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CITIC Securities Company Limited

中信証券股份有限公司

*(incorporated in the People's Republic of China
with limited liability)*

(Stock code: 6030)



KVB Kunlun

KVB Kunlun Financial Group Limited

昆侖國際金融集團有限公司

*(incorporated in the Cayman Islands
with limited liability)*

(Stock code: 8077)

JOINT ANNOUNCEMENT

(1) SALE AND PURCHASE OF 60% SHARES IN KVB KUNLUN

**(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS BY
CITIC SECURITIES CORPORATE FINANCE (HK) LIMITED FOR AND
ON BEHALF OF CITIC SECURITIES TO ACQUIRE ALL THE ISSUED
SHARES OF KVB KUNLUN (OTHER THAN THOSE SHARES ALREADY
OWNED OR AGREED TO BE ACQUIRED BY CITIC SECURITIES AND
PARTIES ACTING IN CONCERT WITH IT) AND
TO CANCEL ALL THE OUTSTANDING OPTIONS
OF KVB KUNLUN**

AND

(3) RESUMPTION OF TRADING IN THE SHARES OF KVB KUNLUN

Financial adviser to CITIC Securities



THE SHARE PURCHASE AGREEMENT

KVB Kunlun was informed by the Vendor (being the controlling shareholder of KVB Kunlun) that on 29 January 2015, the Vendor and CITIC Securities entered into the Share Purchase Agreement pursuant to which CITIC Securities has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being 1,200,000,000 KVB Shares, for a total Consideration of HK\$780,000,000, equivalent to HK\$0.65 per Sale Share. The Sale Shares represent 60% of the 2,000,000,000 KVB Shares in issue of KVB Kunlun as at the date of this joint announcement.

Completion of the Share Purchase Agreement is conditional upon the conditions described in the sub-section headed "Conditions" under the section headed "The Share Purchase Agreement" of this joint announcement.

Completion of the Share Purchase Agreement will take place on the third Business Day after the fulfillment (or, if applicable, waiver) of all the Conditions (or such other date as the parties to the Share Purchase Agreement may agree in writing).

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this joint announcement, CITIC Securities and parties acting in concert with it do not own any KVB Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of KVB Kunlun, other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately after Completion, CITIC Securities and parties acting in concert with it will be interested in a total of 1,200,000,000 KVB Shares, representing 60% of the total issued share capital of KVB Kunlun as at the date of this joint announcement.

Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, immediately following Completion, CITIC Securities and parties acting in concert with it will be required to make an unconditional mandatory cash offer to acquire all the issued KVB Shares (other than those KVB Shares already owned or agreed to be acquired by CITIC Securities and parties acting in concert with it and the 300,000,000 KVB Shares to be retained by the Vendor upon Completion) and to cancel all the outstanding KVB Options in the period prior to the close of the Share Offer. The Offers comprising the Share Offer and the Option Offer, when made, will be unconditional in all respects.

Subject to and upon Completion, CITIC Securities Corporate Finance (HK) Limited, the financial adviser to CITIC Securities, will, for and on behalf of CITIC Securities, make the Offers in compliance with the Takeovers Code on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer
for each Offer ShareHK\$0.65 in cash

The Option Offer
for cancellation of each outstanding KVB Option
(with an exercise price of HK\$0.414)HK\$0.236 in cash

As at the date of this joint announcement, there are 2,000,000,000 KVB Shares in issue, and KVB Kunlun has outstanding KVB Options to subscribe for up to 38,280,000 KVB Shares at the exercise price of HK\$0.414 per KVB Share. Assuming that none of the outstanding KVB Options is exercised prior to the close of the Offers and there is no change in the issued share capital of KVB Kunlun up to the close of the Offers, a total of 500,000,000 KVB Shares will be subject to the Share Offer and outstanding KVB Options to subscribe for up to a total of 38,280,000 KVB Shares will be subject to the Option Offer. Assuming that all the outstanding KVB Options are fully exercised prior to the close of the Offers and there is no other change in the issued share capital of KVB Kunlun up to the close of the Offers, a total of 538,280,000 KVB Shares will be subject to the Share Offer.

The Share Offer Price of HK\$0.65 per KVB Share equals the purchase price per Sale Share payable by CITIC Securities under the Share Purchase Agreement.

The principal terms of the Offers are set out under the section headed “Possible Unconditional Mandatory Cash Offers” of this joint announcement. CITIC Securities Corporate Finance (HK) Limited, the financial adviser to CITIC Securities in respect of the Offers, is satisfied that sufficient financial resources are available to CITIC Securities to satisfy full acceptance of the Offers.

INDEPENDENT BOARD COMMITTEE OF KVB KUNLUN

The independent board committee, comprising Mr. Stephen Gregory McCoy, a non-executive director and all the independent non-executive directors of KVB Kunlun, has been formed to advise the Independent KVB Shareholders and the KVB Option Holders in respect of the Offers. Further announcement will be made in respect of the appointment of the independent financial adviser to the independent board committee of KVB Kunlun.

COMPOSITE DOCUMENT

It is the intention of CITIC Securities and the board of directors of KVB Kunlun to combine the offer document and the offeree board circular into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days of the date of this joint announcement or such later date as the Executive may approve, an offer document is required to be despatched to the Shareholders.

As Completion is subject to the satisfaction or waiver of conditions as set out in the Share Purchase Agreement, the Share Purchase Agreement may not become unconditional within 21 days of the date of this joint announcement. An application will be made by CITIC Securities for the Executive’s consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven days after the fulfillment of the Conditions. The Composite Document will set out, among other matters, the terms of the Offers, the recommendation of the independent board committee of KVB Kunlun in relation to the Offers, a letter of advice from an independent financial adviser to be appointed to advise the independent board committee of KVB Kunlun, the Independent KVB Shareholders and the KVB Option Holders in respect of the Offers and the relevant forms of acceptance.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF KVB KUNLUN

Pending the release of this joint announcement, trading in the KVB Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 30 January 2015 at the request of KVB Kunlun. An application has been made by KVB Kunlun to the Stock Exchange for resumption of trading in the KVB Shares with effect from 9:00 a.m. on 27 February 2015.

WARNING: AS THE MAKING OF THE OFFERS IS SUBJECT TO COMPLETION OF THE SHARE PURCHASE AGREEMENT, THE OFFERS ARE A POSSIBILITY ONLY AND MAY OR MAY NOT BE MADE. ACCORDINGLY, SHAREHOLDERS AND PROSPECTIVE INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF KVB KUNLUN AND CITIC SECURITIES.

Reference is made to (i) the announcement of KVB Kunlun dated 20 November 2014 in relation to the possible acquisition of the Sale Shares and the LOI; (ii) the announcements of KVB Kunlun dated 19 December 2014 and 19 January 2015 respectively regarding monthly progress update of the possible acquisition of the Sale Shares; and (iii) the announcements dated 29 January 2015 and 30 January 2015 respectively regarding a further update on the possible acquisition of the Sale Shares.

KVB Kunlun was informed by the Vendor (being the controlling shareholder of KVB Kunlun) that on 29 January 2015, the Vendor and CITIC Securities entered into the Share Purchase Agreement, the principal terms of which are summarized below.

THE SHARE PURCHASE AGREEMENT

Date

29 January 2015

Parties

Vendor: KVB Kunlun Holdings Limited, which is beneficially interested in 1,500,000,000 KVB Shares as at the date of this joint announcement, representing 75% of the entire issued share capital of KVB Kunlun.

As at the date of this joint announcement, the Vendor is owned as to 75% by Mr. Li Zhi Da, being a non-executive director of KVB Kunlun. The remaining 25% is beneficially owned by the estate of the late Ms. Tsui Wang (who is the spouse of Mr. Li Zhi Da) whose administrators are Mr. Li Zhi Da and Mr. Chan Man Fai. Mr. Chan is a friend of the family of Mr. Li and is independent of Ms. Tsui and the KVB Kunlun Group.

To the best of the information and belief of the directors of CITIC Securities having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of CITIC Securities and its connected persons and not a party acting in concert with any of them.

Purchaser: CITIC Securities Company Limited (中信証券股份有限公司)

To the best of the information and belief of the directors of KVB Kunlun having made all reasonable enquiries, CITIC Securities and its ultimate beneficial owners are third parties independent of KVB Kunlun and its connected persons and not a party acting in concert with any of them.

Sale Shares

Pursuant to the terms of the Share Purchase Agreement, CITIC Securities agreed to acquire, and the Vendor agreed to sell, the Sale Shares free and clear from all encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared made or paid, the record date of which is on or after the Completion Date. The Sale Shares represent 60% of the entire issued share capital of KVB Kunlun as at the date of this joint announcement.

CITIC Securities is not obliged to purchase and the Vendor is not obliged to sell any of the Sale Shares unless the sale and purchase of all the Sale Shares are completed simultaneously at Completion.

Consideration

The Consideration for the Sale Shares is HK\$780,000,000, equivalent to HK\$0.65 per Sale Share.

The Consideration was determined after arm's length negotiations between CITIC Securities and the Vendor, after taking into consideration (i) the audited consolidated net assets value of the KVB Kunlun Group as at 31 December 2013; (ii) the financial position of the KVB Kunlun Group; (iii) the prevailing market prices of the KVB Shares as further described in the sub-section headed "Comparison of value" under the section headed "Possible Unconditional Mandatory Cash Offers" below; (iv) the fact that CITIC Securities can obtain a controlling interest in KVB Kunlun after Completion; and (v) the development potential and business prospect of the KVB Kunlun Group.

Manner of payment of the Consideration

The Consideration is payable by CITIC Securities to the Vendor in the following manner:

- (i) a first payment of HK\$390,000,000 (the "**First Payment**"), representing 50% of the Consideration, was paid to the Vendor (and shall upon Completion be applied as part of the Consideration) on 30 January 2015;
- (ii) the Exclusivity Fee of HK\$50,000,000 (being paid by CITIC Securities pursuant to the LOI) shall upon Completion be applied as part of the Consideration;
- (iii) if the Conditions as set out in paragraph (ii) in the sub-section headed "Conditions" under the section headed "The Share Purchase Agreement" in this joint announcement have not been fully satisfied by the Initial Long Stop Date, the balance of HK\$340,000,001 (the "**Second Payment**") (*note: The HK\$1 represents the consideration for the conferment of the Right of First Refusal by the Vendor, see paragraph headed "Right of First Refusal" below*) shall be payable by CITIC Securities to the Vendor on the first Business Day immediately following the Initial Long Stop Date; (and by then the Long Stop Date for the Share Purchase Agreement will be extended to the Extended Long Stop Date), and
- (iv) if the Conditions as set out in paragraph (ii) in the sub-section headed "Conditions" under the section headed "The Share Purchase Agreement" in this joint announcement are satisfied by the Initial Long Stop Date, HK\$340,000,001 shall be payable by CITIC Securities to the Vendor at Completion.

Conditions

Completion of the Share Purchase Agreement is subject to the following Conditions being fulfilled and remaining satisfied on or before the Long Stop Date:

- (i) up to the Completion Date, the KVB Shares remaining listed and traded on GEM, and no notification or indication being received from the Stock Exchange or the SFC prior to Completion that the listing of the KVB Shares on GEM will or may be, for whatever reason, withdrawn or suspended for more than fifteen (15) consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the SFC or the Stock Exchange for the joint announcement relating to the transactions contemplated in the Share Purchase Agreement and any announcement to be issued by KVB Kunlun in connection with the transactions contemplated therein);
- (ii) all necessary approvals, consents and permits by all relevant government or regulatory authorities (including but not limited to the Stock Exchange, SFC, the New Zealand Financial Markets Authority, the Overseas Investment Office of New Zealand and the Australian Securities and Investments Commission) in respect of the Share Purchase Agreement, the transactions contemplated therein and the licences held by the KVB Kunlun Group for its current business operations having been obtained;
- (iii) all necessary approvals and consents by banks, contractual counterparties and/or any other third parties (not being government or regulatory authorities) in respect of the Share Purchase Agreement, the transactions contemplated in the Share Purchase Agreement and the licences held by the KVB Kunlun Group for its current business operations having been obtained; and
- (iv) as at the Completion Date, there having been no material breach of the Vendor's warranties in the Share Purchase Agreement.

As at the date of this joint announcement, the Conditions are yet to be fulfilled or (as the case may be) waived.

Pursuant to the Share Purchase Agreement, the Vendor shall use its best endeavours to procure the fulfilment of the Conditions (so far as it is within its power and practicable to do so) as soon as practicable and in any event before the Long Stop Date. For the avoidance of doubt, in respect of the Condition in (ii) above, the Vendor shall use best endeavours to assist, and shall procure the KVB Kunlun Group to assist, CITIC Securities to seek such necessary approvals, consents and permits. CITIC Securities may at any time waive in writing any of Conditions except Condition (ii) and such waiver may be made subject to such terms and conditions as may be determined by CITIC Securities. Condition (ii) may not be waived.

If the Conditions have not been fulfilled (or waived by CITIC Securities) at or before 4:00 p.m. on the Extended Long Stop Date (or such later date as the Vendor and CITIC Securities may agree in writing), the Share Purchase Agreement shall lapse, whereupon all rights and obligations of the parties thereto shall cease to have effect except (among others) any antecedent rights and obligations of the parties already accrued before the lapse.

If the Condition (ii) above has not been fully satisfied by the Initial Long Stop Date and CITIC Securities fails to make the Second Payment by the deadline as prescribed above, the Vendor may keep the First Payment for its own benefit to the exclusion of CITIC Securities and shall have the right to terminate the Share Purchase Agreement.

If the Share Purchase Agreement lapses where Condition (ii) above has not been fulfilled by the Extended Long Stop Date, then unless the non-fulfilment was due to reasons involving any action, omission or default on the part of the Vendor, the Vendor may keep the First Payment for its own benefit to the exclusion of CITIC Securities upon the lapse of the Share Purchase Agreement. In all other circumstances where the Share Purchase Agreement lapses due to any Condition not having been fulfilled or waived (where applicable), the Vendor shall return the First Payment (without interest) to CITIC Securities within 10 Business Days from the lapse of the Share Purchase Agreement.

In compliance with Note 2 to Rule 30.1 of the Takeovers Code, neither the Vendor nor CITIC Securities will invoke any condition (including the Conditions) so as to cause the Share Purchase Agreement to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to CITIC Securities in the context of the Share Purchase Agreement or the Offers.

If any action is taken to deprive or deny the Vendor's right of the First Payment or Exclusivity Fee, upon demand of the Vendor, the First Payment or the Exclusivity Fee shall be deemed to be a loan lent by CITIC Securities to such borrower(s) as the Vendor may nominate. The loan shall not be repayable except in a winding up of the borrower and shall be subordinated, perpetually, to all other indebtedness of the borrower. The purpose of such arrangement is mainly to allow the Vendor to continue to keep and/or use the First Payment or Exclusivity Fee when it is being challenged in case of a lapse of the Share Purchase Agreement.

Right of First Refusal

Pursuant to the Share Purchase Agreement, the Vendor shall confer to CITIC Securities a right of first refusal ("**Right of First Refusal**") in respect of the 300,000,000 KVB Shares to be retained by the Vendor after Completion (the "**RFR Shares**") at a consideration of HK\$1. For the avoidance of doubt, any KVB Shares subsequently purchased by the Vendor after the date of the Share Purchase Agreement shall not form part of the RFR Shares.

For the period commencing on the date falling six months after the completion of the Offers and expiring on the date falling twenty-four months after the completion of the Offers (the "**RFR Period**"), where the Vendor intends to transfer all or part of the RFR Shares (whether or not the transferee (the "**Prospective Transferee**") has been identified), the Vendor shall give a notice in writing (the "**Transfer Notice**") specifying:

- (i) the number of RFR Shares which the Vendor wishes to transfer (the "**Relevant Shares**");
- (ii) the price per Relevant Share at which the Vendor proposes to sell the Relevant Shares or, where a Prospective Transferee has been identified, the price per Relevant Share at which the Prospective Transferee has offered for the Relevant Shares (the "**Proposed Price**");
- (iii) details of any other material terms of proposed transfer or, where a Prospective Transferee has been identified, of the offer made by the Prospective Transferee (accompanied by a certified copy of any written statement by the Prospective Transferee of the material terms of the offer);

- (iv) if a Prospective Transferee has been identified, background information about the Prospective Transferee (including the source of its funds for satisfying the consideration for the Relevant Shares) and name of the Prospective Transferee, except where the Relevant Shares are proposed to be sold through a financial institute or intermediate, or the disclosure of its name is prohibited by law or contract or offer; and
- (v) if a Prospective Transferee has been identified, the relationship between the Prospective Transferee and the Vendor (if any).

A Transfer Notice shall be valid only if the Proposed Price is not higher than the highest of (a) 150% of the average closing price per Relevant Share quoted on the daily quotation sheets of the Stock Exchange for the five consecutive Trading Days immediately preceding the date of the Transfer Notice and (b) 150% of the closing price per Relevant Share quoted on the daily quotation sheets of the Stock Exchange for the Trading Day immediately preceding the date of the Transfer Notice and (c) if the date of the Transfer Notice is a Trading Day, 150% of the closing price per Relevant Share quoted on the daily quotation sheets of the Stock Exchange on the date of the Transfer Notice; where a “**Trading Day**” shall mean a day on the whole or any part of which trading of the KVB Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time.

CITIC Securities shall be entitled to, within a period of 24 hours after the Transfer Notice is received by CITIC Securities, serve a purchase notice (the “**Purchase Notice**”) on the Vendor requiring it to sell all of the Relevant Shares to it at the same price and on the same terms as those set out in the Transfer Notice. Where CITIC Securities serves a Purchase Notice, the Vendor and CITIC Securities shall complete the transfer of the Relevant Shares within two Trading Days after receipt of the Purchase Notice by the Vendor.

If CITIC Securities has not served a Purchase Notice within the period as referred to above, or CITIC Securities fails to complete the purchase of the Relevant Shares within the period as referred to above, the Vendor shall be entitled to sell up to 115% of the Relevant Shares (subject to a maximum of 300,000,000 KVB Shares) to a third party at a price not lower than 90% of the price set out in the Transfer Notice and on terms not more favourable to the transferee than the terms set out in the Transfer Notice, provided that, if such sale is not completed within two months after the Transfer Notice is given, the Vendor’s right to sell the Relevant Shares to the Prospective Transferee shall lapse.

The Right of First Refusal shall lapse if at any time during the RFR Period, CITIC Securities or any of its subsidiaries acquires a majority equity interest in a company that engages in, or applies to regulators outside the PRC and Hong Kong for carrying on of individual leveraged foreign exchange business outside the PRC and Hong Kong.

Pre-emptive right

Pursuant to the Share Purchase Agreement, during the period from the Completion Date to the expiry of the RFR Period, as long as the Vendor holds at least 10% of the issued KVB Shares, CITIC Securities shall procure KVB Kunlun to seek the prior written consent of the Vendor before KVB Kunlun issues any new KVB Shares or any convertible securities or rights (except under the KVB Options) unless all the following conditions are fulfilled:

- (i) the person(s) who will obtain the new KVB Shares are independent from CITIC Securities;
- (ii) the entire subscription money will be paid in cash;

- (iii) immediately following the completion of such issue of new KVB Shares, the Vendor will hold at least 10% of the issued KVB Shares; and
- (iv) $Q \times P$ shall not be lower than the highest of:
 - (A) HK\$1,500,000,000;
 - (B) HK\$2,312,600,000, being the market capitalisation of KVB Kunlun based on the weighted average closing price of the KVB Shares for the date of the LOI and the preceding four trading days \times number of KVB Shares in issue as at the date of the LOI; and
 - (C) HK\$3,562,000,000, being the market capitalisation of KVB Kunlun based on the closing price of the KVB Shares on the date of the Share Purchase Agreement (or, where trading of the KVB Shares are suspended on such date, the immediately preceding trading day) \times number of KVB Shares in issue as at the date of the Share Purchase Agreement \times 130%;

where:

- Q = (a) where KVB Kunlun has not conducted any share restructuring between the date of the Share Purchase Agreement and the issue of the new KVB Shares, the number of issued KVB Shares as at the date of the Share Purchase Agreement; or (b) where KVB Kunlun has conducted any share restructuring between the date of the Share Purchase Agreement and the issue of the new KVB Shares, the number of issued KVB Shares as at the date of the Share Purchase Agreement but after adjustment to reflect such share restructuring, as a financial adviser licensed for Type 6 regulated activities under the SFO certifies to be appropriate and acceptable
- P = the price payable per KVB Share for the issue of new KVB Shares

Board seat entitlement

As long as the Vendor holds at least 5% of the issued KVB Shares, the Vendor shall be entitled to nominate a person to be a non-executive director of KVB Kunlun (or retain an existing director of KVB Kunlun who is a representative of the Vendor to be a non-executive director) and CITIC Securities shall procure that such person to be appointed or remain as a non-executive director of KVB Kunlun, provided that such person is considered by the nomination committee of KVB Kunlun to be a suitable person to be a non-executive director of KVB Kunlun.

Warranties and undertakings

The Vendor has given warranties to CITIC Securities which are customary in the circumstances, in respect of, among other things, the legal status, financial conditions, business, operations and assets in relation to the KVB Kunlun Group.

The Vendor has also provided undertakings in relation to, among other things, the conduct of business of the KVB Kunlun Group before Completion and non-competition.

Completion

Completion of the Share Purchase Agreement will take place on the third Business Day after the fulfillment (or, if applicable, waiver) of the Conditions (or such other date as the parties to the Share Purchase Agreement may agree in writing).

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

Terms of the Offers

As at the date of this joint announcement, CITIC Securities and parties acting in concert with it do not own any KVB Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of KVB Kunlun other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately after Completion, CITIC Securities and parties acting in concert with it will own a total of 1,200,000,000 KVB Shares, representing 60% of the entire issued share capital of KVB Kunlun as at the date of this joint announcement.

Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, immediately following Completion, CITIC Securities and parties acting in concert with it will be required to make an unconditional mandatory cash offer to acquire all the issued KVB Shares (other than those KVB Shares already owned or agreed to be acquired by CITIC Securities and parties acting in concert with it and the 300,000,000 KVB Shares to be retained by the Vendor upon Completion, in respect of which an irrevocable undertaking had been given by the Vendor to CITIC Securities pursuant to which the Vendor has irrevocably undertaken not to transfer or deal with any beneficial interest or right in any RFR Shares during the period from the date of the Share Purchase Agreement to the beginning of the RFR Period or during the RFR Period pursuant to the Share Purchase Agreement) and to cancel all the outstanding KVB Options in the period prior to the close of the Share Offer.

Subject to and upon Completion, the Offers will be unconditional mandatory cash offers.

As at the date of this joint announcement, there are 2,000,000,000 KVB Shares in issue.

As at the date of this joint announcement, KVB Kunlun has outstanding KVB Options to subscribe for up to 38,280,000 KVB Shares, of which 34,260,000 KVB Options are vested and exercisable at the exercise price of HK\$0.414 per KVB Share during the exercise period from 10 January 2015 to 9 January 2018. All outstanding KVB Options were granted pursuant to a share option scheme adopted by KVB Kunlun on 3 June 2013.

Save for the outstanding KVB Options, KVB Kunlun has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of KVB Shares and KVB Kunlun has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than as disclosed above as at the date of this joint announcement.

Assuming that none of the outstanding KVB Options is exercised prior to the close of the Offers and there is no change in the issued share capital of KVB Kunlun up to the close of the Offers, a total of 500,000,000 KVB Shares will be subject to the Share Offer and outstanding KVB Options to subscribe for up to a total of 38,280,000 KVB Shares will be subject to the Option Offer. Assuming that all the outstanding KVB Options are fully exercised prior to the close of the Offers and there is no other change in the issued share capital of KVB Kunlun up to the close of the Offers, a total of 538,280,000 KVB Shares will be subject to the Share Offer.

Subject to and upon Completion, CITIC Securities Corporate Finance (HK) Limited, the financial adviser to CITIC Securities, will, for and on behalf of CITIC Securities, make the Share Offer and the Option Offer in compliance with the Takeovers Code on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Offers, if made, will be on the terms mentioned below:

The Share Offer

for each Offer ShareHK\$0.65

**The Option Offer for
cancellation of each outstanding KVB Option**

(all with exercise price of HK\$0.414)HK\$0.236

The Share Offer Price of HK\$0.65 for each Offer Share under the Share Offer is the same as the purchase price per Sale Share of HK\$0.65 at which the Sale Shares are agreed to be acquired by CITIC Securities pursuant to the Share Purchase Agreement.

The Option Offer Price of HK\$0.236 per outstanding KVB Option, represents the difference between the exercise price of HK\$0.414 of the outstanding KVB Options and the Share Offer Price of HK\$0.65, pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code.

Comparison of value

The Share Offer Price of HK\$0.65 per KVB Share represents:

- (i) a discount of approximately 52.55% to the closing price of HK\$1.37 per KVB Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 53.64% to the average closing price of HK\$1.402 per KVB Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 47.33% to the average closing price of HK\$1.234 per KVB Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 38.27% to the average closing price of approximately HK\$1.053 per KVB Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 247.59% to the unaudited consolidated net asset value of KVB Kunlun per KVB Share of approximately HK\$0.187 per KVB Share as at 30 June 2014 as set out in the 2014 interim report of KVB Kunlun.

Highest and lowest KVB Share prices

The highest and lowest closing prices of the KVB Shares as quoted on the Stock Exchange during the six-month period immediately preceding the announcement of KVB Kunlun dated 20 November 2014 and up to and including the Last Trading Day from 21 May 2014 to 29 January 2015 were HK\$1.77 per KVB Share on 28 January 2015 and HK\$0.38 per KVB Share on 12 September 2014, respectively.

Total value of the Offers

The number of Sale Shares under the Share Purchase Agreement is 1,200,000,000 KVB Shares and the total consideration of Sale Shares is HK\$780,000,000.

On the basis of the Share Offer Price of HK\$0.65 per KVB Share and 2,000,000,000 KVB Shares in issue as at the date of this joint announcement, the entire issued share capital of KVB Kunlun is valued at HK\$1,300,000,000 (assuming none of the 38,280,000 outstanding KVB Options are exercised prior to the close of the Offers) or HK\$1,324,882,000 (assuming all of the 38,280,000 outstanding KVB Options are exercised in full prior to the close of the Offers).

Assuming that none of the 38,280,000 outstanding KVB Options is exercised prior to the close of the Offers and there is no change in the issued share capital of KVB Kunlun up to the close of the Offers, 500,000,000 KVB Shares and 38,280,000 KVB Options would be subject to the Share Offer and the Option Offer, respectively, and the Offers would be valued at HK\$334,034,080 in aggregate.

In the event that all of the 38,280,000 outstanding KVB Options are exercised in full and an aggregate of 38,280,000 new KVB Shares are issued by KVB Kunlun prior to the close of the Offers, assuming that there is no other change in the issued share capital of KVB Kunlun up to the close of the Offers, the total number of KVB Shares subject to the Share Offer would be increased to 538,280,000 KVB Shares and the maximum value of the Share Offer would be increased to HK\$349,882,000 as a result thereof. In that case, no amount would be payable by CITIC Securities under the Option Offer.

Financial resources

CITIC Securities will finance the cash consideration payable for the Offers from its internal resources.

CITIC Securities Corporate Finance (HK) Limited, the financial adviser to CITIC Securities in respect of the Offers, is satisfied that sufficient financial resources are available to CITIC Securities to satisfy payment of the consideration in respect of the full acceptance of the Offers.

Effect of accepting the Offers

The Offers, subject to the Completion taking place, will be unconditional.

The Share Offer, subject to the Completion taking place, will be unconditional. By validly accepting the Share Offer, the Independent KVB Shareholders will sell their tendered KVB Shares to CITIC Securities free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of the Composite Document.

The Option Offer, subject to the Completion taking place, will be unconditional. By validly accepting the Option Offer, the KVB Option Holders will agree to the cancellation of their tendered KVB Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of the posting of the Composite Document.

Acceptance of the Offers by any Independent KVB Shareholder or KVB Option Holder (as the case may be) will be deemed to constitute a warranty by such person that all KVB Shares or KVB Options sold by such person under the Offers are free from all encumbrances (and, in the case of KVB Options, will be cancelled and renounced) whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offers are made, that is, the date of the posting of the Composite Document.

Acceptance of the Offers shall be irrevocable and would not be capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the KVB Shares or the KVB Options (as the case may be) in respect of such acceptance are received by or for CITIC Securities to render such acceptance of any of the Share Offer and the Option Offer complete and valid.

Hong Kong Stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance by the Shareholders or, if higher, the market value of the KVB Shares, will be deducted from the amount payable to Independent Shareholders who accept the Share Offer. CITIC Securities will bear its own portion of the buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance of the Share Offer or, if higher, the market value of the KVB Shares, as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Cap 117 of the Laws of Hong Kong), and will arrange for payment to the Stamp Office of Hong Kong of the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Overseas KVB Shareholders and Overseas KVB Option Holders

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, Overseas KVB Shareholders, Overseas KVB Option Holders, and beneficial owners of the KVB Shares and/or KVB Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas KVB Shareholders, Overseas KVB Option Holders and beneficial owners of the KVB Shares and/or KVB Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong who wish to accept the Option Offer and/or

the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Overseas KVB Shareholders, Overseas KVB Option Holders and beneficial owners of the KVB Shares and/or KVB Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to CITIC Securities that the local laws and requirements have been complied with. The Overseas KVB Shareholders, Overseas KVB Option Holders and beneficial owners of the KVB Shares and/or KVB Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should consult their professional advisers if in doubt.

Taxation advice

Independent KVB Shareholders and KVB Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of CITIC Securities, parties acting in concert with it, KVB Kunlun, CITIC Securities Corporate Finance (HK) Limited, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Other arrangements

For the six months immediately prior to 20 November 2014, i.e. the date of the announcement of KVB Kunlun in relation to the possible acquisition by CITIC Securities of the Sale Shares and the LOI, and up to and including the date of this joint announcement, save for the entering into of the LOI and the Share Purchase Agreement, CITIC Securities and parties acting in concert with it have not dealt in any shares, options, derivatives, warrants or other securities convertible into KVB Shares or other types of equity interest in KVB Kunlun.

CITIC Securities confirms that, as at the date of this joint announcement:

- (i) save for the LOI, and the Share Purchase Agreement, none of CITIC Securities, its ultimate beneficial owners and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the KVB Shares, options, derivatives, warrants or other securities convertible or exchangeable into KVB Shares or other types of equity interest in KVB Kunlun or any other rights or interests in the issued share capital or voting rights of KVB Kunlun;
- (ii) none of CITIC Securities, its ultimate beneficial owners and/or parties acting in concert with it has received any irrevocable commitment to accept the Offers;
- (iii) there is no outstanding derivative in respect of securities in KVB Kunlun which has been entered into by CITIC Securities, its ultimate beneficial owners or any person acting in concert with it;
- (iv) save for the LOI and the Share Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of CITIC Securities or KVB Kunlun and which might be material to the Offers;

- (v) save for the LOI and the Share Purchase Agreement, there is no agreement or arrangement to which CITIC Securities, its ultimate beneficial owners and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (vi) none of CITIC Securities, its ultimate beneficial owners and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in KVB Kunlun.

KVB Shareholders and KVB Option Holders are reminded to read the recommendations of the independent board committee of KVB Kunlun and the advice of the independent financial adviser in respect of the Offers and as to acceptance that will be included in the Composite Document before deciding whether or not to accept the Offers.

Effect of Completion on the shareholding structure of KVB Kunlun

Set out below is the shareholding structure of KVB Kunlun: (i) as at the date of this joint announcement; and (ii) immediately after Completion but before any acceptance of the Offers (assuming there will be no other changes to the shareholding structure of KVB Kunlun from the date of this joint announcement to the Completion Date and before the Share Offer):

	As at the date of this joint announcement		Immediately after Completion but before the Offers (assuming none of the KVB Options is exercised)		Immediately after Completion but before the Offers (assuming all KVB Options are exercised)	
	<i>Number of KVB Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of KVB Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of KVB Shares</i>	<i>Approximate percentage (%)</i>
Vendor	1,500,000,000	75.00	300,000,000	15.00	300,000,000	14.72
CITIC Securities	-	-	1,200,000,000	60.00	1,200,000,000	58.87
KVB Option Holders	-	-	-	-	38,280,000	1.88
Public KVB Shareholders	500,000,000	25.00	500,000,000	25.00	500,000,000	24.53
Total:	2,000,000,000	100.00	2,000,000,000	100.00	2,038,280,000	100.00

As at the date of this joint announcement, the Vendor holds 1,500,000,000 KVB Shares, representing 75% of the existing total issued share capital of KVB Kunlun. Immediately after Completion, the Vendor will hold 300,000,000 KVB Shares, representing 15% of the existing total issued share capital of KVB Kunlun as at the date of this joint announcement.

INFORMATION ON THE KVB KUNLUN GROUP

The KVB Kunlun Group is principally engaged in leveraged foreign exchange and other trading, cash dealing business, and other service, and the KVB Shares of KVB Kunlun have been listed on the GEM Board of the Stock Exchange since 3 July 2013.

Set out below is a summary of the audited consolidated results of the KVB Kunlun Group for the financial year ended 31 December 2013, and the unaudited consolidated results of the KVB Kunlun Group for the nine months ended 30 September 2014, as extracted from the annual report of KVB Kunlun for the year ended 31 December 2013 and the third quarterly report of KVB Kunlun for the nine months ended 30 September 2014, respectively.

<i>HK\$'000</i>	For the nine months ended 30 September 2014 (Unaudited)	For the year ended 31 December 2013 (Audited)
Revenue	60,545	176,719
Profit/(Loss) before tax	27,091	50,130
Profit/(Loss) attributable to owners of the Company	20,089	34,774

The unaudited consolidated net assets value of the KVB Kunlun Group as at 30 September 2014 were approximately HK\$385,197,000 which was equivalent to approximately HK\$0.193 per KVB Share. The audited consolidated net assets value of the KVB Kunlun Group as at 31 December 2013 were approximately HK\$382,099,000 which was equivalent to approximately HK\$0.209 per KVB Share.

Further financial information of the KVB Kunlun Group will be set out in the Composite Document to be despatched to the Independent KVB Shareholders and KVB Option Holders.

INFORMATION ON CITIC SECURITIES

Information on CITIC Securities

CITIC Securities is one of the leading full-service securities companies in China that has its shares listing in both Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030). CITIC Securities offers a wide range of products and services to a large and diverse client base that includes corporations, financial institutions, governmental entities and individuals. Principle businesses of CITIC Securities include investment banking, brokerage, trading, asset management and investment.

As at the date of this joint announcement, the executive directors of CITIC Securities are Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei, the non-executive directors of CITIC Securities are Mr. JU Weimin and Mr. FANG Jun, and the independent non-executive directors of CITIC Securities are Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway and Mr. RAO Geping.

Reasons for the acquisition

- The acquisition of the Sale Shares by CITIC Securities under the Share Purchase Agreement provides an international platform for the development of CITIC Securities' global foreign currency trading business.

- By utilizing KVB Kunlun's established foreign currency trading technology, the ForexStar system and its ongoing dealership platform and infrastructure, CITIC Securities can have access to global foreign currency trading business. The completion of the acquisition would allow the large and diverse clientele retained by CITIC Securities to access the global foreign currency business opportunities through its integrated service platform.
- The acquisition enriches the client base and sales networks of CITIC Securities which currently mainly cover the onshore market in China and then to expand the international market, which will further strengthen the competing position of CITIC Securities in regional and global market.

INTENTIONS OF CITIC SECURITIES IN RELATION TO THE KVB KUNLUN GROUP

Upon Completion, CITIC Securities will become the controlling shareholder of KVB Kunlun. Following the close of the Offers, the CITIC Securities intends to continue the existing principal businesses of the KVB Kunlun Group. CITIC Securities would conduct a review on the financial position and the operations of the KVB Kunlun Group and would formulate business plans and strategies of the KVB Kunlun Group, which would be appropriate to enhance the long-term growth potential of the KVB Kunlun Group. CITIC Securities has no intention to make substantial changes to the employment matters or to redeploy assets of the KVB Kunlun Group other than those in its ordinary and usual course of business.

Board composition of KVB Kunlun

The board of directors of KVB Kunlun is currently made up of seven directors, comprising two executive directors, two non-executive directors and three independent non-executive directors of KVB Kunlun.

CITIC Securities currently does not have intention to request for resignation of any directors of KVB Kunlun upon the completion of the Share Purchase Agreement or after the close of the Offers. Any changes to the board of directors of KVB Kunlun will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

Maintaining the listing status of KVB Kunlun

CITIC Securities intends to maintain the listing of the KVB Shares on the Stock Exchange.

In the event that the public float of KVB Kunlun falls below 25% following the close of the Offers, CITIC Securities and the new directors of KVB Kunlun to be nominated by CITIC Securities will undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the KVB Shares.

The Stock Exchange has indicated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to KVB Kunlun, being 25% of the issued KVB Shares, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the KVB Shares; or
- there are insufficient KVB Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the KVB Shares.

GENERAL

Independent board committee of KVB Kunlun

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The independent board committee of KVB Kunlun, comprising Mr. Stephen Gregory McCoy, a non-executive director and all the independent non-executive directors of KVB Kunlun, (namely Ms. Zhao Guixin, Mr. Cornelis Jacobus Keyser and Mr. Lin Wenhui) has been formed to advise the Independent KVB Shareholders in respect of the Offers.

Further announcement will be made in respect of the appointment of the independent financial adviser to the independent board committee of KVB Kunlun.

Disclosure of Dealings

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code) of CITIC Securities and KVB Kunlun (including their respective shareholders having interests of 5% or more of the relevant securities) are reminded to disclose their dealings in the relevant securities in KVB Kunlun under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that the stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive’s consent to extend the time limit for the dispatch of the offer document is required if the making of the general offer is subject to prior fulfillment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code such that the offer document cannot be despatched within 21 days of the date of this announcement. It is the intention of CITIC Securities and the board of directors of KVB Kunlun that the offer document and the offeree board circular be combined in a Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among other things, terms of the Offers, the recommendations of the independent board committee of KVB Kunlun to the Independent KVB Shareholders and KVB Option Holders of the Offers, the letter of advice of the independent financial adviser to the independent board committee of KVB Kunlun and the Independent KVB Shareholders and KVB Option Holders of the Offers should normally be posted to the Independent KVB Shareholders and KVB Option Holders within 21 days of the date of this joint announcement. Given that the Offers are subject to Completion and fulfillment of the Conditions, the Offers may not take place within 21 days from the date of this joint announcement. In such circumstances, an application will be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to extend the date of the posting of the Composite Document to a date falling within seven days from the date of Completion.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES OF KVB KUNLUN

Pending the release of this joint announcement, trading in the KVB Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 30 January 2015 at the request of KVB Kunlun. An application has been made by KVB Kunlun to the Stock Exchange for the resumption of trading in the KVB Shares with effect from 9:00 a.m. on 27 February 2015.

WARNING: AS THE MAKING OF THE OFFERS IS SUBJECT TO COMPLETION OF THE SHARE PURCHASE AGREEMENT, THE OFFERS ARE A POSSIBILITY ONLY AND MAY OR MAY NOT BE MADE. ACCORDINGLY, SHAREHOLDERS AND PROSPECTIVE INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF KVB KUNLUN AND CITIC SECURITIES.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

- | | |
|---------------------|--|
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “associates” | has the meaning ascribed to it under the Takeovers Code |
| “Business Day” | means a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays) |

“CITIC Securities”	CITIC Securities Company Limited (中信証券股份有限公司), a joint stock limited company incorporated in the PRC and the issued shares of which are listed on Main Board of the Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030:CH) and the purchaser of the Sale Shares under the Share Purchase Agreement
“CITIC Securities Corporate Finance (HK) Limited”	CITIC Securities Corporate Finance (HK) Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Completion”	completion of the sale and purchase of the Sale Shares contemplated under the Share Purchase Agreement
“Completion Date”	the third Business Day after the fulfillment (or, if applicable, waiver) of the Conditions (or such other date as the parties to the Share Purchase Agreement may agree in writing)
“Composite Document”	the composite offer and response document in respect of the Offers to be jointly despatched by CITIC Securities and KVB Kunlun in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offers
“Conditions”	closing condition(s) to Completion, further details of which are set out in the sub-section headed “Conditions” under the section headed “The Share Purchase Agreement” of this joint announcement
“Consideration”	consideration payable by CITIC Securities as purchaser for the sale and purchase of the Sale Shares under the Share Purchase Agreement, being HK\$780,000,000
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Exclusivity Fee”	a sum of HK\$50,000,000 which had been paid by CITIC Securities to the Vendor under the LOI
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extended Long Stop Date”	if the Conditions as set out in paragraph (ii) in the sub-section headed “Conditions” under the section headed “The Share Purchase Agreement” in this joint announcement have not been fully satisfied by the Initial Long Stop Date, 29 May 2015
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent KVB Shareholder(s)”	holder(s) of the Shares, other than CITIC Securities, the Vendor and parties acting in concert with any of them
“Initial Long Stop Date”	30 March 2015
“KVB Kunlun”	KVB Kunlun Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8077)
“KVB Kunlun Group”	KVB Kunlun and its subsidiaries
“KVB Options”	the outstanding options granted pursuant to the share option scheme adopted by KVB Kunlun on 3 June 2013, as amended from time to time
“KVB Option Holder(s)”	holder(s) of the KVB Option(s)
“KVB Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of KVB Kunlun
“KVB Shareholder(s)”	holder(s) of the KVB Shares
“Last Trading Day”	29 January 2015, the last trading date before the trading in the KVB Shares on the Stock Exchange was suspended
“LOI”	the letter of intent in relation to the possible acquisition by CITIC Securities of the Sale Shares entered into between the Vendor, Mr. Li Zhi Da and CITIC Securities on 19 November 2014 and referred to in the announcement of KVB Kunlun dated 20 November 2014
“Long Stop Date”	the Initial Long Stop Date or, where applicable, the Extended Long Stop Date;
“Offer Share(s)”	all the KVB Share(s) in issue, other than those KVB Shares already owned or agreed to be acquired by CITIC Securities and parties acting in concert with it and the 300,000,000 KVB Shares to be retained by the Vendor upon Completion
“Offers”	the Share Offer and Option Offer
“Option Offer”	an unconditional mandatory cash offer to be made by CITIC Securities Corporate Finance (HK) Limited for and on behalf of CITIC Securities for the cancellation of all outstanding KVB Options held by the KVB Option Holders in accordance with the Takeovers Code as a result of (and subject to and upon) the Completion
“Overseas KVB Option Holder(s)”	KVB Option Holder(s) whose address(es) as stated in the register of KVB Option Holders of KVB Kunlun is or are outside Hong Kong

“Overseas KVB Shareholder(s)”	KVB Shareholder(s) whose address(es) as stated in the register of members of KVB Kunlun is or are outside Hong Kong
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	1,200,000,000 KVB Shares legally and beneficially owned by the Vendor, representing 60% of the issued share capital of KVB Kunlun as at the date of this announcement, and each a Sale Share
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	an unconditional mandatory cash offer to be made by CITIC Securities Corporate Finance (HK) Limited for and on behalf of CITIC Securities to acquire all the issued KVB Shares (other than those KVB Shares already owned and/or agreed to be acquired by CITIC Securities and parties acting in concert with it and the 300,000,000 KVB Shares to be retained by the Vendor upon Completion) in accordance with the Takeovers Code as a result of (and subject to and upon) the Completion
“Share Offer Price”	HK\$0.65 per KVB Share payable by CITIC Securities in respect of the Share Offer
“Share Purchase Agreement”	the conditional share purchase agreement dated 29 January 2015 entered into between the Vendor and CITIC Securities in relation to the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Vendor”	KVB Kunlun Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and being the controlling shareholder of KVB Kunlun as at the date of this joint announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
CITIC Securities Company Limited
WANG Dongming
Chairman

By order of the board
KVB Kunlun Financial Group Limited
Liu Stefan
Executive Director

Hong Kong, 26 February 2015

As at the date of this joint announcement, the directors of KVB Kunlun are as follows:

Executive directors

Mr. Liu Stefan
Mr. Ng Chee Hung Frederick

Non-executive directors

Mr. Li Zhi Da
Mr. Stephen Gregory McCoy

Independent non-executive directors

Ms. Zhao Guixin
Mr. Cornelis Jacobus Keyser
Mr. Lin Wenhui

This announcement, for which the directors of KVB Kunlun 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 KVB Kunlun. The directors of KVB Kunlun, having made all reasonable enquires, 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.

The directors of KVB Kunlun jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to CITIC Securities and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by CITIC Securities and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of CITIC Securities are as follows:

Executive directors

Mr. WANG Dongming
Mr. CHENG Boming
Mr. YIN Ke
Mr. LIU Lefei

Non-executive directors

Mr. JU Weimin
Mr. FANG Jun

Independent non-executive directors

Mr. WU Xiaoqiu
Mr. LEE Kong
Wai, Conway
Mr. RAO Geping

The directors of CITIC Securities jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to KVB Kunlun, the Vendor and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by KVB Kunlun, the Vendor and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Listed Company Information” page for at least seven days from the day of its posting and on the website of KVB Kunlun at www.kvblastco.com.