agreement on a joint and several basis; and
- (ii) undertook that in the event that the Purchaser fails to perform its obligations under the Disposal Agreement, she will personally perform such obligations which includes settling the consideration payable for the Sale Shares in accordance with the Disposal Agreement.

The entering into the Deed of Guarantee by the Group is based on the Group's credit assessment on Ms. Huang. In conducting the credit assessment, the Group has considered (i) her financing ability (ii) her good credit record; and (iii) the fact that she is not subject to any litigation. After taking into account the aforementioned factors, the Company considers that entering into the Deed of Guarantee is in the interests of the Company and its shareholders as a whole.

SUPPLEMENTAL REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL AGREEMENT

The remaining of the Investment Project requires financing to develop and commercial banks in the PRC requires the Company, as shareholder of Guangdong Mupai Technology, to provide a guarantee for the full amount of the financing in favour of the bank.

In light of the Company only having 12.9% equity interest in Guangdong Mupai Technology at the time, the Company is of the view that providing the guarantee for the full amount of the financing is not in the interest of the Company and its shareholders as a whole. Further, the fair value for the Sale Shares at the time was approximately RMB37 million (being the consideration for the transaction), whilst the Capital Injection for the Sale Shares was RMB11.85 million.

In light of the foregoing, the transaction represents an opportunity for the Company to realize its investment in Guangdong Mupai Technology and to solidify its financial position for other business needs of the Group.

Saved as disclosed above, all other information set out in the Announcement remains the same. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 1 March 2023

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