

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國融保金融集團有限公司
China Assurance Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

**(I) ENTERING INTO OF THE SERVICE AGREEMENT AND
(II) DISCLOSEABLE TRANSACTION — PROVISION OF FINANCIAL ASSISTANCE
AND ADVANCE TO AN ENTITY**

ENTERING INTO OF THE SERVICE AGREEMENT

The Board is pleased to announce that, on 11 July 2014, a service agreement was entered into between Helipay and Guangzhou Junyan, an indirect subsidiary of the Company, pursuant to which Guangzhou Junyan will provide the services as stated in the paragraph headed “Service Agreement — Services to be provided” below, for a remuneration of sharing 63% of Helipay’s annual net profit.

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

On 11 July 2014, a funding agreement was entered into between Heli Financial Technology (the “**Payee**”) and Mr. Zhang (the “**Guarantor**”), and Guangzhou Junyan and the Company (collectively, the “**Funding Providers**”), pursuant to which the Funding Providers will make multiple advances to the Payee up to an aggregate amount of RMB30,000,000 to be applied in the manner set out in the paragraph headed “Funding Agreement — Use of proceeds” below, and the amount of such advances will be guaranteed by the Guarantor.

IMPLICATIONS UNDER THE GEM LISTING RULES

The entering into of the Service Agreement is announced by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) for the aggregate amount of the advances under the Funding Agreement exceeds 5% but is less than 25%, the entering into of the Funding Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

As the assets ratio (as defined under the GEM Listing Rules) for the aggregate amount of the advances under the Funding Agreement exceeds 8%, the entering into of the Funding Agreement and the transactions contemplated thereunder are also subject to the general disclosure obligations under Rule 17.15 of the GEM Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 23 April 2013, 19 June 2013, 3 October 2013, 20 November 2013, 19 December 2013, 11 March 2014, and 25 April 2014 (the “**Previous Announcements**”) respectively. Unless otherwise defined herein, terms used in this announcement shall have the same meanings ascribed to them in the Previous Announcements.

Pursuant to the announcement of the Company dated 23 April 2013, the Payee and the Company entered into the Strategic Cooperation Agreement on 22 April 2013, pursuant to which the Payee and the Company shall cooperate and utilize the existing platform of the Payee to apply for a national third party payment settlement license in the PRC in order to help the Group develop third party payment and settlement business in the PRC.

Pursuant to the announcement of the Company dated 19 June 2013, the Company, Caiying Investment, Mr. Zhang (the founder and shareholder of the Payee) and the Payee entered into the Cooperation Agreement on 19 June 2013, pursuant to which the Company, Caiying Investment and Mr. Zhang will form a joint venture with a professional team specialized in banking, laws, logistics, corporate management, finance, trade, e-commerce, etc. with an aim to support the SMEs, and facilitate the development of local import and export industries.

Pursuant to the announcement of the Company dated 3 October 2013:

- (i) On 22 September 2013, the third party payment and settlement platform to be operated by Helipay, a subsidiary of the Payee, was certified to be in compliance with relevant requirements under the 非金融機構支付業務設施技術認證規範 (The Rules Governing the Payment Facilities Technology of Non-financial Institutions*) and 非金融機構支付業務設施技術認證實施規則 (The Rules Governing the Implementation of Non-financial Institution Payment Facilities*). The relevant results were published on the official website of the People’s Bank of China, Guangzhou Branch; and
- (ii) On 29 September 2013, Helipay received a letter of intent from 中國建設銀行股份有限公司廣州鐵路支行 (China Construction Bank, Guangzhou Railway Branch*), pursuant to which the Bank will act as the financial intermediary to facilitate the operation of the third party payment and settlement platform, and provide suitable financing products and services to the clients, particularly the SMEs, of Helipay and Guangzhou Junyan.

Pursuant to the announcement of the Company dated 20 November 2013, on 20 November 2013, Mr. Zhang was appointed as a director and joint chief executive officer of CAGI, an indirect wholly-owned subsidiary of the Company.

Pursuant to the announcement of the Company dated 19 December 2013, a letter of intent was entered into on 19 December 2013 amongst (i) 四會市珠寶玉器產業發展管理中心 (Sihuishi Jewelry and Jade Trade Development and Management Center*); (ii) 四會市翠麗明珠金翠寶玉器有限公司 (Sihuishi Cuilimingzhu Jincuibao Jade Company Limited*); (iii) Helipay; and (iv) Guangzhou Junyan, pursuant to which (i) Helipay and Guangzhou Junyan agreed to develop a specialised electronic platform for trading of jade, which will be supported by the public services and strategies to be provided by Jade Center and Cuilimingzhu in Sihuishi; and (ii) each of the parties agreed to, among other things, promote an innovative trading and financing platform for the jade market in Shuishi.

Pursuant to the announcement of the Company dated 11 March 2014, on 11 March 2014, a letter of intent was entered into between Guangzhou Junyan and Shanghai Pudong for a term of two years, pursuant to which each of the parties agreed, among other things, that (i) Guangzhou Junyan will be responsible for the development of the electronic platform for jade trading and relevant facilities in respect of warehouse management services and the introduction of the jewelry and jade exchange; and (ii) Shanghai Pudong will be responsible for the provision of relevant fund custody and settlement services and financing services for the qualified trading clients on the aforementioned platform.

Pursuant to the announcement of the Company dated 25 April 2014, on 25 April 2014, a strategic cooperation agreement was entered into amongst Guangzhou Junyan, Helipay and Lianyijia for a term of six months, pursuant to which each of the parties agreed, among other things, (i) to provide customers with quality, efficient, safe and standardized finance, e-commerce and payment services through joint coordination; (ii) to share customer resources; and (iii) that Lianyijia will utilise the payment services of Helipay to be its principal payment and settlement method.

As at the date of this announcement, the license to conduct third party payment and settlement business (the “**License**”) is still being processed by the People’s Bank of China. Nevertheless, according to Helipay, its payment and settlement platform has been successfully connected to the relevant settlement systems of various banks in the PRC, pending the License to be obtained to commence business operation. In addition, Helipay has entered into several cooperative agreements to develop its business in lottery, on-line gaming, wholesale chains and mercantile exchange in the PRC.

In order to further the development of the third party payment and settlement business in the PRC, the Group has been closely cooperating and supporting its strategic partners, namely Mr. Zhang, the Payee and Helipay, in various aspects including business and financial management and support. In light of the continued development in the third party payment business as discussed above, on 11 July 2014, the Group entered into the Service Agreement and the Funding Agreement with its strategic partners.

SERVICE AGREEMENT

Date:	11 July 2014
Parties:	<ul style="list-style-type: none">(i) Helipay, a domestic enterprise established in the PRC and a subsidiary of the Payee indirectly controlled by Mr. Zhang, which is principally engaged in the provision of third party payment and settlement services in the PRC(ii) Guangzhou Junyan, an indirect subsidiary of the Company providing consultancy and management services in the PRC
Term:	<p>Commencing from the date of the Service Agreement, and expiring on the earlier of:</p> <ul style="list-style-type: none">(i) Helipay ceases to become a legal entity; or(ii) Helipay obtains the License and Guangzhou Junyan (or its designated third party) completes the investment in Helipay (or the Payee).

Services to be provided:	<p>Guangzhou Junyan will:</p> <ul style="list-style-type: none"> (i) provide relevant market and industry information regarding SMEs guarantee and financing, supply-chain financing to Helipay for its business development; (ii) provide logistic, installation and maintenance services to and for Helipay with regard to Helipay's provision of third party payment services to its clients; (iii) design the comprehensive software for Helipay's business operation and set up electronic systems for business management and logistic; (iv) collect business income and/or service fees on behalf of Helipay; (v) handle accounting, administrative, human resources and staff training matters for Helipay; and (vi) engage in the research and development on technology related to the operation of Helipay and Helipay will own the rights to utilise such results.
Remuneration:	Guangzhou Junyan will be entitled to share 63% of Helipay's annual net profit, which is determined on an arm's length basis with reference to the intended equity interest that the Group would invest in the Payee and/or Helipay.
Undertakings:	Without Helipay's prior written consent, Guangzhou Junyan undertakes not to (i) conduct any transaction or enter into any agreement which would adversely affect Helipay's assets, shareholders' interest, debts position or daily operations; and (ii) provide consultancy services to or be engaged by any party with business scopes similar to those of Helipay.

FUNDING AGREEMENT

Date:	11 July 2014
Parties:	
Funding Providers:	<ul style="list-style-type: none"> (i) the Company (ii) Guangzhou Junyan
Payee:	Heli Financial Technology, a company established in the PRC principally engaged in the electronic payment business.
Guarantor:	Mr. Zhang

Aggregate amount:	Up to RMB30,000,000
Use of proceeds:	<p>The Payee must utilise the funding proceeds as follows:</p> <ul style="list-style-type: none"> (i) setup of Helipay; (ii) acquisition of the computing system as required by the People's Bank of China and relevant software and hardware; (iii) application for the License; (iv) general working capital of Helipay; and (v) other usage as agreed by the Funding Providers and the Payee.
Term:	One year commencing from the date of the Funding Agreement
Interest:	Interest-free
Settlement of advance:	<p>If Helipay fails to obtain the License by 10 July 2015, the Payee and the Guarantor undertake to transfer 100% interest of Helipay and all of its assets including intangible assets to the Funding Providers or its designated third party to set off the amount advanced by the Funding Providers in full.</p> <p>Within 90 business days from the License to be obtained by Helipay, the parties to the Funding Agreement shall enter into a formal cooperation agreement whereby the Funding Providers or its designated third party will participate into an equity interest in the Payee or Helipay. The amount advanced to the Payee will be capitalized as equity interest in the Payee or Helipay. The level of equity interest to be participated in by the Funding Providers will be subject to further negotiation. The Funding Providers shall also pay RMB70 million to obtain the equity interest in the Payee and/or Helipay within 90 business days from the date when Helipay obtains the License.</p> <p>Subject to the aforementioned conditions, the Payee and the Funding Providers agreed that, the Payee must not repay the amount of advances without written request from the Funding Providers prior to the expiration of the term of the Funding Agreement.</p> <p>If the Payee or Helipay commits an event of default under the Funding Agreement, the Payee and the Guarantor will transfer Helipay and all of its assets including intangible assets to the Funding Providers or its designated third party and pay the Funding Providers back all the amount advanced in full.</p>
Guarantee:	Mr. Zhang undertakes to guarantee the due performance of the Funding Agreement.

Undertakings:	The Payee and the Guarantor undertake not to conduct any business similar to those of Helipay.
	The Payee and the Guarantor undertake not to conduct any business that competes or likely to competes with the business carrying out by Helipay.
	If the License is obtained by Helipay, the Guarantor shall enter into an employment contract with Helipay for at least three years.
	If the License is not obtained by Helipay, the Payee and the Guarantor must not conduct or assist any third party to conduct any business similar to, competes or likely to competes with Helipay's business within 36 months from (i) the date when Helipay fails to obtain the License; and (ii) the date when the Funding Agreement terminates.
Exclusivity:	The Payee undertakes that until the advance is fully settled, the Funding Providers or its designated third party will be granted the exclusive right to be the only and sole partner in respect of any investment and acquisition of any interest in the Payee and/or Helipay.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE AGREEMENT AND THE FUNDING AGREEMENT

The Group is principally engaged in the business of providing financial guarantee services, performance guarantee services and advisory services in the PRC.

As stated in the Previous Announcements and the section headed "Background" above, the Group has been working closely with its strategic partners, namely Mr. Zhang, the Payee and Helipay to develop the third party payment and settlement business in the PRC and therefore, giving financial support to them to obtain the License. Although the advance made and to be made to the Payee is on an interest free basis, the Directors (including the independent non-executive Directors) consider it to be a reasonable arrangement to help the Group develop this business venture. The entering into of the Service Agreement and the Funding Agreement could enable the Group make a step further to vitalize the Group's development in this business. In particular, the Service Agreement will enhance the income source of the Group. The Group will finance the advance under the Funding Agreement through internal resources and/or external borrowings.

Having considered the above reasons, the Directors, including the independent non-executive Directors, are of the view that the terms of the Service Agreement and the Funding Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

The entering into of the Service Agreement is announced by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Payee is controlled by Mr. Zhang, a director and joint chief executive officer of CAGI, which is an indirect wholly-owned subsidiary of the Company. As total assets, profits and revenue of CAGI represented less than 5% under the relevant percentage ratios (as defined under the GEM Listing Rules) of the Company for the latest financial year, CAGI is an insignificant subsidiary of the Company as defined under the GEM Listing Rules and hence the Payee and Mr. Zhang are not connected persons of the Company under Chapter 20 of the GEM Listing Rules.

As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) for the aggregate amount of the advances under the Funding Agreement exceeds 5% but is less than 25%, the entering into of the Funding Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

As the assets ratio (as defined under the GEM Listing Rules) for the aggregate amount of the advances under the Funding Agreement exceeds 8%, the entering into of the Funding Agreement and the transactions contemplated thereunder are also subject to the general disclosure obligations under Rule 17.15 of the GEM Listing Rules.

GENERAL

The Service Agreement and the Funding Agreement are not inter-conditional.

The Company will make further announcement(s) in compliance with the GEM Listing Rules as and when appropriate and to notify the Shareholders and potential investors any important development regarding the above matters.

DEFINITIONS

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

“Board”	the board of Directors
"CAGI"	China Assets Group Investment Limited, an indirect wholly-owned subsidiary of the Company
“Company”	China Assurance Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8090)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
“Funding Agreement”	the funding agreement dated 11 July 2014 entered into between Heli Financial Technology, Mr. Zhang, Guangzhou Junyan and the Company in respect of the advances to the Payee up to an aggregate amount of RMB30,000,000 by the Funding Providers
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guangzhou Junyan”	廣州市峻晏企業管理有限公司(Guangzhou Junyan Management Company Limited*), an indirect subsidiary of the Company providing consultancy and management services in the PRC

“Heli Financial Technology”	廣東合利金融科技服務有限公司(Guangdong Heli Financial Technology Services Co., Ltd*), a company established in the PRC and a party to the Funding Agreement
“Helipay”	廣州合利寶支付科技有限公司(Guangzhou Helipay Payment Technology Limited*), a company established in the PRC and a subsidiary of Heli Financial Technology
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“License”	the national third party payment and settlement license in the PRC
“Mr. Zhang” or the “Guarantor”	Mr. Zhang Junhong, the founder and a shareholder of Heli Financial Technology
“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
“Service Agreement”	the service agreement dated 11 July 2014 and entered into between Helipay and Guangzhou Junyan in respect of the services to be provided by Guangzhou Junyan to Helipay as stated in the paragraph headed “Service Agreement — Services to be provided” in this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
China Assurance Finance Group Limited
Pang Man Kin Nixon
Executive Director

* *For identification purpose only*

Hong Kong, 11 July 2014

As at the date of this announcement, the executive Directors are Mr. Chang Hoi Nam, Mr. Pang Man Kin Nixon and Mr. Chen Xiao Li; the non-executive Director is Mr. Chang Xi Min; and the independent non-executive directors are Mr. Chan Kai Wing, Mr. Lam Raymond Shiu Cheung and Mr. Chow Shiu Ki.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.cafgroup.hk.