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 DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION FOR EXCHANGEABLE BOND

Reference is made to the announcements of China Success Finance Group Holdings Limited (the "**Company**") dated 2 May 2025 and 9 May 2025 (the "**Announcements**") in relation to the Subscription and the Placing. Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements. In addition to the information provided in the Announcements, the Company would like to provide the following additional information.

Strategic rationale for the Subscription

The subscription of the Exchangeable Bond represents a strategic opportunity for the Group to gain exposure to the rapidly evolving digital assets sector, which is poised for significant growth. While partnering with leading U.S. market players would be ideal for accessing this sector, the high valuations of such market players exceed the Group's current financial capacity for a cash-based partnership.

Over recent years, the Group has faced challenges in its core businesses, resulting in limited cash surplus for discretionary use. Raising additional funds through the issuance of new shares has proven difficult for the Company. To address this, the Subscription involves the issuance of Consideration Shares, creating a mutually beneficial arrangement with the Target Company. This structure allows the Group to participate in the Target Company's growth potential without significant cash outlay, with the prospect of enhancing the Group's share performance as the Target Company achieves its growth objectives.

The Exchangeable Bond is structured to minimise financial risk to the Group. Should the Target Company fail to meet the anticipated financial performance (i.e. an EBITDA of at least US$100 million), the Group retains the right to redeem the Bond with interest, thereby recouping its investment. Based on extensive discussions with the Target Company and a thorough assessment of its growth prospects, the Group believes that the agreed valuation of US$400 million (at 4x ebitda) is below market comparables from mature markets such as Hong Kong and the US markets and is reasonable and advantageous to the Group. Close collaboration with the Target Company will further enable the Group's senior management to contribute to its operations, enhancing its exposure to this high-growth sector.

The global financial sector is undergoing significant transformation, driven by advancements in digital technologies. The Middle East, with its substantial capital resources, is a key region for this evolution, and the Group's collaboration with the Target Company provides a platform to participate in this change. By leveraging the operational exposure and potential expansion into the Middle Eastern and the African markets, the Group is well positioned to transform its role in the financial sector and capitalise on emerging opportunities.

The Group's management expertise and market knowledge

The Group's senior management, including the Chairman of the Board and the company secretary, possess extensive experience in the digital assets sector and the Middle Eastern and the Afrian markets. Their longstanding relationships with regional partners, including the Vendor, and their deep understanding of markets in Egypt, UAE, Jordan, Israel, and Oman, underpin the Group's confidence in the Transaction. The Vendor is a trusted partner with a proven track record, further mitigating risks associated with the Subscription.

The Subscription aligns with supportive policies from the Hong Kong Monetary Authority and the Hong Kong Government, which encourage local companies to expand into the digital economy and the Middle Eastern markets. This strategic alignment reinforces the Board's view that the Subscription represents a pivotal opportunity for the Group's growth and transformation.

While the Group itself may not have direct operational experience in the digital assets sector and the Middle Eastern markets, the individual and collective expertise of its senior management team is substantial. Their industry knowledge and regional experience are critical to the Group's ability to execute the Subscription effectively and contribute to the Target Company's success. The Exchangeable Bond carries a 16% annual coupon, providing the Group with consistent returns prior to any potential exchange. Upon exchange, the Group will secure an equity stake in the

Target Company, which is anticipated to deliver strong profitability and significant growth potential, despite the limited liquidity of the shares of the Target Company. The Board believes the structure of the Subscription offers compelling financial and strategic benefits.

Additional information on the Company's credit assessment and due diligence procedures performed in satisfying with the Vendor's repayment ability

To assess the Vendor's repayment ability, the Company performed the following due diligence procedures:

The Company engaged an independent search agent to verify the Vendor's identity, including legal name, address, and ownership structure, using official documentation (e.g., passport, business registration records); to perform searches across international and local legal databases to identify any ongoing or historical litigation, judgments, or bankruptcy proceedings involving the Vendor, confirming no legal impediments to repayment capacity; and also ensuring compliance with anti-money laundering regulations with no issues identified. The Company conducted a review of the Vendor's bank account status which does not indicate any abnormality and the account is operational.

The Company conducted an assessment of the Vendor's significant equity stakes in projects spread in different parts of the world, including a gold mine project in Africa with an estimated valuation of approximately US$50 million and crypto assets held by one of the Vendor's companies with market value exceeding US$7 million. Such assessment included evaluating the operational status, revenue potential, regulatory compliance, and liquidity of these assets, ensuring a realistic assessment of their contribution to the Vendor's financial position. Based on the Vendor's interest in the gold mine project, the value of the Vendor's interest in the gold mine is around US$4 million. The value of the crypto assets which the Vendor has interests is valued at around US$3.8 million. There are no restrictions imposed upon the Vendor should the Vendor decides to liquidate his interests in the gold mine and/or his interests in the crypto holdings. The Vendor does not have any significant liabilities (aggregate in total of less than US$20,000).

Based on the results of the assessment conducted by the Company on the Vendor and his assets and interests in projects, considering the cash consideration under the Exchangeable Bond to be repaid is relatively small compared to the assets held by the Vendor, the Board concluded that the potential risk of the Vendor not being able to repay the principal and interests under the Exchangeable Bond is quite low.

Since the Bond is issued by the Vendor, the liability lies with the Vendor. As a result the Board did not insist on a personal guarantee from the vendor. However as an added assurance, the Board has a separate undertaking from the Vendor that during the term of the Bond, if there is any significant change in the value of the assets held by the Vendor (drop in value by 25% or more) or if the Vendor takes up any significant liabilities (including loans, borrowings, guarantees, indemnities, aggregate in total of more than US$1,000,000), the Vendor shall inform the Company of such change or action. If upon receipt of such notification in writing by the Company, the Company does not want to continue to hold the Bond, the Company shall have the right to put the Bond back to the Vendor and/or the Target Company and the Vendor and/or the Target Company shall redeem the Bond within a period of two months from the date of such written notification(s).

Additional information on the future business prospect of the Target Company

As disclosed in the Announcements, the Target Company is duly registered with the Financial Services Authority of the Central Bank of Oman and is entitled to carry out electronic banking services. It is in the process of establishing itself as the first entity to operate a crypto OTC trade desk and exchange platform in Oman. With the setting up of a retail outlet together with the business and banks collaborations, the Target Company is expected to achieve robust growth within the local Omani community, the Middle East as well as the Islamic community covering neighbouring countries including, without limitation, Turkey, Cyprus, Egypt, Iran, Iraq, Pakistan, Afghanistan, India and Sri Lanka. The Target Company can on board corporate and professional individuals to have trading accounts provided stringent KYC and AML procedures are met and upon which these investors shall be able to conduct transactions on the Target Company's exchange platform.

Additional information on the ebitda multiples of comparable companies

As disclosed in the Company's announcement dated 9 May 2025, the basis for determining the exchangeable price on a multiple of 4 times the Target Company's ebitda for its full financial year was benchmarked against comparable listed companies in the United States of America and Hong Kong engaged in crypto OTC trading and exchange platforms. The Board has considered the ebitda multiples (calculated by dividing enterprise value by ebitda) of two comparable companies listed in the United States of America and two comparable companies listed in Hong Kong. The ebitda multiples of these four comparable companies ranged from 11.26 times to 77.50 times. The 4-times ebitda multiple used to determine the exchangeable price is significantly lower, reflecting the Subscriber's prudent approach and taking into account the inherent risks associated with the Target Company's status as a private, early-stage entity establishing its crypto OTC trading and exchange platforms as well as country risk as the Target Company operates in a jurisdiction which the Group does not have direct operational experience notwithstanding having possession of knowledge of the markets in the Middle East and in Africa.

The comparable companies are established players in crypto OTC trading and exchange, providing a benchmark for valuation. While these companies have years of operating history, proven revenue streams and established market positions, the Target Company is a private, early-stage entity in Oman. To adjust for this disparity, the comparison focused on their shared business model in crypto-related services. The higher ebitda multiples of comparable companies reflect their mature market positions, scale, and stability in regulated markets, whereas the Target Company's 4-times ebitda multiple accounts for its early-stage risks.

The Target Company's 4-times ebitda multiple reflects the Subscriber's prudent approach by significantly discounting the valuation compared to the 11.26-times to 77.50-times range of comparable companies. This lower multiple acknowledges the inherent risks of the Target Company's status as a private, early-stage entity establishing crypto OTC and exchange platforms. Factors considered include the lack of operational history, market volatility, and the challenges of building a new technology infrastructure. This conservative valuation minimises overpayment risk while preserving upside potential if the Target Company succeeds.

The Bond gives the Group an opportunity to enter into a new financial sector which is becoming a global phenomenon. It exposes minimal risk to the Group whilst giving the Group a good coupon return as a fixed income product. When exercising the exchangeable rights under the Bond, the Company shall take into consideration the financial performance of the Target Company, the potential of the Target Company as well as the industry and the benefit to the Group being a shareholder of the Target Company which allows exposure of the operations in the Target Companies by members of the Group's senior management.

To further substantiate this approach, the Company refers to the "Global Private Markets Report 2025: Private equity emerging from the fog" published by Mckinsey & Company in February 2025, which presents key metrics for global private equity. According to this report, the median buyout entry multiple (purchase price/ebitda) in 2024 is 11.9 times, representing the valuation investors are willing to pay when they initially invest in or acquire a company. This market benchmark reinforces the Subscriber's prudent approach, as the 4-times ebitda multiple for the Target Company is significantly below the 2024 market norm of 11.9 times for buyouts, reflecting the Target Company's higher risk profile as a private, early-stage entity in the crypto sector.

Throughout the subscription of the Bond, the Company led by the Chairman, Mr. Zhang Tiewei (who started his exposure in the crypto space since 2016) has been engaging, discussing and learning from experts in the crypto space including representatives of international and major Chinese financial institutions as well as crypto exchanges, financial advisers and industry experts over the last few months. Members of the Group's senior management have also engaged or took part in the crypto space over the years and have involved in businesses in the Middle East and parts of Africa. The Board has thoroughly studied the opportunity and strongly believes the subscription is a prudent and secure way for the Group to get involved in this new financial sector which is slowly becoming the new norm on a global scale.

Detailed basis of the assumption that the Target Company will achieve an ebitda of US$100 million

Part of the assessment of the investment involved visiting Oman by part of the Company's management team. While visiting Oman and in the different dialogues with local Omani regulators and businesses, it was clear that by establishing the first crypto OTC trade desk in Oman the Target Company shall have the first mover advantage and Omani banks and businesses have already indicated strong interest to collaborate businesses with the Target Company.

During the interview with the Target Company, the Company's management team reviewed the Target Company's business plan and evaluated its financial projection. Based on a conservative scenario, the Target Company is expected to reach a turnover of US$150 million in its first full financial year. As an asset-light business with closely monitored operational overheads, the ebitda in excess of US$100 million is expected to be achieved by the Target Company in the first full 12 months of operations.

Identity and principal business activities of the shareholder(s) of the remaining 20% equity interest in the Target Company

The remaining 20% equity interest in the Target Company is held by an Omani company which is held by an Omani entrepreneur who has been operating businesses in Oman and other parts of the Middle East for over 10 years. The businesses this Omani entrepreneur engages in include property development, banking and finance as well as oil and gas projects. The Omani entrepreneur is an Independent Third Party and is not related to the Vendor nor his connected persons.

Save for the additional information in this announcement, all other information contained in the Announcements remain unchanged.

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

Hong Kong, 28 August 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan, and the independent non-executive Directors of the Company are Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang.