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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF
DRAGON HARVEST INTERNATIONAL LIMITED; AND
(2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE
CONSIDERATION SHARES AND CONVERTIBLE BONDS**

THE ACQUISITION

The Board is pleased to announce that on 27 January 2016 (after trading hours), the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to dispose of the entire issued share capital of the Target Company at a consideration of RMB170.0 million (equivalent to HK\$200.0 million) which shall be settled in the following manner: (a) RMB59.67 million (equivalent to HK\$70.2 million) shall be settled by the Company issuing 18,000,000 Consideration Shares at the Issue Price to the Vendors upon Completion in proportion to their corresponding shareholding in the Target Company; and (b) the remaining RMB110.33 million (equivalent to HK\$129.8 million) shall be settled by the Company issuing the Convertible Bonds with an aggregate principal amount of HK\$129.8 million to the Vendors upon Completion in proportion to their corresponding shareholding in the Target Company.

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 12 May 2015. As at the date of this announcement, Guangzhou Jiliyou and Jia You Network are the only subsidiaries of the Target Company.

Guangzhou Jiliyou is an investment holding company established in the PRC with limited liability on 11 August 2015 and is wholly owned by the Target Company.

Jia You Network was established in the PRC with limited liability on 26 September 2012 and is wholly owned by Guangzhou Jiliyou. Jia You Network is principally engaged in the P2P business in the PRC.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. The Vendors are connected persons of the Company under Rule 14A.07 of the Listing Rules as the Vendors are wholly-owned by Mr. Zhang, Mr. Xu and Mr. Pang respectively, who are each a Director and substantial Shareholder. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

The Consideration Shares and the Conversion Shares (upon exercise of the conversion rights attached to the Convertible Bonds) will be allotted and issued pursuant to the Specific Mandate.

GENERAL

Completion of the Acquisition is conditional upon, among others, the Independent Shareholders approving the Acquisition at the EGM on a vote taken by way of a poll.

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder. Donvex Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other matters, (i) further details of the Acquisition; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the valuation report of the Target Group; and (v) a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 22 February 2016.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of Conditions, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

ACQUISITION AGREEMENT

Date: 27 January 2016

Parties: Expert Depot Limited, Bliss Success Investments Limited and Novel Heritage Limited (collectively as the Vendors); Yes Success Limited (as the Purchaser); and the Company.

Expert Depot Limited is an investment holding company incorporated in the BVI with limited liability and wholly owned by Mr. Zhang. Bliss Success Investments Limited is an investment holding company incorporated in the BVI with limited liability and wholly owned by Mr. Xu. Novel Heritage Limited is an investment holding company incorporated in the BVI with limited liability and wholly owned by Mr. Pang.

Subject Matter

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to dispose of the entire issued share capital of the Target Company.

Consideration

The Consideration is RMB170.0 million (equivalent to HK\$200.0 million), which was arrived at after arm's length negotiations between the Purchaser and the Vendors taking into account the preliminary valuation of the Target Group of approximately RMB187.0 million as at 30 September 2015 as evaluated by an independent valuer based on market-based approach.

Pursuant to the terms of the Acquisition Agreement, the Consideration shall be settled in the following manner:

- (1) RMB59.67 million (equivalent to HK\$70.2 million) shall be settled by the Company issuing the Consideration Shares (i.e. 18,000,000 Shares) at the Issue Price to the Vendors or their nominees upon Completion in proportion to their corresponding shareholding in the Target Company; and
- (2) the remaining RMB110.33 million (equivalent to HK\$129.8 million) shall be settled by the Company issuing the Convertible Bonds with an aggregate principal amount of HK\$129.8 million to the Vendors or their nominees upon Completion in proportion to their shareholding in the Target Company.

The original investment cost of the Target Group incurred by the Vendors was approximately RMB10 million (equivalent to approximately HK\$11.76 million).

Conditions precedent

Completion is conditional upon fulfillment of the following Conditions:

- (a) no takeover implication or obligation having been triggered under the Takeovers Code by the allotment and issue of the Consideration Shares and the creation and issue of the Convertible Bonds by any of the Vendors or its respective parties acting in concert with it;
- (b) the passing by the Independent Shareholders by way of a poll at a general meeting of the Company of a resolution in accordance with the Listing Rules to approve the Acquisition Agreement, the transactions contemplated thereunder including the allotment and issue of the Consideration Shares and the Conversion Shares by the Company and the Specific Mandate;
- (c) the Purchaser having conducted its due diligence exercise on the Target Group and being reasonably satisfied with the results thereof;
- (d) a legal opinion having been issued by the PRC Legal Adviser, in such form and substance to the reasonable satisfaction of the Company, in respect of the Acquisition;
- (e) all other approvals, consents and acts required for the Purchaser entering into or executing the Acquisition Agreement and the transactions contemplated thereunder being obtained and completed including but not limited to the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares having been granted by the Stock Exchange and which has not been revoked as at the Completion; and

- (f) all other necessary approvals, consents, authorisations and licences in relation to the transactions contemplated under the Acquisition Agreement having been obtained.

In the event that the Conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 August 2016 or such other date as the Vendors and the Purchaser may agree in writing, the Acquisition Agreement shall cease and determine and save and except antecedent breach thereof, neither the Vendors nor the Purchaser shall have any obligations towards each other. Save for Condition (c) above which may be jointly waived by the Purchaser and the Vendors by written consent in order to facilitate Completion, none of the Conditions can be waived by any parties to the Acquisition Agreement. However, the Company does not intend to waive Condition (c) above but may only consider waiving it if such waiver would not have any material adverse consequence which would affect the interests of the Company and its Shareholders as a whole.

Representation and undertaking of the Vendors

Pursuant to the Acquisition Agreement, each of the Vendors has, among other things, represented and undertaken to the Purchaser and the Company that the amount of transaction money matched through Jia You Network for the year ended 31 December 2016 will be increased by 30% or more when compared with that of the year ended 31 December 2015. The Company will appoint an auditor to undertake an engagement in accordance with Hong Kong Standard on Related Services 4400, “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants regarding the amount of transaction money matched through Jia You Network.

If the Vendors are in breach of this representation and undertaking, they will enter into a cancellation deed with the Company in respect of 10% of the Convertible Bonds in proportion to the Vendors’ corresponding shareholding in the Target Company for the cancellation of that portion of the Convertible Bonds. As security, the Company shall be entitled to retain the certificates representing 10% of the Convertible Bonds as at Completion until 31 March 2017.

Completion

Completion shall take place on the third business day after all of the Conditions are fulfilled or effectively waived. Immediately after Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

CONSIDERATION SHARES

The Consideration Shares to be allotted and issued by the Company under the Acquisition Agreement represent (a) approximately 3.79% of the total Shares in issue as at the date of this announcement; and (b) approximately 3.65% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares.

Application for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Acquisition Agreement will be made by the Company to the Stock Exchange. No restrictions will be imposed on the subsequent sale of the Consideration Shares.

CONVERTIBLE BONDS

Upon Completion, the Company will issue Convertible Bonds in an aggregate principal amount of HK\$129.8 million at an initial conversion price of HK\$3.9 per Conversion Share (subject to any adjustment and any reset) to the Vendors or their nominee(s).

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are as follows:

Issuer:	the Company
Bondholders:	the Vendors or their nominee(s)
Aggregate principal amount:	HK\$129.8 million
Interest:	3% per annum on the outstanding principal amount of the Convertible Bonds, accrued daily on a 365 days' basis and payable annually in arrears
Maturity Date:	the date falling on the expiration of 30 calendar months after the issue date of the Convertible Bonds or, if that is not a business day, the first business day thereafter
Transferability:	The Convertible Bonds (or any part thereof) shall not be assigned or transferred without the prior written consent of the Company.
Voting rights:	The Bondholders are not entitled to attend or vote at any meetings of the Company by reason of them only being a Bondholder.

Conversion rights:

The Bondholders have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$1,000,000 or integral multiples thereof) at any time during the period commencing from the day immediately following the date of issuance of the Convertible Bonds up to 4:00 p.m. on the Maturity Date, provided that the Convertible Bonds may not be converted, to the extent if following such conversion, such Bondholders and parties acting in concert with them, taken together, will become obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Upon Conversion of the rights attached to the Convertible Bonds, there are no restrictions imposed on the subsequent sale of the Conversion Shares.

Conversion Price:

The Directors confirmed that the Conversion Price was arrived at after arm's length negotiations between the Purchaser and the Vendors after taking into account the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

The initial conversion price of HK\$3.9 per Conversion Share is subject to adjustments in each of the following cases (detailed provisions are set out in the terms and conditions of the instrument constituting the Convertible Bonds):

- (a) any alteration to the nominal value of the Shares as a result of consolidation or subdivision;
- (b) the issue of Shares credited as fully paid to Shareholders by way of (i) capitalisation of profits or reserves or (ii) a scrip dividend;
- (c) the payment or making of any capital distribution to the Shareholders;
- (d) the issue of Shares to Shareholders by the Company, by way of rights, or issue or grant to Shareholders, by way of rights, options or warrants to subscribe for new Shares, at less than 90% of the Current Market Price per Share;

- (e) the issue of any securities (other than Shares or options or warrants to subscribe for new Shares) by the Company to Shareholders by way of rights;
- (f) the issue by the Company wholly for cash of any Shares by the Company of any options or warrants to subscribe for new Shares in each case at a price per Share which is less than 90% of the Current Market Price per Share;
- (g) the issue wholly for cash by the Company of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the Current Market Price per Share; and
- (h) any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as mentioned above (other than the Convertible Bonds and any adjustment of the Conversion Price in accordance with the terms applicable to such securities) so that following such modification the consideration per Share is less than 90% of the Current Market Price.

Conversion Price Reset:

If the 10-day Average Price is higher than the prevailing Conversion Price, the Conversion Price shall be adjusted in accordance with the following formula and shall be rounded upwards, if necessary, to the nearest Hong Kong cent:

Adjusted Conversion Price = 50% x (10-day Average Price - the prevailing Conversion Price) + the prevailing Conversion Price

- Mandatory redemption:** Upon the occurrence of an event of default, the Bondholders may, unless such event of default has been waived in writing by them, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bonds at the redemption amount which is equivalent to the principal amount of the Convertible Bonds and such sums shall become due and payable on the 10th business day after the date of such notice.
- Early redemption:** The Company may at any time before the Maturity Date and from time to time by serving at least ten days' prior written notice on the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Convertible Bond (in whole or in part) at 100% of the principal amount of such Convertible Bond together with payment of interest accrued up to the date of such early redemption.
- Mandatory conversion:** Any Convertible Bond which remains outstanding by 4:00 p.m. on the Maturity Date shall be automatically converted into Conversion Shares upon Maturity Date at the then prevailing Conversion Price.
- For the avoidance of doubt, there shall not be any mandatory conversion of the Convertible Bonds on the Maturity Date if such conversion will result in a Bondholder(s) and his/her/its respective parties acting in concert with him/her/it triggering a mandatory general offer and in such event, the balance of the Convertible Bonds not converted into Conversion Shares will be redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Bonds and such sum shall be payable to the Bondholder on the business day immediately following the Maturity Date.
- Ranking of the Conversion Shares:** The Conversion Shares shall rank *pari passu* in all respects among themselves and with all other existing Shares in issue at the date of conversion.

Application for listing: No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Convertible Bonds. The Conversion Shares shall be allotted and issued under the Specific Mandate to be obtained at the EGM. No restrictions will be imposed on the subsequent sale of the Conversion Shares.

Conversion Shares: At the initial Conversion Price, 33,282,050 Conversion Shares will be issued upon full conversion of the Convertible Bonds.

The 33,282,050 Conversion Shares represent (i) approximately 7.01% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 6.33% of the issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming full conversion of the Convertible Bonds at the initial Conversion Price).

THE ISSUE PRICE AND CONVERSION PRICE

The Issue Price for each Consideration Share and the initial Conversion Price for each Conversion Share represent:

- (i) a premium of approximately 40.79% from HK\$2.77, the closing price of the Shares on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 39.09% from HK\$2.80, the average closing price of the Shares on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 38.05% from HK\$2.83, the average closing price of the Shares on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out, for illustrative purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares (assuming there being no other change in the shareholding structure and share capital of the Company from the date of this announcement and up to the allotment and issue of the Consideration Shares); and (iii) immediately after the conversion of the Convertible Bonds (assuming full conversion of the Convertible Bonds at the initial Conversion Price without any adjustment and any reset and there being no other change in the shareholding structure and share capital of the Company from the date of this announcement and up to conversion of the Convertible Bonds, save for the allotment and issue of the Consideration Shares):

	As at the date of this announcement		Immediately after allotment and issue of the Consideration Shares (assuming there being no other change in the shareholding structure and share capital of the Company from the date of this announcement and up to the allotment and issue of the Consideration Shares)		Immediately after conversion of the Convertible Bonds (assuming full conversion of the Convertible Bonds at the Conversion Price without any adjustment and any reset and there being no other change in the shareholding structure and share capital of the Company from the date of this announcement and up to conversion of the Convertible Bonds, save for the allotment and issue of the Consideration Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Expert Depot Limited (note 1)	114,750,000	24.16	123,930,000	25.14	140,903,846	26.78
Bliss Success Investments Limited (note 2)	56,250,000	11.84	60,750,000	12.32	69,070,512	13.13
Novel Heritage Limited (note 3)	54,000,000	11.37	58,320,000	11.83	66,307,692	12.60
Insider Solution Limited (note 4)	15,000,000	3.16	15,000,000	3.04	15,000,000	2.85
New Maestro Investments Limited (note 5)	45,000,000	9.48	45,000,000	9.13	45,000,000	8.55
Other public Shareholders	<u>189,914,000</u>	<u>39.99</u>	<u>189,914,000</u>	<u>38.53</u>	<u>189,914,000</u>	<u>36.09</u>
Total	<u>474,914,000</u>	<u>100</u>	<u>492,914,000</u>	<u>100</u>	<u>526,196,050</u>	<u>100</u>

Notes:

1. Expert Depot Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Zhang.
2. Bliss Success Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Xu.
3. Novel Heritage Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Pang.
4. Insider Solution Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Chen.
5. New Maestro Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. He.

INFORMATION ON THE GROUP

The Group is a service provider offering financial and non-financial guarantee services, financial consultancy services and financial leasing 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 asset management, financial consulting and equity investment in the PRC.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 12 May 2015 and is owned as to 51% by Expert Depot Limited, 25% by Bliss Success Investments Limited and 24% by Novel Heritage Limited as at the date of this announcement. As at the date of this announcement, Guangzhou Jiliyou and Jia You Network are the only subsidiaries of the Target Company.

Guangzhou Jiliyou is an investment holding company established in the PRC with limited liability on 11 August 2015 and is wholly owned by the Target Company as at the date of this announcement.

Jia You Network is a limited liability company established in the PRC on 26 September 2012 and is wholly owned by Guangzhou Jiliyou as at the date of this announcement. The principal business of Jia You Network includes software development, information systems integration, information technology consulting, data processing and storage, network technology research and development, computer technology development, asset management, investment advisory, investment using its own funds and the provision of other non-financial services as entrusted by financial institutions.

Through its website (the “**Jili Site**”), Jia You Network provides an investment and financing platform intermediary services. The Jili Site connects partners such as financing guarantee companies, small loan companies and asset management companies to end customers.

Jia You Network has obtained all necessary licenses and approvals to conduct its business.

Set out below is the unaudited financial information of the Target Company from the date of its incorporation to 30 September 2015 prepared in accordance with the Hong Kong Financial Reporting Standards:

**For the period from
12 May 2015 to 30
September 2015**
(HK\$'000)
(unaudited)

Turnover	Nil
Net profit/(loss) before taxation and extraordinary items	Nil
Net profit/(loss) after taxation and extraordinary items	Nil

The unaudited net asset value of the Target Company as at 30 September 2015 was HK\$100.

Set out below is the unaudited financial information of Guangzhou Jiliyou from the date of its establishment to 30 September 2015 prepared in accordance with the Hong Kong Financial Reporting Standards:

**For the period from
11 August 2015 to
30 September 2015**
(RMB\$'000)
(unaudited)

Turnover	Nil
Net profit/(loss) before taxation and extraordinary items	(27)
Net profit/(loss) after taxation and extraordinary items	(27)

The unaudited net liabilities of Guangzhou Jiliyou as at 30 September 2015 were approximately RMB26,950.

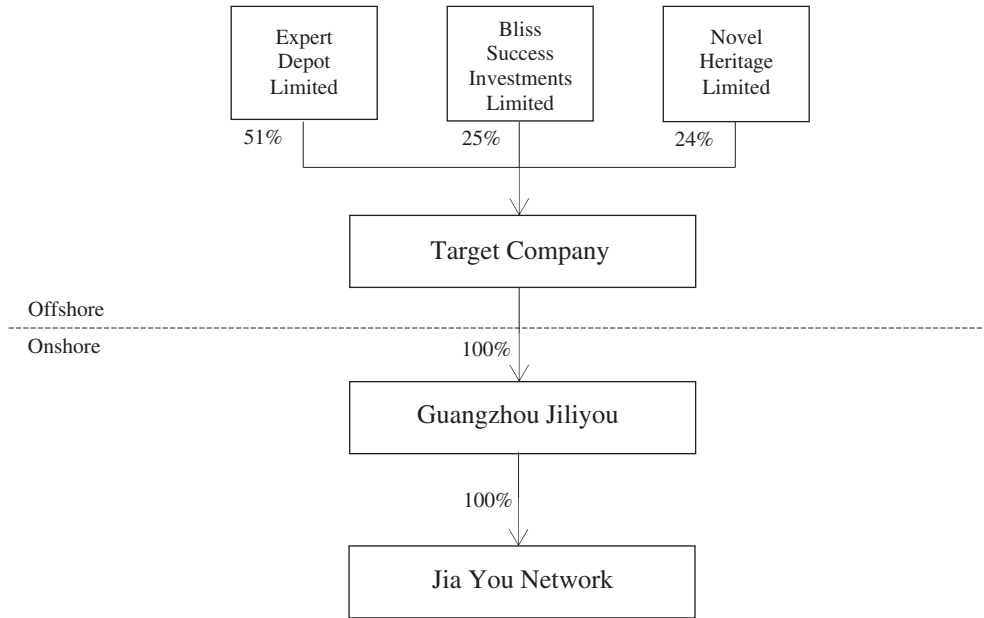
Set out below is the unaudited financial information of Jia You Network for each of the two years ended 31 December 2014 and the nine months ended 30 September 2015 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2013 <i>(RMB'000)</i> <i>(unaudited)</i>	For the year ended 31 December 2014 <i>(RMB'000)</i> <i>(unaudited)</i>	For the nine months ended 30 September 2015 <i>(RMB'000)</i> <i>(unaudited)</i>
Turnover	125	4,200	8,700
Net profit/(loss) before taxation and extraordinary items	(1,673)	(2,573)	1,099
Net profit/(loss) after taxation and extraordinary items	(1,673)	(2,663)	882

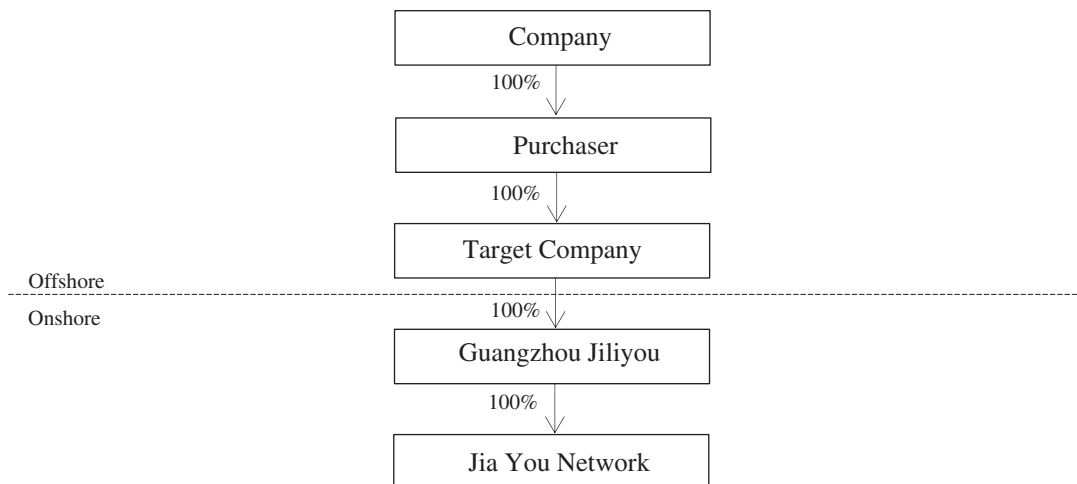
The unaudited net asset value of Jia You Network as at 30 September 2015 was approximately RMB6,297,183.

Corporate Structure

The following chart illustrates the shareholding structure of the Target Group prior to Completion:



The following chart illustrates the shareholding structure of the Target Group, immediately after the Completion:



REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a service provider offering financial and non-financial guarantee services, financial consultancy services and financial leasing 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 Board constantly reviews the Company's business strategy in maximising the value of the Company and continues to explore attractive business opportunities.

The Directors considers that there is a need for the Group to develop its P2P platform in order to widen the coverage of the Group's financial services in the PRC. The Target Group operates a P2P platform in the PRC which is used to recommend investment and financing products and services that serve SMEs. The Directors expect that pursuant to the Group's overall strategy of developing diversified comprehensive financial businesses, through the Acquisition, the Group will realize the expansion into the internet financial business. With the Group's resources and core competitiveness accumulated in the financial businesses in the PRC, together with the Target Group's online brand, internet technologies, platform operating experience and internet resources, the competitiveness of the Group's various financial businesses can be strengthened and the Group's competitive advantages can be improved on a complementary basis.

The Directors are optimistic about the prospect of the Group and firmly believe that by combining the Group's experience in the area of financial guarantee services, financial consultancy services and financial leasing services with the Target Group's expertise and brand name in the area of P2P, the Acquisition can (i) widen the coverage of the Group's relevant businesses in a fast and cost-effective manner; and (ii) diversify the Group's customer base.

The Directors (excluding the independent non-executive Directors whose views will be formed after receiving the advice from the independent financial adviser) are of the view that the Acquisition is fair and reasonable and on normal commercial terms and is in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. The Vendors are connected persons of the Company under Rule 14A.07 of the Listing Rules by virtue of the fact that the Vendors are wholly owned by Mr. Zhang, Mr. Xu and Mr. Pang respectively, who are each a Director and substantial Shareholder. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

GENERAL

Mr. Zhang, Mr. Xu and Mr. Pang are respectively directors of, and owners of the total issued shares of, the respective Vendors and Mr. Zhang is a director of the Target Company. Mr. He is acting in concert with Mr. Zhang, Mr. Xu and Mr. Pang. As each of Mr. Zhang, Mr. Xu, Mr. Pang and Mr. He has a material interest in the transactions contemplated under the Acquisition Agreement, they have abstained from voting on the board resolution approving the Acquisition Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to give recommendation to the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder. Donvex Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other matters, (i) further details of the Acquisition; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the valuation report of the Target Group; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 22 February 2016.

EGM

The EGM will be convened at which resolutions will be proposed to seek the approval of the Independent Shareholders by way of a poll for the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the Specific Mandate.

Shareholders and potential investors should note that the Acquisition, which is subject to a number of Conditions, may or may not be completed. Shareholders and potential investors are reminded 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:

“10-day Average Price”	in respect of a Share at a particular date, the average of the closing price published in the Stock Exchange’s daily quotations sheets for one Share for the ten consecutive dealing days ending on the dealing day immediately preceding such date
“Acquisition”	the acquisition of the entire issued share capital of the Target Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 27 January 2016 entered into between the Company, the Purchaser and the Vendors in relation to the Acquisition
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”, “percentage ratio(s)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds

“BVI”	British Virgin Islands
“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
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Conditions”	conditions precedent to the Acquisition as set out in the paragraph headed “Conditions precedent” in this announcement
“Consideration”	RMB170.0 million, the consideration for the Acquisition
“Consideration Shares”	18,000,000 new Shares to be allotted and issued by the Company at the Issue Price for the settlement of part of the Consideration
“Conversion Price”	HK\$3.9 per Conversion Share (subject to adjustments and subject to reset)
“Conversion Shares”	the Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds
“Convertible Bonds”	the convertible bonds of which the aggregate principal amount shall be HK\$129.8 million to be issued by the Company to the Vendors for the settlement of the Consideration as to RMB110.33 million
“Current Market Price”	in respect of a Share at a particular date, the average of the closing price published in the Stock Exchange’s daily quotations sheets for one Share for the five consecutive dealing days ending on the dealing day immediately preceding such date
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement

“Group”	the Company and its subsidiaries
“Guangzhou Jiliyou”	廣州市集利友企業管理有限公司 (Guangzhou Jiliyou Enterprise Management Limited*), a limited liability company established in the PRC on 11 August 2015 and is wholly owned by the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Acquisition
“Independent Shareholders”	Shareholders other than the Vendors and their respective associates and all other parties (if any) who are interested or involved in the Acquisition Agreement and the transactions contemplated thereunder
“Issue Price”	HK\$3.9 per Consideration Share as agreed between the Vendors and the Purchaser
“Jia You Network”	廣東嘉友網絡科技有限公司 (Guangdong Jia You Network Technologies Limited*), a limited liability company established in the PRC on 26 September 2012 and is wholly owned by Guangzhou Jiliyou
“Last Trading Day”	27 January 2016, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement
“Listing”	the listing of Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Bonds
“Mr. Chen”	Mr. Chen Guoxian (陳國顯), a shareholder of the Company

“Mr. He”	Mr. He Darong (何達榮), a non-executive Director and substantial shareholder of the Company
“Mr. Pang”	Mr. Pang Haoquan (龐浩泉), a non-executive Director and substantial shareholder of the Company
“Mr. Xu”	Mr. Xu Kaiying (徐凱英), a non-executive Director and substantial shareholder of the Company
“Mr. Zhang”	Mr. Zhang Tiewei (張鐵偉), the chairman of the Group and an executive Director and substantial shareholder of the Company
“P2P”	internet lending for individuals
“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
“PRC Legal Adviser”	Commerce & Finance Law Offices, the legal adviser of the Company as to PRC law
“Purchaser”	Yes Success Limited, a wholly-owned subsidiary of the Company incorporated in the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“SME(s)”	small and medium enterprise(s)
“Specific Mandate”	the specific mandate proposed to be granted to the Directors in relation to the issue of the Consideration Shares and the Conversion Shares at the Conversion Price to be approved by the Independent Shareholders at the EGM
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC in Hong Kong (as amended from time to time)

“Target Company”	Dragon Harvest International Limited, a company incorporated in Hong Kong with limited liability on 12 May 2015, and ultimately beneficially owned as to 51% by Mr. Zhang, 25% by Mr. Xu and 24% by Mr. Pang, respectively
“Target Group”	the Target Company and its subsidiaries
“Vendor(s)”	Expert Depot Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Zhang; Bliss Success Investments Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Xu; and Novel Heritage Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Pang
“%”	per cent

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of HK\$1 = RMB0.85. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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

Hong Kong, 27 January 2016

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.*