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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)

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

THE DISPOSAL

On 28 December 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser under which the Vendor agreed to sell the Sale Shares, representing 12.9% interest in Guangdong Mupai Technology, to the Purchaser for an aggregate consideration of RMB 36,980,000. Upon completion of the disposal, the Company will no longer have any interest in Guangdong Mupai Technology.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the disposal are more than 5% but less than 25%, the disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL AGREEMENT

On 28 December 2022, the Vendor and the Purchaser entered into the Disposal Agreement in relation to the disposal of the Sale Shares. The salient terms of the Disposal Agreement are as follows:

Subject Matter

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase, the Sale Share for a consideration of RMB 36,980,000.

Consideration and Payment terms

The consideration of RMB 36,980,000 for the Sale Shares shall be paid by the Purchaser to the Vendor in accordance with the Disposal Agreement in the following manner:

- (a) RMB 15,405,000 shall be payable upon execution of the Disposal Agreement;

- (b) RMB 10,787,500 shall be payable by 28 December 2023; and
- (c) the remaining of the consideration in the amount of RMB 10,787,500 shall be payable by 28 December 2024.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the fair value of the Sale Shares as at 31 December 2021 of approximately RMB 37 million; (ii) the prolonged effect of COVID-19 which poses uncertainty as to the business environment and (iii) the reasons for and benefits of the disposal as set out in this announcement.

Completion

Completion of the disposal of the Sale Shares shall take place upon the execution of the Disposal Agreement.

INFORMATION ON GUANGDONG MUPAI TECHNOLOGY

The Target Company is a limited liability company incorporated in the PRC and is principally engaged in property development, property leasing, property intermediary service and property management.

Set out below is the unaudited financial information of Guangdong Mupai Technology for the year ended 31 December 2020 and 31 December 2021:

	2020 <i>RMB'000</i> <i>(unaudited)</i>	2021 <i>RMB'000</i> <i>(unaudited)</i>
(Loss)/profit before taxation	(7,960)	82,340
Net (loss)/profit for the year	(8,287)	63,876

REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL AGREEMENT

The disposal enables the Group to monetize its investment in Guangdong Mupai Technology and represents an opportunity to enhance the financial flexibility of the Group. The Directors consider that the disposal can enable the Group to solidify its financial and cash position. The disposal will allow the Group to reallocate its financial resources to other business needs.

The terms of the disposal were arrived at after arm's length negotiations between the Vendor and the Purchaser. The Board is of the view that the terms of the Disposal Agreement and the transactions contemplated thereunder were negotiated on an arm's length basis between the parties and are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

The Group's interest in Guangdong Mupai Technology are classified as financial assets measured at fair value through profit or loss in the Group's consolidated financial statement. As the consideration of the disposal of the Sale Shares equals to the fair value of the Sale Shares, it is expected that no gain or loss for the transaction will be recorded in 2022. The actual gain or loss on the Disposal may be different from the above and subject to the final audit by the Company's auditor.

Upon completion of the disposal, the Group will no longer have any interest in Guangdong Mupai Technology. The proceeds from the disposal are currently intended to be used by the Group as general working capital.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the disposal are more than 5% but less than 25%, the disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. The Group is principally engaged in the provision of guarantee, financial leasing, factoring, sales of market hogs and financial consultancy services in the PRC.

The Vendor

The Vendor is a limited liability company incorporated in the PRC and is principally engaged in provision of financial leasing services in the PRC. It is a wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is a limited liability company incorporated in the PRC and is principally engaged in enterprise management consulting, property leasing and industrial park management services in the PRC. The ultimate beneficial owner is Huang Shumin.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

DEFINITIONS

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

“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);
“Disposal Agreement”	the sale and purchase agreement dated 28 December 2022 between the Vendor and the Purchaser in relation to the disposal of 12.9% interest in Guangdong Mupai Technology held by the Group;
“Group”	The Company and its subsidiaries;
“Guangdong Mupai Technology”	Guangdong Mupai Technology Company Limited* (廣東睦湃科技有限公司), a company incorporated in the PRC with limited liability;
“Independent Third Parties”	third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules);
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited;

“PRC”	People’s Republic of China;
“Purchaser”	Foshan Yahong Enterprise Management Company Limited* (佛山市雅泓企業管理有限公司), a company incorporated in the PRC with limited liability;
“Sale Shares”	12.9% of the registered capital of Guangdong Mupai Technology;
“Vendor”	Shenzhen Success Financial Leasing Company Limited* (深圳市集成融資租賃有限公司), a company incorporated in the PRC and a wholly owned subsidiary of the Company.

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

Hong Kong, 28 December 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) three independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang.