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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 ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

References are made to the announcements of China Success Finance Group Holdings Limited (the “**Company**”) dated 25 January 2018, 1 February 2018, 27 December 2018, 31 December 2018 and 11 January 2019 (the “**Placing Announcements**”) in relation to placing of convertible bonds under the General Mandate (the “**2018 Placing of Convertible Bonds**”) and the annual report of the Company for the year ended 31 December 2018 published on 18 April 2019 (the “**2018 Annual Report**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Placing Announcements.

The purpose of this announcement is to provide shareholders of the Company and the investing public with further details on the 2018 Annual Report regarding the actual use of the net proceeds from the 2018 Placing of Convertible Bonds.

Use of proceeds

As disclosed in the Placing Announcements, on 25 January 2018, the Company entered into the Subscription Agreement with Chance Talent Management Limited (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. Completion of the 2018 Placing of Convertible Bonds took place on 1 February 2018, a total of 70,000,000 Conversion Shares were successfully allotted and issued to the Purchaser. The net proceeds from the 2018 Placing of Convertible Bonds, after the deduction of related expenses, were approximately HK\$152,459,990, which were intended to use for (i) pursuing suitable acquisition and partnership opportunities; (ii) utilizing as additional net assets value, register capital and/or paid-in capital; (iii) repayment of interest of convertible bonds and handling charges; and (iv) general working capital of the Group.

An analysis of the planned amount utilized up to 31 August 2019 is set out below:

	Planned allocation	Actual utilization	Unutilized		Unutilized		Unutilized		Expected timeline for the unutilized placing proceeds
			Actual utilization up to 31 December 2018	Actual placing proceeds as at 31 December 2018	Actual utilization up to 30 June 2019	Actual placing proceeds as at 30 June 2019	Actual utilization up to 31 August 2019	Actual placing proceeds as at 31 August 2019	
Pursuing suitable acquisition and partnership opportunities	7.6	5.5	5.5 ^(note1)	—	—	—	—	—	N/A
Utilized as additional net assets value, register capital and/or paid-in capital	68.6	73.2	73.2 ^(note2)	—	—	—	—	—	N/A
Repayment of principal and interest of convertible bonds and handling charges	15.1	25.1 ^(note6)	15.0 ^(note3)	10.1	5.8 ^(note4)	4.3	4.3 ^(note5)	—	N/A
Utilized as general working capital of the Group	61.2	48.7	31.6	17.1	14.0	3.1	3.1	—	N/A
Total	152.5	152.5	125.3	27.2	19.8	7.4	7.4	—	

Notes:

- the HK\$5.5 million utilized for the acquisition of T. M. Management Limited (the “**TM Management**”), a licensed financial institution having relevant license for the Type 9 regulated activities under the Securities & Futures Commission of Hong Kong. The Group acquired all ordinary shares of the TM Management to further extend the existing business scope of the Group.
- the HK\$73.2 million utilized for increasing the registered capital of Guangdong Success Finance Guarantee Company Limited (the “**Success Guarantee**”), a wholly owned subsidiary of the Group. The purpose of this use of proceeds is to enrich the Company’s capital strength base to facilitate Success Guarantee’s active exploration of new business in the market with the use of new financial technologies in the favourable environment of increased financial compliance requirements. Success Guarantee will be able to undertake a larger scale of guarantee business through this capital increase.
- the HK\$15.0 million utilized comprised HK\$5.0 million for repayment of interest payment of convertible bonds and HK\$ 10.0 million for repayment of principal of convertible bonds.

4. the HK\$5.8 million utilized for repayment of interest payment of convertible bonds and handling charges.
5. the HK\$4.3 million utilized for repayment of interest payment of convertible bonds.
6. the 66.2 percent increase of the actual utilization in comparison with the initial planned allocation is from the decision of the management of the Company to repay the principal of the convertible bonds. The management of the Company has confidence that repayment of principal in advance would improve the fund use efficiency of the Group.

The supplemental information provided in this announcement does not affect other information contained in the 2018 Annual Report and save as disclosed above, the contents of the 2018 Annual Report remain unchanged.

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

Hong Kong, 25 October 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.