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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**

On 1 February 2018 (after trading hours), Success Guarantee entered into a Guarantee Contract with Hua Huang and Huan Ya, pursuant to which Success Guarantee has agreed to provide a litigation guarantee, the amount of which shall not exceed RMB80,000,000 (equivalent to approximately HK\$99,200,000), to a PRC Court in support of an application by Hua Huang and Huan Ya for the Property Preservation 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.

### **THE GUARANTEE CONTRACT AND THE GUARANTEE LETTER**

On 1 February 2018 (after trading hours), Success Guarantee entered into a Guarantee Contract with Hua Huang and Huan Ya, pursuant to which Success Guarantee agreed to provide a litigation guarantee, the amount of which shall not exceed RMB80,000,000 (equivalent to approximately HK\$99,200,000), to a PRC Court in support of an application by Hua Huang and Huan Ya for the Property Preservation Order. A guarantee fee of 0.2% over the guaranteed amount will be paid to Success Guarantee by Hua Huang upon 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 defendants of the Case under the wrong application for the Property Preservation Order, the amount of which shall not exceed RMB80,000,000 (equivalent to approximately HK\$99,200,000).

If the PRC Court does not accept the Guarantee Letter, Hua Huang and Huan Ya shall return the original of the Guarantee Letter to Success Guarantee within five days from the date of issuance of the Guarantee Letter, and Success Guarantee shall refund the guarantee fee to Hua Huang and Huan Ya upon receiving the original of the Guarantee Letter.

If Success Guarantee is required to honor the guarantee obligations under the Guarantee Letter as a result of that the Property Preservation Order has been wrongly made, Hua Huang and Huan Ya have a contractual obligation under the Guarantee Contract to indemnify Success Guarantee for the amount it paid under the Guarantee Letter together with a default interest.

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**

Each of Hua Huang and Huan Ya will provide a counter guarantee to Success Guarantee.

## **GUARANTEE FEE**

The guarantee fee of 0.2% over the guaranteed amount, i.e. RMB160,000 (equivalent to approximately HK\$198,400) will be paid to Success Guarantee by Hua Huang before the issuance of the Guarantee Letter. It was determined after arm's length negotiation among the parties.

## **INFORMATION ABOUT THE CASE**

The Case arose from a dispute on a contract entered into between the plaintiffs and the defendants of the Case.

## **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 0.2% 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 HUA HUANG AND HUAN YA**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) Hua Huang is a limited liability company established under the laws of the PRC and principally engaged in equity investment, property investment and investment consultancy service; (ii) Huan Ya is a limited liability company established under the laws of the PRC and principally engaged in equity investment and property investment; and (iii) each of Hua Huang and Huan Ya and their 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.

## DEFINITIONS

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

“Board”	the board of Directors
“Case”	litigation proceedings in the PRC of which Hua Huang and Huan Ya are the plaintiffs
“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
“Group”	the Company and its subsidiaries
“Guarantee Contract”	a litigation guarantee contract dated 1 February 2018 entered into among Success Guarantee, Hua Huang and Huan Ya
“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
“Hua Huang”	Guangdong Hua Huang Investment Company Limited* (廣東花皇投資有限公司), a limited liability company established under the laws of the PRC
“Huan Ya”	Heshan Huan Ya Investment Company Limited* (鶴山市環亞投資有限公司), a limited liability company established under the laws 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
“PRC Court”	a court in the PRC in which the Case is to be decided
“Property Preservation Order”	the property preservation order for the preservation of the properties of the defendants of the Case in the aggregate amount of RMB80,000,000
“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\$1.24. 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, 1 February 2018

*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. Hung Hoi Ming Raymond, (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