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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 PROVISION OF GUARANTEE AND ADVANCE TO AN ENTITY

On 14 August 2017 (after trading hours), Success Guarantee entered into a Guarantee Contract with FNGJ, pursuant to which Success Guarantee has agreed to provide a litigation guarantee, the amount of which shall not exceed the adjudicated amount under the Freezing Order, i.e. RMB120,000,000 (equivalent to approximately HK\$140,400,000), to a PRC Court in support of FNGJ's application for unfreezing Frozen Assets which are currently under the Freezing Order.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Litigation Guarantee Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the relevant disclosure requirements under the Listing Rules. As the Litigation Guarantee Arrangement constitutes a relevant advance to an entity under Rule 13.11(2)(c) of the Listing Rules and exceeds 8% of the Assets Ratio, it is subject to the disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

THE GUARANTEE CONTRACT AND THE GUARANTEE LETTER

On 14 August 2017 (after trading hours), Success Guarantee entered into a Guarantee Contract with FNGJ, the third defendant of the Case, pursuant to which Success Guarantee agreed to provide a litigation guarantee, the amount of which shall not exceed the adjudicated amount under the Freezing Order, i.e. RMB120,000,000 (equivalent to approximately HK\$140,400,000), to a PRC Court in support of FNGJ's application for unfreezing the Frozen Assets which are currently under the Freezing Order. A guarantee fee of 2.5% over the guaranteed amount will be paid to Success Guarantee by FNGJ before the issuance of the Guarantee Letter.

Success Guarantee will issue a Guarantee Letter to the PRC Court guaranteeing that Success Guarantee will compensate the loss suffered by the Plaintiff arising from the unfreezing of the Frozen Assets (if such was lifted incorrectly), the amount of which shall not exceed the adjudicated amount under the Freezing Order, i.e. RMB120,000,000 (equivalent to approximately HK\$140,400,000).

The Litigation Guarantee Arrangement provided by Success Guarantee under the Guarantee Contract and the Guarantee Letter is a typical litigation guarantee service provided by Success Guarantee and was made in the ordinary and usual course of business of Success Guarantee.

COUNTER GUARANTEE

FSPL provides a counter guarantee to Success Guarantee.

GUARANTEE FEE

The guarantee fee of 2.5% over the guaranteed amount, i.e. RMB3,000,000 (equivalent to approximately HK\$3,510,000), will be paid to Success Guarantee by FNGJ before the issuance of the Guarantee Letter. It was determined after arm's length negotiation among the parties.

RELEVANT ADVANCE TO AN ENTITY EXCEEDING 8% UNDER THE ASSETS RATIO

Amount of guarantee under the Litigation Guarantee Arrangement	Amount of the published audited total assets of the Group as at 31 December 2016	% of the amount of guarantee under the Litigation Guarantee Arrangement to the amount of the published audited total assets of the Group as at 31 December 2016
RMB120,000,000	RMB991,100,000	12.11%

INFORMATION ABOUT THE CASE

The Case arose from a dispute on the validity of a contract entered into between the Plaintiff and the defendants of the Case other than FNGJ and such dispute was a result of the conflict among the parties to the contract concerned. FNGJ has no direct connection to the contract concerned and was only joined as a party to the Case because it is holding the subject matter of the contract concerned.

COLLATERAL

No collateral other than the counter guarantee provided by FSPL has been provided to Success Guarantee to secure the guarantee provided by Success Guarantee under the Litigation Guarantee Arrangement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE GUARANTEE CONTRACT AND THE GUARANTEE LETTER

The Group is a financial service provider engaging in, among other things, the offering of financial and non-financial guarantee services, financial consultancy services and financial leasing services in the PRC. Success Guarantee is a wholly-owned subsidiary of the Company, engaging in the financial guarantee business. The entering into of the Litigation Guarantee Arrangement is in the ordinary and usual course of business of Success Guarantee. It is expected that Success Guarantee will earn a guarantee fee of 2.5% over the guaranteed amount from entering into the Litigation Guarantee Arrangement.

The Group has conducted internal risk assessment before entering into the Litigation Guarantee Arrangement. The Board is of the view that the Litigation Guarantee Arrangement was entered into on normal commercial terms and was fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP AND SUCCESS GUARANTEE

The Group is a financial service provider engaging in, among other things, the offering of financial and non-financial guarantee services, financial consultancy services and financial leasing services in the PRC. Success Guarantee is a wholly-owned subsidiary of the Company, engaging in the financial guarantee business.

INFORMATION ABOUT FNGJ

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) FNGJ is a limited liability company established under the laws of the PRC and principally engaged in the business of property development; and (ii) each of FNGJ and its ultimate beneficial owners is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Litigation Guarantee Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the relevant disclosure requirements under the Listing Rules. As the Litigation Guarantee Arrangement constitutes a relevant advance to an entity under Rule 13.11(2)(c) of the Listing Rules and exceeds 8% of the Assets Ratio, it is subject to the disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

DEFINITIONS

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

“Assets Ratio”	as defined in Rule 14.07 of the Listing Rules
“Board”	the board of Directors
“Case”	litigation proceedings in the PRC of which the Plaintiff, FSPL and FNGJ are parties
“Company”	China Success Finance Group Holdings Limited (Stock Code: 3623), a company incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“FNGJ”	with Foshan Nanhai Guicheng Jinxin Estate Agency Company Limited* (佛山市南海桂城金信房產代理有限公司), a limited liability company established under the laws of the PRC
“Freezing Order”	a freezing order imposed by a PRC Court over the Frozen Assets
“Frozen Assets”	the properties of FNGJ in the aggregate sum of RMB120,000,000 currently under a freezing order imposed by the PRC Court pursuant to an application made by the Plaintiff in relation to the Case
“FSPL”	Foshan Shengying Properties Company Limited* (佛山市盛盈房地產有限公司)
“Group”	the Company and its subsidiaries
“Guarantee Contract”	a litigation guarantee contract dated 14 August 2017 entered into between Success Guarantee and FNGJ
“Guarantee Letter ”	the litigation guarantee letter to be issued by Success Guarantee to a PRC court in relation to the Case

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (has the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Litigation Guarantee Arrangement”	the guarantee arrangement provided by Success Guarantee under the Guarantee Contract and the Guarantee Letter
“Plaintiff”	Foshan Wanke Properties Company Limited* (佛山市萬科置業有限公司), a limited liability company established under the laws of the PRC
“PRC Court”	a court in the PRC in which the Case is to be decided
“PRC”	the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Guarantee”	Guangdong Success Finance Guarantee Company Limited* (廣東集成融資擔保有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.17. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 14 August 2017

As at the date of this announcement, the Board comprises (i) six executive Directors, namely, Mr. Zhang Tiewei, Ms. Fu Jie, Mr. Li Bin, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Hui, (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*