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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 PAYMENT OF DEPOSIT UNDER A MOU IN RELATION TO A POSSIBLE FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 28 December 2015 (outside trading hours), the Company, Shun Yang Construction, Mr. Lu, Ms. He and Success Fund entered into the MOU in relation to the formation of the JV Company in the PRC to be principally engaged in the financial services of public infrastructure works.

Pursuant to the MOU, the contribution of the Group to the JV Company is expected to be approximately RMB95 million, which is expected to be representing 20% of the total capital contribution of the JV Company.

Pursuant to the MOU, Success Fund shall pay the Shun Yang Shareholders the Deposit in the amount of RMB 50 million as earnest money.

Pursuant to the MOU, the Shun Yang Shareholders unconditionally agree to place their respective equity interests in Shun Yang Construction with a custodian designated by the Company to secure the performance of the obligations of the Shun Yang Shareholders and Shun Yang Construction under the MOU.

The MOU is non-legally binding save for the provisions in relation to the Deposit, confidentiality, exclusivity, costs and expenses, governing laws and custodian arrangement.

## **LISTING RULES IMPLICATIONS**

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Deposit exceed 5% and all of the percentage ratios are less than 25%, the payment of the Deposit contemplated under the MOU constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

If the Proposed Joint Venture materialises, the applicable percentage ratios in respect of the Proposed Joint Venture as a whole may change to the extent that the classification of the Proposed Joint Venture under Chapter 14 of the Listing Rules would be altered. The Company will comply with the applicable requirements under the Listing Rules accordingly and make further announcement(s) in this regard as and when appropriate.

**As the formation of the Proposed Joint Venture may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 28 December 2015 (outside trading hours), the Company, Success Fund, Shun Yang Construction, Mr. Lu and Ms. He entered into the MOU in relation to the formation of the JV Company in the PRC to be principally engaged in the financial services of public infrastructure works.

## **THE MOU**

### **Date**

28 December 2015

### **Parties**

- (1) the Company;
- (2) Shun Yang Construction;
- (3) Mr. Lu;
- (4) Ms. He; and
- (5) Success Fund

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Mr. Lu, Ms. He and Shun Yang Construction is an Independent Third Party.

### **JV Company**

Pursuant to the MOU, the contribution of the Group to the JV Company is expected to be approximately RMB95 million, which is expected to be representing 20% of the total capital contribution of the JV Company. The JV Company will be established in the PRC to engage in the financial services of public infrastructure works.

### **Conditions precedent**

The formation of the Proposed Joint Venture is conditional upon the fulfillment of the following Conditions on or before 29 February 2016:

- (a) the Company having conducted its due diligence exercise on Shun Yang Construction and being satisfied with the results thereof;
- (b) the Company having obtained a legal opinion, in such form and substance to the satisfaction of the Company, in respect of the assets and equity interests of Shun Yang Construction or the Shun Yang Shareholders;
- (c) the reorganisation and restructuring of the assets, liabilities and equity interests of Shun Yang Construction or the Shun Yang Shareholders having been completed;
- (d) the Parties having duly executed all documents relevant to the Proposed Joint Venture;
- (e) the Proposed Joint Venture having been approved by the relevant regulatory authorities in the PRC, the Stock Exchange and any other regulatory authority in Hong Kong (if applicable) and all other relevant third parties' consents or approvals having been obtained; and
- (f) the Proposed Joint Venture having been approved by the Shareholders, if required.

As at the date of this announcement, no definitive or legally binding agreement in relation to the Proposed Joint Venture has been entered into by the Parties. Pursuant to the MOU, the Parties will use their best endeavors to enter into the Definitive Agreement on or before 29 February 2016.

## **Refundable Deposit**

Pursuant to the MOU, Success Fund shall pay the Shun Yang Shareholders the Deposit in the amount of RMB50 million in the proportion of their equity interests in Shun Yang Construction as earnest money within five working days from the date of the MOU.

If the Conditions are not satisfied on or before 29 February 2016, the Deposit will be refunded to Success Fund together with interest accrued thereon.

The Deposit was arrived at after arms' length negotiation between the Parties having considered the Group's share of capital contribution towards the JV Company and the potential benefits the JV Company will bring to the Group. The Group intends to finance its payment of the Deposit solely by internal resources.

## **Exclusivity**

Pursuant to the Exclusivity Provision, during any time on or before 29 February 2016, the Company will have the exclusive right to enter into the transactions contemplated under the MOU with Shun Yang Construction and the Shun Yang Shareholders. Shun Yang Construction and the Shun Yang Shareholders shall not, without the written consent of the Company, initiate any negotiation, discussion or cooperation in relation to the transactions contemplated under the MOU or any similar transactions with any agency, organisation or individual who is not a Party. It shall be a default if any one of Shun Yang Construction or the Shun Yang Shareholders fails to comply with the Exclusivity Provision and the defaulting Party shall refund the Deposit to Success Fund and pay to Success Fund an additional amount which is equivalent to 100% of the Deposit as penalty.

## **Custodian arrangement**

Pursuant to the MOU, the Shun Yang Shareholders unconditionally agree to place their respective equity interests in Shun Yang Construction with a custodian designated by the Company to secure the performance of the obligations of the Shun Yang Shareholders and Shun Yang Construction under the MOU.

## **Binding effect**

The MOU is non-legally binding save for the provisions in relation to the Deposit, confidentiality, exclusivity, costs and expenses, governing laws and custodian arrangement.

## **INFORMATION ABOUT THE PARTIES**

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange.

Shun Yang Construction is a company established in the PRC with limited liability principally engaged in the business of public works contracting in the PRC and owned as to 65% and 35% by Mr. Lu and Ms. He, respectively.

Success Fund is a limited liability partnership established in the PRC principally engaged in the business of investment and a wholly-owned subsidiary of the Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Mr. Lu, Ms. He and Shun Yang Construction is an Independent Third Party.

## **REASONS FOR AND THE BENEFITS OF THE PROPOSED JOINT VENTURE**

The Group is a financial service provider engaging in, among other things, the offering of financial guarantee, non-financial guarantee, financial leasing, financial consultancy and equity investment services in Guangdong Province, the PRC.

Shun Yang Construction is a leading public works contractor in the PRC. It has a breadth of experience in acting as main contractor in public construction projects such as municipal works and port works.

The Company has been actively seeking for investment opportunities to maximize the Shareholders' interests. With the combination of Shun Yang Construction's experience in the area of public works contracting and the Group's experience in the business of financial services, the Directors believe that synergy can be achieved through the Proposed Joint Venture. The Board considers that the Proposed Joint Venture contemplated under the MOU is a suitable investment opportunity and will bring in stable revenue stream, which is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Directors consider that the transactions contemplated under the MOU are in the ordinary and usual course of business of the Group and the terms of the MOU are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Deposit exceed 5% and all of the percentage ratios are less than 25%, the payment of the Deposit contemplated under the MOU constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

If the Proposed Joint Venture materialises, the applicable percentage ratios in respect of the Proposed Joint Venture as a whole may change to the extent that the classification of the Proposed Joint Venture under Chapter 14 of the Listing Rules would be altered. The Company will comply with the applicable requirements under the Listing Rules accordingly and make further announcement(s) in this regard as and when appropriate.

**As the formation of the Proposed Joint Venture may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“associate”, “percentage ratio(s)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Success Finance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	conditions precedent to the Proposed Joint Venture as set out in the paragraph headed “Conditions precedent” in this announcement
“Definitive Agreement”	definitive and/or legally binding agreement, if any, to be entered into between the Parties pursuant to the MOU in relation to the Proposed Joint Venture

“Deposit”	refundable deposit in the amount of RMB50 million, as earnest money, to be paid by Success Fund to the Shun Yang Shareholders in the proportion of their equity interests in Shun Yang Construction pursuant to the MOU
“Directors”	directors of the Company
“Exclusivity Provision”	the exclusivity provision of the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) and their respective ultimate beneficial owner(s) which is/are independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“JV Company”	a limited liability partnership to be established in the PRC in accordance with the terms and conditions of the MOU and the Definitive Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the Memorandum of Understanding entered into by the Parties in relation to the formation of the JV Company in the PRC to be principally engaged in the financial services of public infrastructure works
“Mr. Lu”	Mr. Lu Xiyao (盧錫堯), an Independent Third Party
“Ms. He”	Ms. He Xueyi (何雪儀), an Independent Third Party
“Parties”	(1)the Company; (2)Shun Yang Construction; (3)Mr. Lu; (4)Ms. He; and (5)Success Fund
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Proposed Joint Venture”	the possible establishment of the JV Company as contemplated under the MOU
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shun Yang Construction”	Guangdong Shun Yang Construction Engineering Company Limited* (廣東順洋建設工程有限公司), a company established in the PRC with limited liability
“Shun Yang Shareholders”	the owners of the entire equity interests in Shun Yang Construction, being Mr. Lu and Ms. He as to 65% and 35%, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Fund”	Shenzhen Success Number One Equity Investment Fund* (深圳市集成一號股權投資基金中心), a limited liability partnership established in the PRC and a wholly-owned 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, 28 December 2015

*As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Tiewei, Mr. Chen Hui 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.*

*\* In this announcement, the English names of the PRC entities are translation of their Chinese names and included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*