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China Success Finance Group Holdings Limited

(中國集成金融集團控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3623)

INSIDE INFORMATION PROPORTIONAL RE-GUARANTEE COOPERATION AGREEMENT

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

BACKGROUND

Success Guarantee, the principal operating subsidiary of the Company, mainly provides financial guarantees to its customers to assist them in obtaining loans from banks or other institutions. In the event of default or failure to repay any outstanding loan amount by its due date by the customers of Success Guarantee, Success Guarantee will be liable to indemnify the lending institution for the default amount within a certain period after an indemnification notice is served by the lending institution as stipulated under the guarantee contract between the lending institution and Success Guarantee. In order to reduce the risk exposure of Success Guarantee, Success Guarantee entered into a cooperation agreement with a re-guarantee company in the PRC pursuant to which the re-guarantee company agreed to guarantee the whole or a portion of the guarantee obligation of Success Guarantee. Please refer to the prospectus of the Company dated 31 October 2013 for further details about the business and the existing re-guarantee arrangement of Success Guarantee.

Success Guarantee is looking for cooperation with other re-guarantee companies so as to further reduce its risk exposure under its guarantee obligation.

THE COOPERATION AGREEMENT

The Board announces that on 29 November 2013 (after trading hours of the morning session), Success Guarantee entered into the Cooperation Agreement with the Re-Guarantor relating to the Proportional Re-Guarantee, particulars of which are set out below:

Date of agreement: 29 November 2013

Effective date: 15 November 2013

Parties: (a) the Re-Guarantor; and
(b) Success Guarantee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Re-Guarantor is an Independent Third Party.

Proportional Re-Guarantee: In respect of the Agreed Business, if Success Guarantee indemnified the lending institution for its customers pursuant to the guarantee contract between the lending institution and Success Guarantee, the Re-Guarantor agreed to proportionally compensate Success Guarantee for the amount paid by Success Guarantee according to the Compensation Percentage ("**Proportional Re-Guarantee**").

Agreed scope of business: The Re-Guarantor agreed to provide the Proportional Re-Guarantee to Success Guarantee in respect of the following guarantee businesses of Success Guarantee:

- (a) the guarantee business which Success Guarantee undertakes guarantee obligations during the Term of the Corporation Agreement, including (i) any new guarantee business (including renewal of guarantee business) entered into between Success Guarantee and its customer during the term of the Cooperation Agreement; and (ii) any guarantee business which subsists prior to the date of the Cooperation Agreement which is not overdue and with maturity date of no less than three (3) months after the effective date of the Cooperation Agreement ("**Existing Guarantee**");
- (b) type of guarantee business includes loan guarantee, acceptance of bill guarantee, trade finance guarantee, project finance guarantee, letter of credit guarantee and other financing guarantee business;

- (c) the terms of the underlining loan cannot be longer than one (1) year;
- (d) the amount of guarantee undertaken by Success Guarantee under one guarantee contract is no more than RMB20,000,000;
- (e) the guarantee provided by Success Guarantee is not in favour of an affiliate of Success Guarantee; and
- (f) the guarantee is not in favour of a personal consumption loan.

(together, the “**Agreed Business**”)

Compensation
Percentage:

The Re-Guarantor agreed to compensate Success Guarantee in accordance with the following percentage (the “**Compensation Percentage**”):

- (a) if the guarantee amount of Success Guarantee under one guarantee contract is not more than RMB10,000,000, the Re-Guarantor agreed to compensate 20% of the compensation made by Success Guarantee to the lending institution; and
- (b) if the guarantee amount of Success Guarantee under one guarantee contract is more than RMB10,000,000 but not more than RMB20,000,000, the Re-Guarantor agreed to compensate 10% of the compensation made by Success Guarantee to the lending institution.

The aggregate compensation payable by the Re-Guarantor to Success Guarantee in respect of the defaults attributable to one single customer under one or several guarantee contract(s) will not be more than RMB2,000,000.

For the Existing Guarantee, the compensation payable by the Re-Guarantor to Success Guarantee shall also take into account the number of months the Re-Guarantor provides the Proportional Re-Guarantee.

Term of the
Cooperation
Agreement:

One (1) year commencing from 15 November 2013. Unless terminated by either party by serving 30 days notice or by mutual consent of the parties, the Cooperation Agreement will be automatically extended for one year (“**Term of the Cooperation Agreement**”).

Fees for the Proportional Re-Guarantee:

Fees for the Proportional Re-Guarantee (the “Fees”) payable to the Re-Guarantor by Success Guarantee for each guarantee business shall be as follows:

$$A = B \times 2\% \times \frac{C}{12} \times D$$

A = Fees for the Proportional Re-Guarantee for each guarantee business payable to the Re-Guarantor

B = The outstanding guarantee amount undertaken by Success Guarantee for each guarantee business

C = Number of months Re-Guarantor undertakes to provide the Proportional Re-Guarantee for each guarantee business

D = the Compensation Percentage for each guarantee business

The Re-Guarantor will inform Success Guarantee the Fees payable for each guarantee business by written notice which shall be settled in full within 10 days after the date of notice.

Refund of handling fees:

Upon expiry of the Term of the Cooperation Agreement, the Re-Guarantor and Success Guarantee will review the re-guarantee arrangement under the Cooperation Agreement. If the total amount of compensation paid by the Re-Guarantor to Success Guarantee under the Proportional Re-Guarantee over the total amount of the Fees received by the Re-Guarantor for the Proportional Re-Guarantee under the Cooperation Agreement is less than 70%, the Re-Guarantor will refund a handling fees to Success Guarantee. Calculation of the handling fees is as follows:

$$E = F \times (70\% - \frac{G}{F})$$

E = Amount of handling fees to be refunded to Success Guarantee

F = The total amount of the Fees received by the Re-Guarantor for the Proportional Re-Guarantee

G = The total amount of compensation paid by the Re-Guarantor under the Proportional Re-Guarantee

REASONS FOR AND BENEFITS OF ENTERING THE COOPERATION AGREEMENT

Taking into account the terms of the Cooperation Agreement with reference to the existing re-guarantee agreement of Success Guarantee and to further reduce the current risk exposure of Success Guarantee, the Directors are of the view that the terms of the Cooperation Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Cooperation Agreement”	the proportional re-guarantee cooperation agreement dated 29 November 2013 entered into between the Company and the Re-Guarantor relating to the Proportional Re-Guarantee
“Director(s)”	director(s) of the Company
“Independent Third Party”	party who, together with its ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	The People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Re-Guarantor”	China United SME Guarantee Corporation (中合中小企業融資擔保股份有限公司)

“RME”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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 the principal operating subsidiary of the Company
“%”	Per cent

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

Hong Kong, 29 November 2013

As at the date of this announcement, the Board comprises of (i) two executive Directors, namely Mr. Zhang Tiewei and Mr. Li Bin, (ii) three non-executive Directors, namely, Mr. He Darong, Mr. Xu Kaiying and Mr. Pang Haoquan, and (iii) three independent non-executive Directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Xu Yan.

* *For identification purpose only*