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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)**

**THIRD SUPPLEMENTAL AMENDMENTS OF THE TERMS AND  
CONDITIONS OF THE CONVERTIBLE BONDS  
AND  
PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER**

**THIRD SUPPLEMENTAL AMENDMENTS OF THE TERMS AND CONDITIONS OF THE  
CONVERTIBLE BONDS**

On 16 May 2022 (after trading hours), the Company, the Purchaser and the Obligors entered into the Third Supplemental Deed of Amendment to extend the maturity date of the Convertible Bonds, to further amend certain Convertible Bonds Terms and Conditions and to waive default interest resulting from breaches of the Convertible Bonds Covenants (as defined below).

According to the Third Supplemental Amendments, *inter alia*,

- (1) the maturity date of the outstanding principal amount of the convertible bonds in the amount of HK\$58,500,000 be extended from 31 January 2022 to 31 January 2023;
- (2) the Company undertakes to the Purchaser to redeem HK\$9,500,000 of the outstanding principal amount of the convertible bonds no later than 31 July 2022; and
- (3) The number of Shares to be issued and allotted upon the full exercise of the Purchaser's conversion right based on the conversion price of HK\$1.09 per share shall be 53,669,704 Shares.

The Company shall seek the Stock Exchange's approval for the Third Supplemental Amendments pursuant to Rule 28.05 of the Listing Rules and would utilize the 2021 General Mandate for the proposed allotment and issuance of the 53,669,704 Conversion Shares.

**PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER**

Expert Depot has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of the Purchaser to secure all sums that remain due and payable by the Company to the Purchaser under the Convertible Bonds. Expert Depot is directly wholly owned by Mr. Zhang Tiewei (the chairman and executive director of the Company), who is a Controlling Shareholder of the Company as at the date of this announcement. The pledge of Shares by Expert Depot to secure the Company's obligations under the Convertible Bonds is disclosed pursuant to Rule 13.17 of the Listing Rules.

**Shareholders and potential investors should note that the Third Supplemental Amendments are conditional upon fulfilment of all conditions precedent, which may or may not materialize. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

Reference is made to the Convertible Bonds Announcements in relation to, among others, the issue of the Convertible Bonds, previous amendments to the Convertible Bonds Terms and Conditions and the partial conversion of the Convertible Bonds. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Convertible Bonds Announcements.

Pursuant to the Convertible Bonds Terms and Conditions, the Convertible Bonds shall mature on 31 January 2022 and the Company shall comply with certain specific covenants for so long as any Convertible Bonds remain outstanding. The specific covenants, amongst others, require the Company to seek the Purchaser's prior written approval to extend the maturity date of the Convertible Bonds and to redeem all outstanding Convertible Bonds held by the Purchaser on 31 January 2022 (the "**Convertible Bonds Covenants**").

As at the date of this announcement, the Convertible Bonds has matured and the Company has repaid an aggregate principal amount of HK\$500,000, together with all interests and fees to the Purchaser. The Company has breached the Convertible Bonds Covenants by failing to seek the Purchaser's prior written approval to extend the maturity date of the Convertible Bonds and to redeem all outstanding Convertible Bonds held by the Purchaser on 31 January 2022.

## **AMENDMENTS UNDER THE THIRD SUPPLEMENTAL DEED OF AMENDMENT**

The Company, the Purchaser and the Obligors have agreed to enter into the Third Supplemental Deed of Amendment to waive any default interest accrued from 31 January 2022 up to (and including) the Completion Date resulting from breaching the Convertible Bonds Covenants, to further amend certain Convertible Bonds Terms and Conditions and to extend the maturity of the Convertible Bonds to 31 January 2023. The Third Supplemental Amendments shall be effective on the Completion Date upon fulfilment of all conditions precedent (or otherwise waived by the Purchaser).

The principal terms of the Third Supplemental Amendments are as follows:-

- (1) For so long as any Convertible Bonds remain outstanding, Mr. Zhang Tiewei shall and/or shall procure Expert Depot to maintain not less than 110,000,000 Shares in aggregate in the CCBI Account which are free from encumbrances (save for its share pledge charge to the Purchaser);
- (2) the maturity date of the Remaining Bond Balance shall be extended from 31 January 2022 to 31 January 2023;
- (3) The Company undertakes to the Purchaser to:
  - (a) redeem HK\$9,500,000 of the Convertible Bonds (the "**Company's July 2022 Repayment Sum**") no later than 31 July 2022 (or such other date as may be solely agreed by the Purchaser); and
  - (b) pay to the Purchaser additional Administrative Fees in the amount of HK1,500,000 no later than 31 January 2023 (or such other date as may be solely agreed by the Purchaser).
- (4) The Purchaser undertakes to the Company that that in the event that the Purchaser exercises its right to convert any of the Remaining Bond Balance into Shares on or before the Company's July 2022 Repayment Sum is due, the Company's July 2022 Repayment Sum shall be reduced by the amount so converted and the remaining balance of the Company's July 2022 Repayment Sum remain payable to the Purchaser (if any);

- (5) the Purchaser agreed to waive any default interest accrued from 31 January 2022 up to (and including) the Completion Date and unpaid by the Company, which resulted from breaching the Convertible Bonds Covenants;
- (6) the minimum principal amount of the Convertible Bonds to be transferred by the Purchaser or to be redeemed by the Company shall be in the amount of HK\$5,000,000, save where the transfer or redemption relates to the Purchaser's entire holding of the Convertible Bonds;
- (7) the Convertible Bonds shall be converted by the Purchaser in an amount of HK\$5,000,000 or the integral multiples thereof for each conversion, save that if at any time the outstanding principal amount of the Convertible Bonds held by the Purchaser is less than the amount of HK\$5,000,000, or if the Purchaser intends to convert the entire principal amount of the Convertible Bonds then outstanding, the Purchaser may convert the whole (but not part) of such outstanding principal amount of the Convertible Bonds; and
- (8) The number of Conversion Shares to be issued and allotted on full exercise of the Purchaser's conversion right based on the conversion price of HK\$1.09 per share shall be 53,669,704 Shares, which shall be issued under the 2021 General Mandate.

#### **AMOUNT PAYABLE BY THE COMPANY UPON REDEMPTION OF CONVERTIBLE BONDS**

Pursuant to the Third Supplemental Amendments, the Company shall redeem all the outstanding Convertible Bonds held by the Purchaser on 31 January 2023, at an amount which comprises the following:

- (1) the aggregate principal amount of the outstanding Convertible Bonds held by the Purchaser after deducting the total principal amount converted into Conversion Shares;
- (2) any accrued but unpaid interest (including any default interest) and outstanding administrative fees on the remaining principal amount of the Convertible Bonds; and
- (3) an additional administrative fee that would yield an Internal Rate of Return of 10.5 per cent on the aggregate principal amount of the Convertible Bonds held by the Purchaser from the date of issue of the Convertible Bonds on 1 February 2018 until the date on which the entire outstanding amount of such redemption price has been fully paid by the Company to the Purchaser (the "**Internal Rate of Return Yield**").

The Internal Rate of Return Yield is calculated with reference to the Internal Rate of Return. It is a discount rate calculated from cash flows in respect of such amount of Convertible Bonds, which includes the subscription consideration for the Convertible Bonds, cash received by the Purchaser as a result of any redemption of the Convertible Bonds by the Company, accrued interests and administrative fees that the Company has settled, but excludes any payable default interests, such that the net present value of such aggregate cash flows equals to zero for the period from the issue date of the Convertible Bonds on 1 February 2018 until 31 January 2023 on the basis of 365 days per year.

Under the Third Supplemental Amendments, the Company shall pay to the Purchaser additional Administrative Fees in the amount of HK1,500,000 no later than 31 January 2023 (or such other date as may be solely agreed by the Purchaser). Such additional administrative fee shall not be taken into account for the calculation of the Internal Rate of Return Yield.

## **PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER**

Pursuant to the Third Supplemental Deed of Amendment, Expert Depot has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of the Purchaser to secure all sums that remain due and payable under the Convertible Bonds by the Company to the Purchaser. As at the date of this announcement, Expert Depot holds a total of 121,490,000 Shares, representing approximately 22.19% of the total issued Shares and the pledged shares represent approximately 20.09% of the total issued Shares. Expert Depot is directly wholly owned by Mr. Zhang Tiewei (the chairman and executive director of the Company), who is a Controlling Shareholder of the Company as at the date of this announcement.

## **LONG STOP DATE**

The Third Supplemental Deed of Amendment shall lapse and cease to have any effect if the Completion Date has not occurred on or before 15 June 2022 (or such later date as may be agreed by the Purchaser).

## **CONDITIONS PRECEDENT**

Pursuant to the Third Supplemental Deed of Amendment, the Third Supplemental Amendments are subject to the satisfaction of, among others, the following conditions precedent (save for the conditions precedent which are required to be satisfied only on the Completion Date) or otherwise waived by the Purchaser, one Business Day before, and excluding, the Completion Date:

- (1) the Stock Exchange having granted written approval for the Third Supplemental Amendments;
- (2) all necessary checks, consents and approvals required to be obtained on the part of the Purchaser and the Company in respect of the Third Supplemental Amendments having been obtained and remained in full force and effect;
- (3) the Company having paid to the Purchaser, and the Purchaser having received HK\$1,500,000 of additional Administrative Fees;
- (4) at least 110,000,000 Shares already deposited in the CCBI Account by Expert Depot and/or Mr Zhang Tiewei as of the date of this announcement not having been withdrawn;
- (5) the personal guarantee provided by Mr. Zhang Tiewei pursuant to the Subscription Agreement continues to be in full force and effect, and has not been withdrawn or revoked; and
- (6) the Company having delivered to the Purchaser, among others, the following documents in the form and substance satisfactory to the Purchaser: (i) an original of the Third Supplemental Bond Instrument; (ii) an original of the share charge duly executed by Expert Depot; and (iii) a certified true copy of the register of charge of Expert Depot in respect of the share charge.

Save for the Third Supplemental Amendments, all other Convertible Bonds Terms and Conditions remain unchanged. The Subscription Agreement, the Convertible Bonds and the Bond Certificate issued by the Company to the Purchaser on 1 February 2018 will be read and construed and be enforceable as if the Third Supplemental Amendments were inserted therein by way of addition or substitution, as the case may be.

## PERSONAL GUARANTEE

Under the Third Supplemental Amendments, the personal guarantee previously given by Mr. Zhang Tiewei in favour of the Purchaser, which includes and not limited to guarantee the punctual performance by the Obligors of their obligations, continue to be in full force and effect on and after the Completion Date. Accordingly, the personal guarantee, which is a provision of financial assistance by Mr. Zhang Tiewei to the Company as the chairman, executive director and substantial shareholder of 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 is not secured by the assets of the Group, it is exempt from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

## INDEPENDENT THIRD PARTY

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.

## SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 547,600,780 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 right (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 <i>Number of shares</i>	As at the date of this announcement <i>% of shareholding (Approximately)</i>	Immediately after the full exercise of the conversion right <i>Number of shares</i>	Immediately after the full exercise of the conversion right <i>% of shareholdings (Approximately)</i>
Expert Depot ( <i>Notes 1 and 6</i> )	121,490,000	22.19%	121,490,000	20.21%
Mr. Zhang Tiewei ( <i>Note 6</i> )	1,638,000	0.30%	1,638,000	0.27%
Bliss Success ( <i>Notes 2 and 6</i> )	67,868,000	12.39%	67,868,000	11.29%
Novel Heritage ( <i>Notes 3 and 6</i> )	60,876,000	11.12%	60,876,000	10.12%
Insider Solution ( <i>Notes 4 and 6</i> )	15,000,000	2.74%	15,000,000	2.49%
New Mastro Investments Limited ( <i>Note 5</i> )	45,000,000	8.22%	45,000,000	7.48%
The Purchaser	0	0%	53,669,704	8.93%
Other public Shareholders	235,728,780	43.05%	235,728,780	39.21%
<b>Total:</b>	<b><u>547,600,780</u></b>	<b><u>100%</u></b>	<b><u>601,270,484</u></b>	<b><u>100%</u></b>

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 Tiewei, 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 Kaiying, 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 Haoquan, 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 Guoxian.*
- 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.*
- 6 *Pursuant to a acting in concert confirmation dated 31 May 2015, Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Guoxian confirmed that 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. They are deemed to be interested in 266,872,000 Shares, representing approximately 48.73% 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).*

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As the amendments are alterations to terms of the Convertible Bonds that do not take effect automatically under the existing terms, the Company shall seek all necessary approval from the Stock Exchange accordingly.

The Company will have to allot and issue 53,669,704 Conversion Shares to the Purchaser upon the full conversion of the Convertible Bonds. The 53,669,704 Conversion Shares will be issued and allotted under the 2021 General Mandate.

As at the date of this announcement, the Company has issued and allotted 4,587,156 shares under the 2021 General Mandate pursuant to the Second Supplemental Amendments and 104,015,569 shares remain to be issued and allotted under the 2021 General Mandate. Therefore, the 2021 General Mandate is sufficient to cover the proposed allotment and issuance of 53,669,704 Conversion Shares under the Third Supplemental Amendments and no Shareholders' approval is required.

## **REASONS FOR THE THIRD SUPPLEMENTAL AMENDMENTS**

The Convertible Bonds will have, but for the Third Supplemental Amendments, matured on 31 January 2022 upon which the Company would be required to deploy its cash reserves and/or rely on other fundraising and financing activities to redeem the Convertible Bonds. The Third Supplemental Amendments will allow the Group to have more financial flexibility, to be waived from paying default interest arising from breaches of the Convertible Bonds Covenants and would allow the Group to utilise its resources for business development and/or other business opportunities to maximise returns to its Shareholders and for general working capital purpose.

The Third Supplemental Amendments were arrived after arm's length negotiation between the Company and the Purchaser, with reference to, among others, (i) the Company's past performance; (ii) the Company's current financial and cash position, (iii) the prevailing market price of the Shares and (iv) recent market conditions.

In view of the above, the Board considers that the Third Supplemental Amendments are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

**Shareholders and potential investors should note that the Third Supplemental Deed of Amendment is conditional upon fulfilment of all conditions precedent therein. The Third Supplemental Amendments contemplated under the Third Supplemental Deed of Amendment may or may not materialize. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“Company”	China Success Finance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 3623)
“Controlling Shareholder”	has the meaning ascribed to it in the Listing Rules
“Conversion Shares”	The Shares to be allotment and issuance pursuant to the Third Supplemental Deed of Amendment upon exercise of the Purchaser's conversion right
“Convertible Bonds Announcements”	Announcements of the Company (1) dated 25 January 2018 in respect of the proposed issuance of the Convertible Bonds under General Mandate; (2) dated 1 February 2018 in relation to the completion of the issuance of Convertible Bonds under General Mandate; (3) dated 27 December 2018 in relation to the alterations of the terms and conditions of the Convertible Bonds; (4) dated 31 December 2018 in respect of the additional information regarding the alterations of the terms and conditions of the Convertible Bonds; (5) dated 11 January 2019 in relation to the completion of the alterations of the terms and conditions of the Convertible Bonds; (6) dated 13 November 2020 in relation to the partial conversion of the Convertible Bonds in the aggregate principal amount of HK\$10,000,000 at the conversion price of HK\$1.09 per Share; (7) dated 28 January 2021 in relation to the further partial conversion of the Convertible Bonds in the aggregate principal amount of HK\$10,000,000 at the conversion price of HK\$1.09 per Share; (8) dated 29 January 2021 in relation to the further alteration of the terms and conditions of the Convertible Bonds; (9) dated 24 September 2021 in relation to the further alteration of the terms and conditions of the Convertible Bonds; (10) dated 24 November 2021 in relation to the supplemental and completion announcement of the further alteration of the terms and conditions of the Convertible Bonds; and (11) dated 18 January 2022 in relation to the conversion of the Convertible Bonds

“Convertible Bonds Terms and Conditions”	the terms of the Subscription Agreement dated 25 January 2018 and the terms and conditions of the Convertible Bonds which were issued on 1 February 2018 and amended on 11 January 2019 and 24 November 2021
“Corporate Obligors”	Expert Depot Limited, Bliss Success Investments Limited, Novel Heritage Limited and Insider Solution Limited, with their respective entire issued share capital held by each of the parties to the acting in concert confirmation respectively
“Completion Date”	the first Business Day after, and excluding, the date upon which the last of the conditions precedent under the Third Supplemental Deed of Amendment (save for such condition precedent which are required to be satisfied only on the Completion Date) are satisfied or otherwise waived by the Purchaser, or such other date as the Company and the Purchaser may agree in writing
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited
“Obligors”	the Corporate Obligors and their respective beneficial owners, who are parties to the acting in concert confirmation
“Purchaser”	Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability and its ultimate beneficial owner is China Construction Bank Corporation (Stock Code: 0939).
“Remaining Bond Balance”	the outstanding Convertible Bonds principal amount of HK\$58,500,000
“Share(s)”	ordinary share(s) in the share capital of the Company
“Third Supplemental Amendments”	the Third Supplemental Amendments to the Convertible Bonds Terms and Conditions under the Third Supplemental Deed of Amendment
“Third Supplemental Bond Instrument”	the third amendment bond instrument to effect the Third Supplemental Amendments
“Third Supplemental Deed of Amendment”	the third amendment deed of the Convertible Bonds Terms and Conditions entered into between the Company, the Purchaser and the Obligors to effect the Third Supplemental Amendments

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

Hong Kong, 16 May 2022

*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) four independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur, Mr. Xu Yan and Mr. Zhou Xiaojiang.*