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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)**

### **CONNECTED TRANSACTION CAPITAL INJECTION TO THE TARGET COMPANY**

#### **CAPITAL INJECTION AGREEMENT**

The Board is pleased to announce that on 3 July 2019 (after trading hours), Success Financial Leasing and Yinhe Motorcycle entered into the Capital Injection Agreement, pursuant to which, Success Financial Leasing and Yinhe Motorcycle conditionally agreed to the Capital Injection of RMB11,850,000 (equivalent to approximately HK\$13,500,705) by Success Financial Leasing into the Target Company. Upon completion of the Capital Injection, the Target Company will be held as to 87.1% by Yinhe Motorcycle and 12.9% by Success Financial Leasing respectively.

#### **IMPLICATION OF THE LISTING RULES**

As all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Capital Injection are less than 5%, the Capital Injection do not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules and are therefore not subject to the report, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is wholly-owned by Yinhe Motorcycle. Yinhe Motorcycle is directly owned as to 60.0% by Tunan Xingyuan, an Independent Third Party, and 40.0% by Success Investment. Success Investment is owned as to 51.0% by Mr. Zhang, 25.0% by Mr. Xu and 24.0% by Mr. Pang, respectively. Tunan Xingyuan is 100% owned by an Independent Third Party. Accordingly, each of Yinhe Motorcycle and the Target Company is an associate of a connected person of the Company. The Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Capital Injection exceed 0.1% but less than 5%, the Capital Injection is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The principal terms of the Capital Injection Agreement are set out as follows:

- Date** : 3 July 2019
- Parties** : (a) Yinhe Motorcycle  
(b) Success Financial Leasing
- Capital Injection** : As at the date of this announcement, the registered capital of the Target Company is RMB80,000,000 (equivalent to approximately HK\$91,144,000), paid-up capital is RMB40,856,386 (equivalent to approximately HK\$46,547,681), and the Target Company is wholly-owned by Yinhe Motorcycle.
- Subject to the Capital Injection Agreement becoming effective, Success Financial Leasing will make the Capital Injection in the amount of RMB11,850,000 (equivalent to approximately HK\$13,500,705).
- Upon obtaining approval of increase in registered capital from regulatory authorities, the registered capital of Target Company will be increased from RMB80,000,000 (equivalent to approximately HK\$91,144,000) to RMB91,850,000 (equivalent to approximately HK\$104,644,705).
- Condition precedent to the Capital Injection Agreement** : The completion of the Capital Injection shall be conditional upon and subject to:
- (a) the substance and major land using plan under the Land Using Approval are consistent with those under the Plan (as defined below);
  - (b) the plot ratio under the Land Using Approval shall not be set below 5.0; and
  - (c) the Land Using Approval shall be obtained within 3 months upon the signing and acceptance of the terms of the Capital Injection Agreement.

The conditions above may be waived by Success Financial Leasing in writing.

- Payment of the Capital Injection Amount** : Success Financial Leasing shall pay the Capital Injection Amount as follows:
- (a) 10% of the Capital Injection Amount shall be paid upon the signing and acceptance of the terms of the Capital Injection Agreement (the “**1st Payment**”); and
  - (b) 90% of the Capital Injection Amount shall be paid within 20 days upon obtaining the Land Using Approval.
- Termination of the Capital Injection Agreement** : If any of the condition precedents as mentioned above could not be fulfilled as agreed, the parties agree to rescind the Capital Injection Agreement and the 1st Payment will be refunded without interests.
- Basis of the Capital Injection Amount** : The Capital Injection Amount was determined after arm’s length negotiations taking into account the equity contribution as an ordinary investor in equity investments, and the registered capital of the Target Company.

#### **BUY-BACK MADE BY MR. ZHANG**

A confirmation has been made to the Board by Mr. Zhang, pursuant to which, Mr. Zhang undertakes that in 36 months after the completion of the Capital Injection, the equity value of the Capital Injection would increase by 10% annually (the “**Increase**”); if the return of the Capital Injection could not reach the Increase after 36 months, Mr. Zhang would buy-back the equity at the Capital Injection Amount together with the Increase amount; if return of the Capital Injection reached the Increase after 36 months, Mr. Zhang has no obligation to make the buy-back.

#### **INFORMATION OF THE TARGET COMPANY**

The Target company is a limited liability company established in the PRC on 22 August 2017 which is principally engaged in property leasing and development.

Immediately following the Capital Injection, the Target Company will be held as to 12.9% by Success Financial Leasing. Given the Target Company will not be a subsidiary of the Company, its financial statements do not fall within the consolidation regime and will not be consolidated into the consolidated financial results of the Group.

## **REASONS FOR THE CAPITAL INJECTION**

One of the investment made by the Target Company mainly focuses on land and property development in a high-tech industrial park. The Target Company has submitted a preliminary construction land using plan regarding the high-tech industrial park to local authorities (the “Plan”). Under the Plan, commercial factory buildings and supporting facilities are permitted to be constructed. After taking into account all the circumstances, to the best of the Directors’ knowledge, the Directors believe that it is highly possible that the substance and major land using plan under the Land Using Approval would be consistent with those under the Plan and plot ratio would likely not to be set below 5.0. Given (i) the potential increase of the investment value due to the foreseen land using plan; (ii) the value of surrounding properties has increased already; and (iii) the Capital Injection would be injected as the paid-up registered capital of the Target Company rather than direct investment in land using and development, the Directors are of the view that the Capital Injection will enable the Company to benefit, through Success Financial Leasing from the value increase of the land and property investment and maximise shareholders’ value.

At the Board meeting, Mr. Zhang, Mr. Xu and Mr. Pang, by virtue of their connection with Success Investment, have abstained from voting in respect of the relevant resolutions proposed to approve the Capital Injection Agreement and the transaction contemplated thereunder.

In view of the above, the Board (including the independent non-executive Directors) is of the view that the terms of the Capital Injection Agreement and the Capital Injection thereunder are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Success Financial Leasing is an indirect wholly-owned subsidiary of the Company and is principally engaged in provision of financial leasing services in the PRC.

Yinhe Motorcycle is principally engaged in investment in manufacturing industry and property leasing.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Tunan Xingyuan, who holds 60.0% equity interest in Yinhe Motorcycle and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

As all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Capital Injection are less than 5%, the Capital Injection do not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules and are therefore not subject to the report, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is wholly-owned by Yinhe Motorcycle. Yinhe Motorcycle is directly owned as to 60.0% by Tunan Xingyuan, an Independent Third Party, and 40.0% by Success Investment. Success Investment is owned as to 51.0% by Mr. Zhang, 25.0% by Mr. Xu and 24.0% by Mr. Pang, respectively. Tunan Xingyuan is 100% owned by an Independent Third Party. Accordingly, each of Yinhe Motorcycle and the Target Company is an associate of a connected person of the Company. The Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Capital Injection exceed 0.1% but less than 5%, the Capital Injection is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“Board”	the board of directors of the Company;
“Capital Injection”	the proposed additional capital injection in the amount of RMB11,850,000 to be made by Success Financial Leasing to the registered capital of the Target Company, which is in proportion to its holding of the total equity interest in the Target Company;
“Capital Injection Agreement”	the agreement dated 3 July 2019 entered into between Success Financial Leasing and Yinhe Motorcycle in relation to the Capital Injection;
“Capital Injection Amount”	the amount of capital to be injected into the Target Company by Success Financial Leasing, i.e. RMB11,850,000 (equivalent to approximately HK\$13,500,705);
“Company”	China Success Finance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 3623);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	individual or company independent from the Company and its connected persons (as defined in the Listing Rules);
“Land Using Approval”	the finalised approval granted by relevant local authorities regarding the land using plan of the high-tech industrial park which the Target Company has invested;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Pang”	Mr. Pang Haoquan, an executive Director of the Company;
“Mr. Xu”	Mr. Xu Kaiying, an executive Director of the Company;
“Mr. Zhang”	Mr. Zhang Tiewei, chairman and an executive Director of the Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meanings ascribed to it under the Listing Rules;
“Success Financial Leasing”	深圳市集成融資租賃有限公司 (Shenzhen Success Financial Leasing Company Limited*), an indirectly wholly-owned subsidiary of the Company;
“Success Investment”	集成投資控股集團有限公司 (Success Investment Holdings Group Limited*), a limited liability company established in the PRC;
“Target Company”	廣東睦湃科技有限公司 (Guangdong MuPai Technology Limited Company*), a limited liability company established in the PRC;
“Tunan Xingyuan”	佛山市圖南興遠科技信息諮詢有限公司 (Foshan Tunan Xingyuan Technology Information Consulting Limited Company*), a limited liability company established in the PRC;

“Yinhe Motorcycle” 廣東銀河摩托車集團有限公司 (Guangdong Yinhe Motorcycle Group Co., Ltd), a limited liability company established in the PRC;

“%” per cent.

In this announcement, the exchange rate RMB1.00 = HK\$1.1393 has been used for currency conversions. This is for illustration purpose only, and does not constitute a representation that any amounts in RMB and HK\$ have been, could have been or may be converted at such rate or at any other exchange rates.

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

Hong Kong, 3 July 2019

*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, (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.*

\* *for identification purpose only*