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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)**

### **CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE**

#### **THE JV AGREEMENT**

The Board is pleased to announce that on 25 January 2017 (after trading hours), Success Guarantee entered into the JV Agreement with Shengshi Success Investment, Shengshi Jiayou Investment, Qiya Enterprise Management, Shunde Success Investment, Success Finance, Success Futures and Success Credit, pursuant to which the parties agreed to (i) establish the JV Company in the PRC and (ii) transfer their respective interests in the Land to the JV Company.

The parties expect to invest a total of RMB200,000,000 into the JV Company by contributing to its registered capital. Pursuant to the JV Agreement, Success Guarantee agreed to contribute RMB7,000,000 representing 3.5% of the registered capital of the JV Company, comprising the contribution of a 3.5% interest in the Land and RMB158,746 in cash to the JV Company.

The main purpose of establishing the JV Company is to increase the efficiency of the construction and development of the Land.

#### **LISTING RULES IMPLICATIONS**

Each of Shengshi Success Investment, Shengshi Jiayou Investment, Qiya Enterprise Management, Shunde Success Investment, Success Finance and Success Futures is an associate of Mr. Zhang, a Director and a substantial shareholder of the Company, and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the JV Agreement will be subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **JV AGREEMENT**

Date: 25 January 2017 (after trading hours)

Parties:

- (1) Shengshi Success Investment
- (2) Shengshi Jiayou Investment
- (3) Qiya Enterprise Management
- (4) Shunde Success Investment
- (5) Success Finance
- (6) Success Guarantee
- (7) Success Futures
- (8) Success Credit

### **Scope of business**

The scope of business of the JV Company includes, among others, real estate consultation management.

### **Purpose**

The main purpose of establishing the JV Company is to increase the efficiency of the construction and development of the Land.

### **Condition**

The formation of the JV Company is subject to, among other things, the approval of the relevant PRC regulatory authorities.

## Registered Capital

Pursuant to the JV Agreement, the total registered share capital of the JV Company will be RMB200,000,000. The parties expect to invest a total of RMB200,000,000 into the JV Company by contributing to its registered capital. Pursuant to the JV Agreement, Success Guarantee agreed to contribute RMB7,000,000 representing 3.5% of the registered capital of the JV Company, comprising the contribution of a 3.5% interest in the Land and RMB158,746 in cash to the JV Company. The amount of capital contribution and the respective percentage of the registered capital of the JV Company is set out below:

<b>Party</b>	<b>Amount of capital contribution (RMB)</b>	<b>Percentage of the registered capital of the JV Company (%)</b>
Shengshi Success Investment	59,600,000	29.80
Shengshi Jiayou Investment	32,800,000	16.40
Qiya Enterprise Management	11,800,000	5.90
Shunde Success Investment	40,000,000	20.00
Success Finance	34,800,000	17.40
Success Guarantee	7,000,000	3.50
Success Futures	7,000,000	3.50
Success Credit	<u>7,000,000</u>	<u>3.50</u>
<b>Total</b>	<b><u>200,000,000</u></b>	<b><u>100.00</u></b>

The cash contribution of RMB158,746 will be satisfied by internal resources of the Group. The amount of contribution to the registered capital of the JV Company is determined by arm's length negotiation with reference to the parties' interests in the Land.

## Transfer of interests in the Land

Pursuant to the JV Agreement, the parties agreed to transfer their respective interests in the Land to the JV Company. The respective interests held by the parties are set out below:

<b>Party</b>	<b>Percentage of the interest in the Land (%)</b>
Shengshi Success Investment	29.80
Shengshi Jiayou Investment	16.40
Qiya Enterprise Management	5.90
Shunde Success Investment	20.00
Success Finance	17.40
Success Guarantee	3.50
Success Futures	3.50
Success Credit	3.50
<b>Total</b>	<b><u>100.00</u></b>

After the aforesaid transfer of interests in the Land, the Land will be wholly owned by the JV Company.

## INFORMATION ON THE GROUP

The Group is a guarantee service provider offering financial and non-financial guarantee services and financial consultancy services in the PRC with an aim to provide integrated financial services to enterprises, mainly SMEs, in the PRC to assist them to improve their overall fund-raising capabilities and enable them to obtain funding for business development.

The Group's businesses also include, among others, asset management, financial consulting, financial leasing and equity investment in the PRC.

## INFORMATION ON THE LAND

As at 30 June 2016, the book value of Success Guarantee's 3.5% interest in the Land is RMB6,106,800. As at 10 January 2017, the fair value of Success Guarantee's 3.5% interest in the Land is RMB6,841,254.

## **REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY**

The Board constantly reviews the Company's business strategy in maximising the value of the Company. The investment in the JV Company is in line with the Company's long-term corporate strategy. Through cooperating with the parties under the JV Agreement, the Group will leverage on the strengths of the parties, to facilitate the JV Company in developing the Land.

## **INFORMATION ON THE PARTIES**

Success Guarantee is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company.

Shengshi Success Investment is a company established in the PRC with limited liability and owned as to 51% and 49% by Success Finance and Success Property, respectively.

Shengshi Jiayou Investment is a company established in the PRC with limited liability and owned as to 51% and 49% by Success Finance and Foshan Success Credit, respectively.

Qiya Enterprise Management is a company established in the PRC with limited liability and owned 51% and 49% by Jiayou Electric Appliance and other Independent Third Parties, respectively.

Shunde Success Investment is a company established in the PRC with limited liability and owned 68% and 32% by Success Finance and other Independent Third Parties, respectively.

Success Finance is a company established in the PRC with limited liability and owned as to 51%, 25% and 24% by Mr. Zhang, Mr. Xu and Mr. Pang, respectively.

Success Futures is a company established in the PRC with limited liability and owned as to 58.54%, 28% and 13.46% by Success Finance, Jiayou Electric Appliance and other Independent Third Parties, respectively.

Success Credit is a company established in the PRC with limited liability and owned by Success Guarantee as to 27.28%.

## **LISTING RULES IMPLICATIONS**

Each of Shengshi Success Investment, Shengshi Jiayou Investment, Qiya Enterprise Management, Shunde Success Investment, Success Finance and Success Futures is an associate of Mr. Zhang, a Director and a substantial shareholder of the Company, and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the JV Agreement will be subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

The Directors (including the independent non-executive Directors) are of the view that the terms of and the transactions contemplated under the JV Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Each of Shengshi Success Investment, Shengshi Jiayou Investment, Qiya Enterprise Management, Shunde Success Investment, Success Finance and Success Futures is an associate of Mr. Zhang. Each of Mr. Xu and Mr. Pang has direct or indirect interest in these companies. Ms. Fu is employed by Success Investment Holding which has an indirect interest in Qiya Enterprise Management and Success Futures. Accordingly, each of Mr. Zhang, Mr. Xu, Mr. Pang and Ms. Fu has an interest in the transactions contemplated under the JV Agreement and they have abstained from voting on the Board resolution in relation to the JV Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“associate”, “percentage ratio(s)”, “substantial shareholder”	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
“Directors”	directors of the Company
“Foshan Success Credit”	Foshan Success Credit Rating Limited* (佛山市集成資信評估有限公司), a company established in the PRC with limited liability and wholly-owned by Success Finance
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Jiayou Electric Appliance”	Guangdong Jiayou Electric Appliance Company Limited* (廣東嘉友電器有限公司), a company established in the PRC with limited liability and owned as to 26.52%, 13%, 12.48% and 48% by Mr. Zhang, Mr. Xu, Mr. Pang and Success Investment Holding, respectively
“JV Agreement”	the joint venture agreement dated 25 January 2017 and entered into among Success Guarantee, Shengshi Success Investment, Shengshi Jiayou Investment, Qiya Enterprise Management, Shunde Success Investment, Success Finance, Success Futures and Success Credit
“JV Company”	Foshan Shengshi Junen Enterprise Management Company Limited* (佛山市盛世隽恩企業管理有限公司), a company to be established in the PRC with limited liability pursuant to the JV Agreement, which name is subject to the approval by the relevant PRC government authorities
“Land”	the parcel of land situated at west of Huazhang East First Road* (華章東一路), south of Junlan Road* (君蘭路), north of Fuhua Road* (富華路) and east of Huazhang Road* (華章道), Foshan Xincheng, Foshan, Guangdong, the PRC (Lot No. 204039-403)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pang”	Mr. Pang Haoquan (龐浩泉), an executive Director and a substantial shareholder of the Company
“Mr. Xu”	Mr. Xu Kaiying (徐凱英), an executive Director and a substantial shareholder of the Company
“Mr. Zhang”	Mr. Zhang Tiewei (張鐵偉), the chairman of the Company and an executive Director and a substantial shareholder of the Company
“Ms. Fu”	Ms. Fu Jie (傅潔), the chief executive officer of the Company and an executive Director
“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
“Qiya Enterprise Management”	Foshan Qiya Enterprise Management Limited* (佛山市奇雅企業管理有限公司), a company established in the PRC with limited liability and owned 51% and 49% by Jiayou Electric Appliance and other Independent Third Parties, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Shengshi Jiayou Investment”	Foshan Shengshi Jiayou Investment Company Limited* (佛山市盛世嘉友投資有限公司), a company established in the PRC with limited liability and owned as to 51% and 49% by Success Finance and Foshan Success Credit, respectively
“Shengshi Success Investment”	Foshan Shengshi Success Investment Company Limited* (佛山市盛世集成投資有限公司), a company established in the PRC with limited liability and owned as to 51% and 49% by Success Finance and Success Property, respectively



“Shunde Success Investment”	Foshan Shunde Success Investment Development Company Limited* (佛山市順德集成投資發展有限公司), a company established in the PRC with limited liability and owned as to 68% and 32% by Success Finance and other Independent Third Parties, respectively
“SME(s)”	small and medium enterprise(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Credit”	Foshan Chancheng Success Micro Credit Company Limited* (佛山市禪城集成小額貸款有限公司) is a company established in the PRC with limited liability and owned by Success Guarantee as to 27.28%.
“Success Finance”	Foshan Success Finance Company Limited* (佛山市集成金融集團有限公司), a company established in the PRC with limited liability and owned as to 51%, 25% and 24% by Mr. Zhang, Mr. Xu and Mr. Pang, respectively
“Success Futures”	Success Futures Company Limited* (集成期貨股份有限公司), a company established in the PRC with limited liability and owned as to 58.54%, 28% and 13.46% by Success Finance, Jiayou Electric Appliance and other Independent Third Parties, respectively
“Success Guarantee”	Guangdong Success Finance Guarantee Company Limited* (廣東集成融資擔保有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“Success Investment Holding”	Success Investment Holding Group Company Limited* (集成投資控股集團有限公司), a company established in the PRC with limited liability and owned as to 51%, 25% and 24% by Mr. Zhang, Mr. Xu and Mr. Pang, respectively.

“Success Property” Foshan Success Property Company Limited\* (佛山市集成產業投資有限公司), a company established in the PRC with limited liability and owned as to 51%, 25% and 24% by Mr. Zhang, Mr. Xu and Mr. Pang, respectively

“%” per cent.

By order of the Board  
**China Success Finance Group Holdings Limited**  
**Li Bin**  
*Executive Director*

Hong Kong, 25 January 2017

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

*\* 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.*