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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)**

### **DISCLOSEABLE TRANSACTION PROVISION OF GUARANTEE AND ADVANCE TO AN ENTITY**

#### **PROVISION OF GUARANTEE AND ADVANCE TO AN ENTITY**

The Board is pleased to announce that on 30 December 2013 (after trading hours), Success Guarantee, the Principal Guarantor and Four Other Guarantee Companies entered into the Re-Guarantee Contract pursuant to which Success Guarantee agreed to provide the Guarantee of RMB60,000,000 in favour of the Principal Guarantor for a term of four years.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the Guarantee is more than 5% but less than 25%, the provision of the Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the Guarantee exceeds 8% of the assets ratio under Rule 13.13 of the Listing Rules, the provision of the Guarantee is also subject to the disclosure requirements under Rule 13.15 of the Listing Rules.

The Company has applied for a waiver from strict compliance with Rule 13.15 and Rule 14.58 of the Listing Rules in respect of the disclosure of the identity of the parties under the Re-Guarantee Contract and the fees to be received by Success Guarantee under the Re-Guarantee Contract.

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## INTRODUCTION

On 25 December 2012, the Purchaser entered into the SPA with the Seller pursuant to which (i) the Purchaser acquired the Account Receivables from the Seller, and (ii) the Seller agreed to repurchase the Account Receivables from the Purchaser five years after the entering of the SPA by paying the Purchaser a sum of RMB2,000,000,000 plus a premium to be agreed between the Seller and the Purchaser (the “**Repurchase**”).

For the purpose of guaranteeing the obligations of the Seller under the Repurchase, the Principal Guarantor issued the Principal Guarantee Letter to the Purchaser pursuant to which the Principal Guarantor agreed to be jointly and severally liable for the obligations of the Seller under the Repurchase.

On 30 December 2013, the Principal Guarantor entered into Re-Guarantee Contract with Success Guarantee and Four Other Guarantee Companies pursuant to which (i) the Principal Guarantor agreed to sub-guarantee its guarantee obligations under the Repurchase to Success Guarantee and Four Other Guarantee Companies, and (ii) Success Guarantee and Four Other Guarantee Companies agreed to severally (but not jointly) liable for their specific portions of the guarantee obligations of the Principal Guarantor under the Principal Guarantee Letter.

Under the Re-Guarantee Contract, in the event that the Principal Guarantor is required to honor the guarantee under the Principal Guarantee Letter, Success Guarantee shall indemnify the Principal Guarantor for an amount up to RMB60,000,000, being the specific guarantee amount for Success Guarantee under the Re-Guarantee Contract.

## THE RE-GUARANTEE CONTRACT

Summarised below are the principal terms of the Re-Guarantee Contract:

Date : 30 December 2013

Parties : (a) Success Guarantee  
(b) The Principal Guarantor  
(c) Four Other Guarantee Companies

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Principal Guarantor and the Four Other Guarantee Companies are Independent Third Parties.

Guarantee amount : RMB60,000,000, being the specific guarantee amount for Success Guarantee under the Re-Guarantee Contract payable in the event that the Seller fails to repurchase the Account Receivables pursuant to the SPA and the Principal Guarantor is required to honor its guarantee under the Principal Guarantee Letter.

Term : Four years commencing from 1 January 2014.

Collateral : No collateral has been provided by either the Principal Guarantor or the Seller to Success Guarantee for its guarantee under the Re-Guarantee Contract directly. However, the Seller has charged certain lands and properties to the Principal Guarantor which have been duly registered in the name of the Principal Guarantor, the valuation of such lands and properties is approximately RMB3,000,000,000 based on a valuation report dated 24 December 2012. In the event that the Principal Guarantor enforces the charge over such lands and properties, Success Guarantee shall be entitled to share the proceeds in proportion to its guarantee amount under the Re-Guarantee Contract, such proceeds shall be sufficient to cover the specific guarantee amount of Success Guarantee under the Re-Guarantee Contract in full.

Other : Success Guarantee has appointed the Principal Guarantor to exercise its recovery rights under the Re-Guarantee Contract. In the event that Success Guarantee honors its guarantee under the Re-Guarantee Contract, the Principal Guarantor shall be responsible to recover from the Seller for and on behalf of Success Guarantee.

## **PRINCIPAL BUSINESS OF THE SELLER AND THE PRINCIPAL GUARANTOR**

The Seller is a state-owned company established in the PRC which is principally engaging in the management and operation of state-owned assets and infrastructures in the PRC.

The Principal Guarantor is a company established in the PRC which is principally engaging in the provision of guarantee services in the Guangdong Province of the PRC.

Success Guarantee has maintained a business relationship with the Principal Guarantor since 2009 and has no business relationship with the Seller prior to the entering of the Re-Guarantee Contract. Success Guarantee did not obtain information about the credit ratings of the Seller and the Principal Guarantor prior to the entering of the Re-Guarantee Contract. Neither the Principal Guarantor nor the Seller has previously default in repayment of any advances previously made by Success Guarantee.

## **PRINCIPAL BUSINESS OF THE GROUP AND SUCCESS GUARANTEE**

The Group is a guarantee service provider offering financial and non-financial guarantee services and financial consultancy services in Foshan City, Guangdong Province, the PRC. Success Guarantee is the principal operating subsidiary of the Group.

## **CREDIT RISK ASSESSMENT AND REASONS FOR THE ENTERING OF THE RE-GUARANTEE CONTRACT**

As part of Success Guarantee's credit risk assessment process, before the entering of the Re-Guarantee Contract, the Board considered, among others, the following factors:

- (a) the Seller has charged certain lands and properties to the Principal Guarantor which have been duly registered in the name of the Principal Guarantor, the

valuation of such lands and properties is approximately RMB3,000,000,000 based on a valuation report dated 24 December 2012. In the event that the Principal Guarantor enforces the charge over such lands and properties, Success Guarantee shall be entitled to share the proceeds in proportion to its guarantee amount under the Re-Guarantee Contract, such proceeds shall be sufficient to cover the specific guarantee amount of Success Guarantee under the Re-Guarantee Contract in full;

- (b) the Seller is a state-owned company established in the PRC and that the People's congress of the local government, the local government and the local finance bureau have agreed to reserve sufficient funding for the Seller to exercise the Repurchase; and
- (c) the registered capital of the Seller is higher than the amount payable under the Repurchase.

Based on the above, the Board considers that the credit risks for Success Guarantee to indemnify the Principal Guarantor under the Re-Guarantee Contract are relatively low. In the event that Success Guarantee is required to honor the guarantee, the Board believes that Success Guarantee will be able to recover the loss from the Seller in full.

The Board, after due consideration, is of the view that the terms of the Re-Guarantee Contract are fair and reasonable and on normal commercial terms, and the entering into of the Re-Guarantee Contract and the granting of the Guarantee fall within the scope of principal business of Success Guarantee and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the Guarantee is more than 5% but less than 25%, the provision of the Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the Guarantee exceeds 8% of the assets ratio under Rule 13.13 of the Listing Rules, the provision of the Guarantee is also subject to the disclosure requirements under Rule 13.15 of the Listing Rules.

The Company has applied for a waiver from strict compliance with Rule 13.15 and Rule 14.58 of the Listing Rules in respect of the disclosure of the identity of the parties under the Re-Guarantee Contract and the fees to be received by Success Guarantee under the Re-Guarantee Contract.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

“Account Receivables”	being the account receivables of the Seller in the sum of RMB2,000,000,000
“Board”	the board of Directors
“Company”	China Success Finance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Four Other Guarantee Companies”	means the other four guarantee companies in Guangdong Province of the PRC under the Re-Guarantee Contract, all of which are Independent Third Parties
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee of RMB60,000,000 provided by Success Guarantee in favour of the Principal Guarantor under the Re-Guarantee Contract
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiary and any of their respective associates
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Principal Guarantee Letter”	the principal guarantee letter issued by the Principal Guarantor in favour of the Purchaser dated 25 December 2012
“Principal Guarantor”	the principal guarantor under the Re-Guarantee Contract, an Independent Third Party
“Purchaser”	purchaser of the Account Receivables, being a company established in the PRC and an Independent Third Party
“Re-Guarantee Contract”	the Re-Guarantee Contract dated 30 December 2013 entered into between Success Guarantee, the Principal Guarantor and Four Other Guarantee Companies
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	seller of the Account Receivables, being a company established in the PRC and an Independent Third Party
“SPA”	the sale and purchase agreement entered into between the Seller and the Purchaser in 25 December 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Guarantee”	Guangdong Success Finance Guarantee Company Limited, the principal operating subsidiary of the Company

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

Hong Kong, 30 December 2013

*As at the date of this announcement, the Board comprises (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.*