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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)

PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 25 January 2018 (after trading hours), the Company entered into the Subscription Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to issue, and the Purchaser has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$154,000,000 upon and subject to the terms and conditions set out in the Subscription Agreement; and Mr. Zhang has agreed to guarantee the punctual performance and observance by the Obligors of their obligations under the Transaction Documents.

The Convertible Bonds are convertible into Shares at the initial Conversion Price of HK\$2.20 per Conversion Share. The initial Conversion Price of HK\$2.20 represents a premium of approximately 49.66% over the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Last Trading Day; a premium of approximately 51.72% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day, of approximately HK\$1.45 per Share.

The Conversion Price was determined after the Company's arm's length negotiations with the Purchaser, with reference to, among other things, the Company's past performance, the prevailing market price of the Shares and the recent market conditions.

The Conversion Shares will be allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Conversion Shares will not be subject to the approval of the Shareholders. The Conversion Shares shall rank pari passu in all respects with all other existing Shares at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

No application is made for listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Closing is subject to the satisfaction and/or waiver of the Conditions Precedent.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Zhang is the chairman, an executive Director and a substantial shareholder of the Company. Accordingly, the Personal Guarantee, which is a provision of financial assistance by Mr. Zhang to the Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Personal Guarantee was provided for the benefit of the Company on normal commercial terms or better and no security over assets of the Group is granted in respect of the Personal Guarantee, it is exempt from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As the Subscription may or may not proceed, and the Convertible Bonds and/or the Conversion Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

25 January 2018 (after trading hours)

Parties to Subscription Agreement

Company: the Company

Purchaser: Chance Talent Management Limited

Guarantor and Others: Expert Depot
 Bliss Success
 Novel Heritage
 Insider Solution
 Mr. Zhang
 Mr. Xu
 Mr. Pang
 Mr. Chen

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Subscription for the Convertible Bonds

Subject to the fulfilment of the Conditions Precedent, on Closing, the Company shall issue and the Purchaser shall subscribe for the Convertible Bonds in the aggregate principal amount of HK\$154,000,000 upon and subject to the terms and conditions set out in the Subscription Agreement. The Subscription Price shall be paid to the Company by the Purchaser by transfer of funds to the Company's designated bank account on the Closing Date.

Subject to the Company's receipt of the Subscription Price in accordance with the Subscription Agreement, the Company shall use such proceeds for general working capital of the Group and for development of the existing and future projects of the Group.

Conditions Precedent

The obligations of the Purchaser to subscribe for the Convertible Bonds from the Company are subject to the fulfilment (or waiver) of all of the following Conditions Precedent on or before the Closing Date:

- (a) the making of such enquiries, investigations and due diligence reviews of the business, affairs, operations, legal and financial position of the Obligors and any other Group Company by the Purchaser and any of its officers, employees, agents, professional advisers or other persons authorised by the Purchaser which the Purchaser in its absolute discretion deems necessary, desirable or appropriate and the results of such enquiries, investigations and due diligence reviews being considered in the Purchaser's sole opinion to be satisfactory to the Purchaser;

- (b) the Purchaser having obtained and performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Transaction Documents, including but not limited to its investment committee approval, anti-money laundering checks and know-your-client checks, and such approvals remain valid and have not been revoked;
- (c) all necessary consents, regulatory filings, notifications, registrations, disclosures and/or announcement requirements and approvals of the relevant governmental authorities, the Stock Exchange or third party to enter into the Transaction Documents and perform the Obligors' obligations thereunder having been made, fulfilled or obtained (other than the registration of the Personal Guarantee of Mr. Zhang with the State Administration of Foreign Exchange which is required to be completed in accordance with the Subscription Agreement), and such consents, filings, notifications, registrations, disclosures, announcements and approvals remaining valid and effective, and no action having been taken or initiated by any third party, governmental authority or the Stock Exchange which would prohibit the transactions contemplated under any of the Transaction Documents;
- (d) a written approval having been granted by the Stock Exchange regarding the listing of, and a permission to deal in, the Conversion Shares;
- (e) there not having been any further requirement imposed by the Stock Exchange for the Shareholders to approve the issue of the Conversion Shares and all conditions relating thereto (if any) imposed by the Stock Exchange shall have been settled to the satisfaction of the Purchaser;
- (f) all obligations under the Transaction Documents required to be performed by the Obligors on or before the Closing Date (other than the registration of the Personal Guarantee of Mr. Zhang with the State Administration of Foreign Exchange which is required to be completed in accordance with the Subscription Agreement) having been performed, and no breach of any provision of any Transaction Document by any of the Obligors;
- (g) the Warranties remaining true, accurate and not misleading in each case in accordance with their terms, and as if made on such date;
- (h) since the date of the Subscription Agreement, there having been, in the opinion of the Purchaser, no Material Adverse Change;
- (i) there having been no event of default as set out in the Subscription Agreement, and no event of default resulting from the proposed issue of the Convertible Bonds by the Company to the Purchaser;

- (j) all financial covenants set out in the Subscription Agreement having been complied with as at Closing;
- (k) since the date of the Subscription Agreement and up to the Closing Date, the Shares remaining listed on the Stock Exchange and the trading of the Shares on the Stock Exchange not being suspended (other than for reasons of pending the issue of an announcement of the Company in relation to the Subscription Agreement and the transactions contemplated hereunder);
- (l) Mr. Zhang remaining as the chairman of the Company and an executive director of the Company;
- (m) Expert Depot, Bliss Success, Novel Heritage, Inside Solution, Mr. Zhang, Mr. Xu, Mr. Pang and Mr. Chen collectively remaining as the single largest beneficial owner of the issued Shares and the single largest Shareholder;
- (n) the Acting in Concert Confirmation continuing to be in full force and effect and has not been revoked;
- (o) the consolidated total net assets of the Group being not less than RMB800,000,000 (equivalent to approximately HK\$976,000,000) (or its equivalent in any other currency or currencies) without taking into account the effect on the consolidated total net assets of the Group caused by a change of the fair value for the Convertible Bonds;
- (p) the gearing ratio of the Group being not more than 40%;
- (q) the Group continuing to record consolidated net profit without taking into account the effect on the consolidated net profit caused by a change of the fair value for the Convertible Bonds;
- (r) the external auditors of the Company having given an unqualified opinion in the accountants' report contained in the most recently published annual report of the Company;
- (s) Expert Depot having deposited with the CCBI Account an aggregate of not less than 110,000,000 Shares which are beneficially owned by Expert Depot and Mr. Zhang, and free from encumbrances;
- (t) Expert Depot having opened and maintained the CCBI Account, and has not revoked the Purchaser's power to provide discretionary management on the CCBI Account, and the Cash Securities Trading Account Terms and Conditions of the Safekeeping Agent and the related account opening form for the CCBI Account continues to be in full force and effect;

- (u) the entering into and duly execution (on or before the Closing Date) of the other Transaction Documents, each in a form satisfactory to the Purchaser, by the respective parties; and
- (v) on the Closing Date, receipt by the Purchaser of:
 - (i) a legal opinion as to the laws of Hong Kong issued by the Purchaser's Hong Kong legal counsel and addressed to the Purchaser, opining on, amongst other things, the legal, valid, binding and enforceable nature of the provisions of the Transaction Documents as governed by the laws of Hong Kong;
 - (ii) a legal opinion as to the laws of the Cayman Islands issued by the Purchaser's Cayman legal counsel and addressed to the Purchaser, opining on, amongst other things, the due incorporation, capacity and authority of the Company;
 - (iii) a legal opinion as to the laws of the British Virgin Islands issued by the Purchaser's British Virgin Islands legal counsel and addressed to the Purchaser, opining on, amongst other things, the due incorporation, capacity and authority of Expert Depot, Bliss Success, Novel Heritage and Insider Solution; and
 - (iv) a legal opinion as to the laws of the PRC issued by the Purchaser's PRC legal counsel and addressed to the Purchaser, opining on, amongst other things, the capacity and authority of the Personal Guarantor,

each in a form satisfactory to the Purchaser.

The Purchaser may waive compliance with any or all of the Conditions Precedent (save and except paragraph (d) above).

Closing

The Closing shall take place on the next Business Day after the fulfilment or waiver (as the case may be) of all Conditions Precedent (or such other date as may be agreed in writing between the Parties) at such place as may be agreed by the Company and the Purchaser.

PRINCIPLE TERMS OF THE CONVERTIBLE BONDS

Aggregate principal amount

HK\$154,000,000

Form and denomination of the Convertible Bonds

The Convertible Bonds are issued in registered form and in the minimum denomination of HK\$10,000,000 (or integral multiples thereof) each and in a registered form for the balance of the amount of the Convertible Bonds which is not an integral multiple thereof.

Interest rate

6% per annum payable in arrears every six (6) calendar months.

Default interests

If an event of default has occurred in respect of the Convertible Bonds, an additional interest shall accrue on the aggregate unpaid principal, interest and/or other amounts owed by the Company or any other Obligor to such Convertible Bondholder at the rate of 1.5% per month from the relevant due date until the date on which such unpaid amounts are settled in full by the Company or any other Obligor or until the date on which the relevant event of default has been fully remedied (in the opinion of the Convertible Bondholder).

Convertible Bondholder's redemption rights for events of default

If any event of default set out in the terms and conditions of the Bond Instrument occurs, the Convertible Bondholder may give notice to the Company to the effect that, among others, the aggregate principal amount of the outstanding Convertible Bonds together with the interest accrued and unpaid thereon and any related costs and expenses reasonably and properly incurred in relation to such redemption become due and payable within 10 Business Days of such notice.

Status

The Convertible Bonds constitute direct, senior, unsubordinated and unconditional obligations of the Company and the Convertible Bonds shall at all times rank pari passu and without any preference or priority among themselves.

Conversion Shares

Pursuant to the terms of the Convertible Bonds, in the event that the number of Conversion Shares to be issued upon the exercise of the Conversion Rights based on the Conversion Price as adjusted in accordance with the Bond Instrument exceeds the number of Shares that are issuable under the General Mandate (i.e. 106,161,000 Shares) (the exceeded number of Conversion Shares shall be referred to as "**Exceeded Conversion Shares**"), any rights attached to the principal amount of the

Convertible Bonds attributable to the Exceeded Conversion Shares (including but not limited to the Conversion Rights) shall only cease on the date when the Company has paid in full to the relevant Convertible Bondholder an amount in cash equal to the number of the Exceeded Conversion Shares multiplied by the closing price of the conversion date (as if such Shares will be converted), whilst failure to pay in full such cash amount in respect of the Exceeded Conversion Shares within five (5) Business Days after the conversion date shall constitute an event of default.

Conversion Price

The initial Conversion Price of HK\$2.20 represents a premium of approximately 49.66% over the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Last Trading Day; a premium of approximately 51.72% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day, of approximately HK\$1.45 per Share. The Conversion Price was determined after arm's length negotiations between the Company and the Purchaser with reference to, among other things, the Company's past performance, the prevailing market price of the Shares and the recent market conditions.

Conversion period

The Conversion Rights attaching to the Convertible Bonds may be exercised, at the option of the Convertible Bondholder, at any time in full or in part after twelve (12) months from the Issue Date up to the close of business on one (1) Business Day prior to the Maturity Date (both days inclusive).

Revival and/or Survival after Default

Notwithstanding the above, if (i) the Company shall default in making payment in full in respect of any Convertible Bonds which shall have been required to be redeemed pursuant to the conditions set out in the Bond Instrument, or (ii) any Convertible Bonds are not redeemed on the Maturity Date in accordance with the conditions set out in the Bond Instrument, the Conversion Right attaching to such Convertible Bonds will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount payable in respect of such Convertible Bonds has been duly received by the Convertible Bondholder thereof.

Conversion Rights

Upon exercise in full of the Conversion Rights, a maximum of 70,000,000 Conversion Shares will be allotted and issued, representing (i) approximately 13.19% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.65% of the issued share capital of the Company as enlarged by the exercise of the Conversion Rights.

The Conversion Shares shall rank *pari passu* in all respects with all other existing Shares at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

Maturity date

The Maturity Date.

Maturity

Unless previously redeemed, purchased or cancelled as provided in the Bond Instrument, the Company shall pay to the Convertible Bondholder on the Maturity Date an aggregate price of (i) the outstanding principal amount of the Convertible Bonds on the Maturity Date, (ii) all accrued and unpaid interest (including any unpaid default interest) from the Issue Date up to (and including) the Maturity Date and outstanding administrative fees on such outstanding Convertible Bonds, and (iii) such amount as would result in an internal rate of return of 10 percent (10%) per annum on the aggregate principal amount of the Convertible Bonds (taking into account all paid interest (but excluding any default interest paid) and calculated on the basis of the actual number of days elapsed in a year of 365 days).

Company's early redemption

Subject to the prior written consent of the Convertible Bondholder, the Company shall have the right to redeem all (but not part of) outstanding principal amount in respect of such portion of the Convertible Bonds which has not been converted into Shares at any time after the first anniversary of the Issue Date by depositing a notice of redemption with the Convertible Bondholder in accordance with the Bond Instrument.

Adjustment of Conversion Price

The Conversion Price will be subject to adjustment in the following events:

- (a) an alteration to the par value of the Shares as a result of consolidation or subdivision or reclassification;
- (b) capitalisation of profits or reserves;
- (c) distributions to the Shareholders;
- (d) issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 95% of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant;
- (e) issue of any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) issue of (otherwise than as mentioned in (d) above) wholly for cash or for no consideration any Shares (other than Shares issued on the exercise of the Conversion Right or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in (d) above) wholly for cash or for no consideration options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 95% of the Current Market Price on the date of announcement of the terms of such issue;
- (g) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this clause (g), if and whenever the Company or any of its Subsidiaries (otherwise than as mentioned in (d), (e) or (f) above), or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity shall issue wholly for cash or for no consideration any securities (other than the Convertible Bonds)

which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95% of the Current Market Price on the date of announcement of the terms of issue of such securities;

- (h) if and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in (g) above (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) has been reduced and is less than the Current Market Price on the date of announcement of the proposals for such modification;
- (i) if and whenever the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under any of (d) to (g) above); or
- (j) if the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to herein, the Company shall, at its own expense, consult an independent investment bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, *provided* that where the events or circumstances giving rise to any adjustment pursuant to events set out herein have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions herein as may be advised by the independent investment bank to be in its opinion appropriate to give the intended result.

Transferability

The Convertible Bonds are transferable:

- (a) to any of the other Affiliates of CCB International (Holdings) Limited without any prior consent of any Obligor, provided that if the relevant Affiliate shall at any time thereafter cease to be an Affiliate of CCB International (Holdings) Limited, the relevant Affiliate shall forthwith notify the Company and shall procure that all the Bonds held by such Affiliate be re-transferred to the Purchaser or to another Affiliate of CCB International (Holdings) Limited on or before the date when the relevant Affiliate ceases to be an Affiliate of CCB International (Holdings) Limited;
- (b) in the case that there has been no event of default as set out in the Bond Instrument, to any person (other than the Affiliates of CCB International (Holdings) Limited) with the prior consent in writing of the Company; and
- (c) after the occurrence of an event of default as set out in the Bond Instrument and the giving of a notice of transfer of seven (7) Business Days to the Company, to any person without any prior consent of any Obligor.

The Convertible Bonds may be transferred by surrendering at the Company's principal place of business in Hong Kong from time to time the Bond Certificate issued in respect of such Bonds with a duly executed form of transfer and the endorsed notice of transfer duly completed and signed by the Convertible Bondholder or his attorney duly authorised in writing. No transfer of title to any Convertible Bonds will be effective unless and until entered on the register for the holders of the Convertible Bonds.

GENERAL MANDATE

The Conversion Shares will be allotted and issued pursuant to the General Mandate. As at the date of this announcement, the Company has not utilised the General Mandate. The 70,000,000 Conversion Shares to be allotted and issued upon full exercise of the Conversion Rights, will utilise approximately 65.94% of the General Mandate. Therefore, the number of the Conversion Shares will not exceed the authorisation under the General Mandate. Accordingly, the issue of the Conversion Shares will not be subject to the approval of the Shareholders.

APPLICATION FOR LISTING

No application is made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 530,805,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the Conversion Rights (assuming that there will be no further changes in the total number of Shares in issue prior to such exercise and no adjustment to the Conversion Price) are as follows:

Shareholders	As at the date of this announcement		Immediately after the full exercise of the Conversion Rights	
	Number of Shares	% of shareholdings (Approximately)	Number of Shares	% of shareholdings (Approximately)
Expert Depot ^(Notes 1 and 6)	115,744,000	21.81	115,744,000	19.26
Mr. Zhang ^(Note 6)	1,638,000	0.31	1,638,000	0.27
Bliss Success ^(Notes 2 and 6)	56,250,000	10.60	56,250,000	9.36
Novel Heritage ^(Notes 3 and 6)	54,000,000	10.17	54,000,000	9.00
Insider Solution ^(Notes 4 and 6)	15,000,000	2.83	15,000,000	2.50
New Maestro Investments Limited ^(Note 5)	45,000,000	8.48	45,000,000	7.50
The Purchaser	0	0.00	70,000,000	11.65
Other public Shareholders	<u>243,173,000</u>	<u>45.81</u>	<u>243,173,000</u>	<u>40.47</u>
Total:	<u>530,805,000</u>	<u>100.00</u>	<u>600,805,000</u>	<u>100.00</u>

Certain percentage figures included in the above table have been subject to rounding adjustments.

Notes:

- 1 Expert Depot is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Zhang, our chairman and an executive Director.
- 2 Bliss Success is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Xu, an executive Director.
- 3 Novel Heritage is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Pang, an executive Director.
- 4 Insider Solution is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Chen, a substantial shareholder.
- 5 New Maestro Investments Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. He Darong, the non-executive Director.
6. Pursuant to the Acting in Concert Confirmation, Mr. Zhang, Mr. Xu, Mr. Pang and Mr. Chen are deemed to be interested in 242,632,000 Shares, representing approximately 45.71% of the total issued share capital of the Company as at the date of this announcement, by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION ON THE INVESTOR

The Purchaser is a limited liability company incorporated in the British Virgin Islands. It is indirectly and wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

INFORMATION ON THE GROUP

The principal activities of the Group are provision of: (i) financial consultancy business; (ii) financial guarantee services; (iii) financial leasing and factoring services; and (iv) non-financial guarantee services.

REASONS AND BENEFITS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Board believes that the raising of funds by the Subscription is to the benefit of the Group and is an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for future development without immediate dilution effect on the shareholding of the existing Shareholders.

The Subscription represents an opportunity to raise funds for the Company. In particular, (i) there is no immediate dilutive effect on the shareholding of the existing Shareholders; and (ii) if the Conversion Rights are exercised, it will benefit the long-term business development of the Group by broadening the capital base of the Company.

Accordingly, having considered that the terms of the Subscription Agreement (including the Conversion Price) are on normal commercial terms or better following arm's length negotiations between the Company and the Purchaser and are fair and reasonable, the Board considers that the Subscription Agreement and the Subscription are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the issue of the Convertible Bonds will be HK\$154,000,000. The expected net proceeds from the issue of the Convertible Bonds of approximately HK\$153,300,000 will be used as general working capital of the Group and for development of the existing and future projects of the Group.

GENERAL

The Closing is subject to the satisfaction and/or waiver of the Conditions Precedent.

As the Subscription may or may not proceed, and the Convertible Bonds and/or the Conversion Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Zhang is the chairman, an executive Director and a substantial shareholder of the Company. Accordingly, the Personal Guarantee, which is a provision of financial assistance by Mr. Zhang to the Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Personal Guarantee was provided for the benefit of the Company on normal commercial terms or better and no security over assets of the Group is granted in respect of the Personal Guarantee, it is exempt from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acting in Concert Confirmation”	an acting in concert confirmation dated 31 May 2015 entered into between Mr. Zhang, Mr. Xu, Mr. Pang and Mr. Chen, pursuant to which they confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis;
“Affiliate”	in relation to any person, any other person directly or indirectly Controlling, Controlled by or under common Control with, such person;
“Bliss Success”	Bliss Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is held by Mr. Xu;
“Board”	the board of Directors;
“Bond Certificate(s)”	the bond certificate(s) (in registered form) to be issued in respect of the Subscription;
“Bond Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bond and any other document executed in accordance with and/or supplemental to such instrument;
“Business Day”	a day (other than Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks are generally open in Hong Kong for general banking business throughout their normal business hours;

“CCBI Account”	the securities account of Expert Depot to be established by Expert Depot with CCB International Securities Limited (including any renewal or re-designation thereof);
“Closing”	the closing of the Subscription Agreement or, where the context so admits or requires, the performance by the Parties of their respective obligations under the Subscription Agreement;
“Closing Date(s)”	the date(s) fixed for Closing;
“Company”	China Success Finance Group Holdings Limited (stock code: 03623), a company incorporated under the laws of Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;
“Conditions Precedent”	the conditions precedent set out in the Subscription Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Control”	the power of a person to secure that the affairs of another person are conducted directly or indirectly in accordance with the wishes of that first person by means of being the beneficial owner of more than 50% of the voting rights of that other person, or having the right to appoint or remove a majority of the members of or otherwise control the votes at the board of directors (or its equivalent) of that other person, and “Controlling” and “Controlled” shall be construed accordingly;
“Conversion Price”	the price at which a Share will be issued upon conversion of the Convertible Bonds into Shares;
“Conversion Rights”	the rights of a Convertible Bondholder to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares subject to and in accordance with the terms and conditions of the Bond Instruments;
“Conversion Shares”	the Shares issuable upon the exercise of the Conversion Rights attached to the Convertible Bonds;

“Convertible Bonds”	6 per cent guaranteed convertible bond for an aggregate principal amount of HK\$154,000,000 in registered form to be issued by the Company in accordance with the Subscription Agreement and constituted by the Bond Instrument or, as the context may require, any number of them;
“Convertible Bondholder”	a person in whose name any of the Convertible Bonds is registered in the register of the holders of Convertible Bonds;
“Current Market Price”	price determined pursuant to the method set out in the Bond Instrument;
“Director(s)”	director(s) of the Company;
“Expert Depot”	Expert Depot Limited, , a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is held by Mr. Zhang;
“General Mandate”	the authority granted by the Shareholders to the Board to issue Shares of not more than 20% of the then issued share capital of the Company (being 106,161,000 Shares) at the annual general meeting of the Company held on 19 May 2017;
“Group”	the Company and its subsidiaries, and a “Group Company” means any of them;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	person or company which is independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries and their respective associates (as defined under the Listing Rules);
“Insider Solution”	Insider Solution Limited, , a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is held by Mr. Chen;
“Issue Date”	the date of issue of the Convertible Bonds;

“Last Trading Day”	25 January 2018, being the date of the Subscription Agreement;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Material Adverse Change”	any material adverse change in, or any change in circumstances that has a material adverse effect on, the business, operations, financial position (including any material increase in provisions), earnings, condition or prospects of each Obligor or each Group Company, and (b) any change in any relevant laws in any of the jurisdictions or sectors in which each Obligor or each Group Company does business (coming into effect between the date of this Agreement and the Closing Date) that could reasonably be expected to materially and adversely affect the Company or the Group taken as a whole;
“Maturity Date”	the last day of the term of two (2) years commencing from and including the Issue Date or any such other date as mutually agreed to in writing between, and shortened or extended by, the Company and the Convertible Bondholder(s);
“Mr. Chen”	Mr. Chen Guoxian, a substantial Shareholder of the Company;
“Mr. Pang”	Mr. Pang Haoquan, an executive Director and a substantial Shareholder of the Company;
“Mr. Xu”	Mr. Xu Kaiying, an executive Director and a substantial Shareholder of the Company;
“Mr. Zhang”	Mr. Zhang Tiewei, the chairman, an executive Director and a substantial Shareholder of the Company;
“Novel Heritage”	Novel Heritage Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is held by Mr. Pang;

“Obligors”	each of the Company, Expert Depot, Bliss Success, Insider Solution, Novel Heritage, Mr Zhang, Mr. Pang, Mr. Xu and Mr. Chen
“Parties”	the Company and the Purchaser and “Party” means any one of them;
“Personal Guarantee”	the personal guarantee substantially in the form set out in the schedule to the Subscription Agreement to be entered into by Mr. Zhang in favour of the Purchaser in respect of the obligations of other Obligors under the Transaction Documents
“Purchaser”	Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the issue of each of the Convertible Bonds by the Company to the Purchaser pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 25 January 2018, entered into between, among others, the Company and the Purchaser in relation to the issue of Convertible Bonds by the Company;
“Subscription Price”	the principal values of the Convertible Bonds;

“Transaction Documents”	the Subscription Agreement, the Bond Instrument, the Bond Certificate, the Personal Guarantee, the supplemental custodian deed substantially in the form set out in the Schedule to the Subscription Agreement to be entered into between CCB International Securities Limited, the Purchaser and Expert Depot in connection with the CCBI Account and any other documents designated as a Transaction Document by the Purchaser and the Obligors;
“Warranties”	the representations, warranties and covenants given or procured to be given by the Company and the other Obligors as provided in the Subscription Agreement; and
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.22. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 25 January 2018

As at the date of this announcement, the Board comprises (i) six executive directors, namely, Mr .Zhang Tiewei, Ms. Fu Jie, Mr. Li Bin, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Hung Hoi Ming Raymond, (ii) one non-executive director, namely, Mr. He Darong, and (iii) four independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur, Mr. Xu Yan and Mr. Zhou Xiaojiang.