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China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 605)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 30 May 2023, the New Loan Agreement was entered into between SZCG as the lender and Customer L and Customer M as the Borrowers. Pursuant to the New Loan Agreement, SZCG has agreed to grant the New Loan to the Borrowers for a principal amount of RMB6,000,000 to settle the outstanding principal amount of the Previous Loan for one year term.

Prior to the entering into of the New Loan Agreement, SZCG, as lender, has entered into the Previous Loan Agreement for the grant of a secured loan in the amount of RMB4,300,000 to the Borrowers on 2 December 2022 and the outstanding principal amount of the Previous Loan as at the date of this announcement is approximately RMB4,300,000.

LISTING RULES IMPLICATIONS

As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the New Loan granted to the Borrowers exceeds 5% but is less than 25%, the grant of the New Loan constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

PROVISION OF THE NEW LOAN

The Board is pleased to announce that on 30 May 2023, the New Loan Agreement was entered into between SZCG as the lender and Customer L and Customer M as the Borrowers. Pursuant to the New Loan Agreement, SZCG has agreed to grant the New Loan to the Borrowers for a principal amount of RMB6,000,000 to settle the outstanding principal amount of the Previous Loan for one year term.

Prior to the entering into of the New Loan Agreement, SZCG, as lender, has entered into the Previous Loan Agreement for the grant of a secured loan in the amount of RMB4,300,000 to the Borrowers on 2 December 2022 and the outstanding principal amount of the Previous Loan as at the date of this announcement is approximately RMB4,300,000.

Summarised below are the principal terms of the New Loan Agreement.

THE NEW LOAN AGREEMENT

Date of Agreement	:	30 May 2023
Lender	:	SZCG
Borrowers	:	Customer L and Customer M
Principal	:	RMB6,000,000
Interest rate	:	14.4% per annum
Term	:	1 year commencing from the drawdown date
Security	:	A second legal charge mortgage in respect of two residential properties located at Nanshan District, Shenzhen, with valuation conducted by an independent property valuer in Shenzhen with the amount of approximately RMB13,500,000 and RMB13,400,000 respectively, as at 23 May 2023
Repayment	:	the Borrowers will repay the interest on a monthly basis with a principal amount to be repaid at maturity.

INFORMATION ON THE CREDIT RISK RELATING TO THE NEW LOAN

The making of the New Loan is collateralised against two residential properties. The collaterals provided by the Borrowers for the New Loan are sufficient based on the value of the mortgaged properties for the New Loan as determined by an independent valuer.

The advances in respect of the New Loan are also made on the basis of the Company's credit assessments with reference to the facts that (i) the collaterals provided by the Borrowers are at the prime site in Shenzhen; (ii) the Borrowers are repeated customers and their net worth is strong and solid to prove their repayment ability; and (iii) repayment records of the previous Loan are satisfactory. After taking into account the factors as disclosed above in assessing the risks of the relevant advances, the Company considers that the risks involved in the advances to the Borrowers are manageable.

FUNDING OF THE NEW LOAN

The Group will finance the New Loan with the Company's general working capital.

INFORMATION ON THE BORROWERS

Customer L and Customer M are individuals who are engineers. Customer L is the spouse of Customer M. The Borrowers are repeated customers of the Group with outstanding loan with SZCG, prior to the grant of the New Loan, of RMB4,300,000 and there is no record of default as at the date of this announcement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrowers are Independent Third Parties and not connected with the Group.

INFORMATION ON THE GROUP AND THE LENDER

The Company is an investment holding company. The Group is principally engaged in provision of financial services in HK and the PRC. SZCG, as the lender of the New Loan and the Previous Loan, is a wholly-owned subsidiary controlled by the Company.

REASONS FOR ENTERING INTO THE NEW LOAN AGREEMENT

Taking into account the principal business activities of the Group, the grant of the New Loan to the Borrowers is in the ordinary and usual course of business of the Group.

The terms of the New Loan Agreement, including the interest rate applicable, were negotiated on an arm's length basis between SZCG and the Borrowers, having taken into account the prevailing market terms and practice of transactions of similar nature. The Directors consider that the grant of the New Loan is a financial assistance provided by the Group within the meaning of the Listing Rules. The Directors are of the view that the terms of the New Loan Agreement were entered into on normal commercial terms based on the Group's credit policy. Taking into account the satisfactory financial background of the Borrowers and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the New Loan Agreement are fair and reasonable and the entering into of the New Loan Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the New Loan granted to the Borrowers exceeds 5% but is less than 25%, the grant of the New Loan and the Previous Loan in aggregate constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrowers”	Customer L and Customer M
“Company”	China Financial Services Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Customer L”	Ms. Wen Feng Qin (溫鳳琴), an individual who is an Independent Third Party and is the spouse of Customer M
“Customer M”	Mr. Sun Chang Wen (孫昌文), an individual who is an Independent Third Party and is the spouse of Customer L
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China, for the purpose of this announcement, does not include Hong Kong and Macau
“RMB”	Renminbi, the lawful currency of the PRC

“SZCG”	Shenzhen Credit Gain Finance Company Limited (深圳市領達小額貸款有限公司), is a wholly-foreign-owned enterprise established in the PRC whose principal business is the provision of loans to individuals and SME in Shenzhen
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the New Loan”	the second legal charge mortgage loan in the amount of RMB6,000,000 granted to the Borrowers under the New Loan Agreement
“the New Loan Agreement”	the loan agreement made between SZCG and the Borrowers for the New Loan on 30 May 2023
“the Previous Loan”	the second legal charge mortgage loan in the amount of RMB4,300,000 granted to the Borrowers under the Previous Loan Agreement
“the Previous Loan Agreement”	the loan agreement made between SZCG and the Borrowers on 2 December 2022

By Order of the Board
China Financial Services Holdings Limited
Chung Chin Keung
Company Secretary

Hong Kong, 30 May 2023

As at the date of this announcement, the directors of the Company are:

Executive Director:

Mr. Zhang Min (*Chief Executive Officer*)

Non-executive Director:

Mr. Tao Chun

Independent Non-executive Directors:

Mr. John Paul Ribeiro

Mr. Zhang Kun

Mr. Chan Chun Keung

Mr. Lee Ka Wai

Madam Zhan Lili