
CONNECTED TRANSACTIONS

Our Group entered into certain agreements and arrangements with the Connected Persons of our Company in the ordinary and usual course of business during the Track Record Period. These transactions are expected to continue after the Listing. Details of these transactions are set out below.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions below are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements

(a) Trademark Licence Agreement

Our Company and KVB Holdings entered into a trademark licence agreement (the “**Trademark Licence Agreement**”) on 18 December 2012, pursuant to which KVB Holdings has agreed to grant a non-exclusive and non-transferable licence (the “**Trademark Licence**”) to our Group to use nine trademarks (the “**Licensed Trademarks**”) registered in the name of KVB Holdings in the relevant countries of registration for a nominal consideration of HK\$1.00 in connection with our Group's business. Our Company has agreed not to grant any sub-licence for the use of the Licensed Trademarks without the prior written consent of KVB Holdings.

Details of the Licensed Trademarks are described under the paragraph headed “Intellectual property rights” in Appendix IV to this prospectus.

KVB Holdings is our holding company and is the registered owner of the Licensed Trademarks. To obtain synergy from the “KVB” brand in providing a variety of financial services and positioning our Group as a financial conglomerate, the Trademark Licence Agreement has been entered into between our Company and KVB Holdings. As our Group has been using and is still using the Licensed Trademarks in the ordinary and usual course of business, it is beneficial to our Group to continue to use the Licensed Trademarks.

As KVB Holdings is a Connected Person of our Company after the Listing, the Trademark Licence provided by KVB Holdings to our Group under the Trademark Licence Agreement will constitute continuing connected transactions of our Company pursuant to Rule 20.14 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) consider that the transactions contemplated under the Trademark Licence Agreement are on terms no less favourable to our Group than terms available to Independent Third Parties, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Given that the consideration for the Trademark Licence under the Trademark Licence Agreement is nominal, the transactions contemplated under the Trademark Licence Agreement fall within the de minimis threshold under Rule 20.33(3) of the GEM Listing Rules and are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

(b) Financial System Agreement

The Non-listed Group has from time to time provided financial system and website maintenance services to our Group in the ordinary and usual course of business and it is anticipated that our Group will continue to engage the Non-listed Group to provide financial system services in the ordinary and usual course of business.

Our Company entered into a financial system services agreement on 18 December 2012 and a supplemental agreement on 3 June 2013 with KVB Holdings (together, the “**Financial System Agreement**”), pursuant to which the Non-listed Group has agreed to provide financial system services to our Group subject to the terms and conditions of the Financial System Agreement. These services include the provision of the ERP system support. The ERP system is not part of the ForexStar system and is currently utilised by our Group to support our normal accounting and financial functions and to implement the business planning and budget control systems. These services will continue after the Listing.

KVB Holdings has a licence for the use of the ERP system, an enterprise resources system which includes systems application programming integrating multiple business processes and functions of KVB Holdings into one comprehensive system. Considering the need to ensure timely financial information, arrangement by KVB Holdings is made to cover both the needs of our Group on the one part and the Non-listed Group on the other part. Due to the expensive development cost which amounted to approximately US\$1.0 million as at the Latest Practicable Date and the long setup time for establishing the ERP system since July 2007, our Directors consider that it is more cost-effective to share the financial system with KVB Holdings.

In addition to our security measures in relation to access to our trading platform and client information as stated in the paragraph headed “Security” in the section headed “Business” in this prospectus, the ERP system has an authorisation matrix which governs the access right of the users to safeguard the sensitive information of our Group and our clients.

Pricing standard

The service fees payable by our Group to the Non-listed Group are determined based on the depreciation of the ERP system and the actual cost of management services provided.

Historical figures

During the two years ended 31 December 2011 and 31 December 2012, our Group paid approximately HK\$1,838,000 and HK\$678,000, respectively, to the Non-listed Group for the provision of the financial system and website maintenance services. The aforesaid historical figures are less than the amounts under the relevant related party transaction as laid down in note 27 to the accountant’s report in Appendix I to this prospectus since the latter also include the fees of the discontinued services other than the financial system and website maintenance services. The fees of such discontinued services represented the fees charged by the Non-listed Group to reimburse the external service providers. Since July 2012, our Group has entered into arrangements with the external service providers directly instead of through the Non-listed Group.

CONNECTED TRANSACTIONS

The relatively large amount for the year ended 31 December 2011 is mainly attributable to the setting up of a new website and the increase in website maintenance services in 2011. The website was set up to provide an integrated platform for operations and business for both our Group and the Non-listed Group. A separate website for our Group will be set up upon the Listing.

General

As each of KVB Holdings and its subsidiaries is a Connected Person of our Company after the Listing, services provided by members of the Non-listed Group to our Group under the Financial System Agreement will constitute continuing connected transactions of our Company pursuant to Rule 20.14 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) consider that the Financial System Agreement has been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Financial System Agreement are on normal commercial terms, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Given that each of the percentage ratios (other than the profit ratio) for the transactions contemplated under the Financial System Agreement, where appropriate, calculated by reference to Rule 19.07 of the GEM Listing Rules, is expected on an annual basis to be less than 5% and the annual consideration is less than HK\$1 million, the transactions contemplated under the Financial System Agreement fall within the de minimis threshold under Rule 20.33(3) of the GEM Listing Rules and are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. The continuing connected transactions below are subject to the reporting, annual review and announcement requirements

Shared Services Agreement

Our Group has from time to time provided group management, information technology, marketing and administration support services (the “**Shared Services**”) to the Non-listed Group in the ordinary and usual course of business and it is anticipated that the Non-listed Group will continue to engage our Group to provide the Shared Services in the ordinary and usual course of business upon the Listing including some non-core business supporting functions such as legal, corporate finance, information technology, human resources, marketing and other administrative support.

Our Company entered into a shared services agreement on 18 December 2012 and a supplemental agreement on 3 June 2013 with KVB Holdings (together, the “**Shared Services Agreement**”), pursuant to which our Company has agreed to provide or procure our subsidiaries to provide the Shared Services to the Non-listed Group subject to the terms and conditions of the Shared Services Agreement.

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During the Track Record Period, the Shared Services included the provision of group management, legal, information technology, marketing and other administrative support and the sharing of common used assets such as computer hardware and software, office equipments, furniture and fittings and leasehold improvements due to the sharing of offices with the Non-listed Group. Our Directors consider that it would be costly and resources wasting to maintain a full team of staff to perform certain non-core business supporting functions for our Group given that the workload related to our Group is not expected to occupy all their working hours and that it is to our Group's benefit to share such services with the Non-listed Group and charge the Non-listed Group service fees as our income. Therefore, the Shared Services will continue after the Listing but to a lesser extent following the segregation of businesses of our Group and Non-listed Group.

In particular, for operational efficiency and cost-effectiveness, we deployed full-time staff in our Group to take up positions such as legal manager, corporate finance director and information technology manager to serve different entities of the Non-listed Group in different locations. Personnel related costs will need to be recovered from the Non-listed Group based on an estimation of time involved in the Non-listed Group by these personnel. Some of the hardware and software support are common and cannot be segregated within the same office, for instance, data information services and hardware and software maintenance services. They are charged to the respective parties with reference to the estimated usage. Further, depreciation of leasehold improvements and common used assets in the shared offices cannot be segregated and can only be reimbursed through shared management fees.

Pricing standard

The fees for the Shared Services payable by the Non-listed Group to our Group are determined based on the actual cost of the Shared Services provided with reference to the actual usage of each party during the Track Record Period plus a 10% markup.

Historical figures and annual caps

During the two years ended 31 December 2011 and 31 December 2012, our Group received approximately HK\$12,803,000 and HK\$7,916,000, respectively, from the Non-listed Group for the provision of the Shared Services. The Shared Services were provided at actual cost based on actual usage of each party or cost plus a 10% markup during the Track Record Period.

Our Group charged the Shared Services at a 10% markup on members of the Non-listed Group except for KVB AM (HK), KVB Securities and KVB CA to which our Group charged the Shared Services at cost taking into consideration that they were relatively smaller scale of operations and made loss in the previous years. Our Group has stopped providing the Shared Services to KVB AM (HK) and KVB Securities since May 2011 and to KVB CA since July 2012. Our Group will provide the Shared Services to other members of the Non-listed Group at cost plus a 10% markup after the Listing.

CONNECTED TRANSACTIONS

The proposed cap amounts of the fees to be received by our Group under the Shared Services Agreement for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 are HK\$2,905,000, HK\$3,050,000 and HK\$3,203,000, respectively.

The proposed annual cap is expected to reduce substantially for the year ending 31 December 2013 given that certain existing Shared Services, such as risk and compliance function, will be taken up separately by the respective staff of our Group and Non-listed Group upon the Listing. Only some non-core business supporting functions such as legal, corporate finance, information technology, human resources and marketing will remain to be shared after the Listing given the efficiency and cost consideration.

With reference to the historical figures of the Shared Services, the proposed annual caps for the Shared Services are based on the estimation of the size of centralised cost pools, the time and efforts which need to be shared between our Group and the Non-listed Group and the expected inflation of 5% over the operating cost of the Shared Services. The time allocation and usage is determined upon the estimation by the relevant staff and the review by the management of our Group on the historical staff costs, the scope of duty to be performed by our staff in providing the Shared Services and the estimated time spent by our staff in providing the Shared Services.

Set out below is a detailed analysis of the historical figures and annual caps of the Shared Services:

Shared Services	For the year ended		For the year ending		
	31 December		31 December		
	2011	2012	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounting and administrative and common assets support	1,447	1,102	351	369	387
Corporate finance and development	–	–	1,044	1,096	1,151
Compliance, legal and risk	2,069	1,559	360	378	397
Human resources	1,033	877	322	338	355
Sales, operation and settlement	246	404	–	–	–
Treasury	361	139	–	–	–
Information technology	2,199	1,102	210	221	232
Marketing	1,495	621	340	357	375
Executive management	2,769	1,490	–	–	–
Markup and disbursements	1,184	622	278	291	306
	<u>12,803</u>	<u>7,916</u>	<u>2,905</u>	<u>3,050</u>	<u>3,203</u>
Total	<u>12,803</u>	<u>7,916</u>	<u>2,905</u>	<u>3,050</u>	<u>3,203</u>

CONNECTED TRANSACTIONS

In connection with the accounting and administrative and common assets support services, the decrease in the transaction amount from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the segregation of the accounting staff between our Group and the Non-listed Group. It is intended that our accounting and administrative staff will cease to provide services to the Non-listed Group upon the Listing and only common used assets will be shared with the Non-listed Group after the Listing. The annual cap for the accounting and administrative and common assets support services for the year ending 31 December 2013 is estimated mainly based on the actual staff costs incurred by our Group and usage of the common used assets prior to the Listing. The annual caps for the two years ending 31 December 2014 and 31 December 2015 are estimated mainly based on the annualised expected usage of the common used assets for the year ending 31 December 2013 to be shared with the Non-listed Group after the Listing with a 5% annual increment.

It is expected that there will be increasing opportunities for corporate finance and development projects such as mergers and acquisitions for our Group and the Non-listed Group and therefore we will allocate a team of staff to this particular function. As such projects are expected to be ad hoc and non-routine in nature and the staff costs for qualified persons are relatively high, it will be more economical and efficient for our Groups to share the corporate finance and development function with the Non-listed Group. The annual caps for the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 are estimated based on the annualised expected staff costs of the corporate finance and development function to be shared with the Non-listed Group after the Listing with a 5% annual increment.

The decrease in the fee relating to compliance, legal and risk from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the segregation of the compliance, legal and risk function between our Group and the Non-listed Group resulting in less service fee charged. It is intended that only one legal staff will provide services to the Non-listed Group after the Listing considering that it will be more economical for our Group and the Non-listed Group to share the costs of such staff. The annual cap for the year ending 31 December 2013 is estimated mainly based on (a) the actual staff costs incurred by our Group prior to the Listing; and (b) the expected legal staff costs on the basis of the estimated time and work to be shared with the Non-listed Group after the Listing. The annual caps for the two years ending 31 December 2014 and 31 December 2015 are estimated based on the annualised expected legal staff costs for the year ending 31 December 2013 to be shared with the Non-listed Group after the Listing with a 5% annual increment.

The decrease in the fee relating to human resources from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the segregation of the human resources function between our Group and the Non-listed Group resulting in less service fee charged. It is intended that only one human resources staff in our overseas office will provide services to the Non-listed Group after the Listing for cost consideration. The annual cap for the year ending 31 December 2013 is estimated mainly based on (a) the actual human resources staff costs incurred by our Group prior to the Listing; and (b) the expected human resources staff costs on the basis of the estimated time and work to be shared with the Non-listed Group after the Listing. The annual caps for the two years ending 31 December 2014 and 31 December

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2015 are estimated based on the annualised expected human resources staff costs for the year ending 31 December 2013 to be shared with the Non-listed Group after the Listing with a 5% annual increment.

The increase in the fee relating to sales, operations and settlement from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the increase in the number of staff in our overseas offices for the operations of our Group and the Non-listed Group. It is intended that the sales, operations and settlement function will be completely segregated between our Group and the Non-listed Group upon the Listing.

The decrease in the fee relating to treasury from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the segregation of the treasury function between our Group and the Non-listed Group in the first half of the year ended 31 December 2012.

During the Track Record Period, the fee relating to information technology decreased due to the relocation of information technology managers from our Group to the Non-listed Group as well as the decrease in the overall operating expenses for the information technology function. It is intended that only a minimum number of information technology staff will provide services to the Non-listed Group after the Listing. The annual cap for the year ending 31 December 2013 is estimated mainly based on (a) the actual information technology staff costs incurred by our Group prior to the Listing; and (b) the expected information technology staff costs on the basis of the estimated time and work to be shared with the Non-listed Group after the Listing. The annual caps for the two years ending 31 December 2014 and 31 December 2015 are estimated based on the annualised expected information technology staff costs for the year ending 31 December 2013 to be shared with the Non-listed Group after the Listing with a 5% annual increment.

The decrease in the fee relating to marketing from the year ended 31 December 2011 to the year ended 31 December 2012 was mainly due to the segregation of the marketing function between our Group and the Non-listed Group in 2012. It is intended that only a minimum number of marketing staff will provide services to the Non-listed Group after the Listing. The annual cap for the year ending 31 December 2013 is estimated mainly based on (a) the actual marketing staff costs incurred by our Group prior to the Listing; and (b) the expected marketing staff costs on the basis of the estimated time and work to be shared with the Non-listed Group after the Listing. The annual caps for the two years ending 31 December 2014 and 31 December 2015 are estimated based on the annualised expected marketing staff costs for the year ending 31 December 2013 to be shared with the Non-listed Group after the Listing with a 5% annual increment.

Prior to July 2012, Mr. Liu Stefan and Mr. Ng Chee Hung Frederick, both being our executive Directors, had taken up several management positions in our Group and the Non-listed Group. Therefore, our Group charged back part of the executive management costs by reference to the time they spent on management from the Non-listing Group. The relatively large executive

CONNECTED TRANSACTIONS

management fee for the year ended 31 December 2011 was mainly due to increase in the overall staff bonus paid to the executives. Since July 2012, Mr. Ng has spent most of his time on our Group's operations. As Mr. Liu will continue to be the chairman and a non-executive director of certain members of the Non-listed Group, his remuneration will be separately taken up by the Non-listed Group since July 2012. Therefore, no service fee in relation to the executive management has been charged since July 2012.

Disbursements represent the miscellaneous expenses incurred by our staff when they provide services to the Non-listed Group. During the Track Record Period, our Group charged the Shared Services at a 10% markup on members of the Non-listed Group except for KVB AM (HK), KVB Securities and KVB CA to which our Group charged the Shared Services at cost taking into consideration that they were relatively smaller scale of operations and made loss in the previous years. Our Group has stopped providing the Shared Services to KVB AM (HK) and KVB Securities since May 2011 and to KVB CA since July 2012.

General

As each of KVB Holdings and its subsidiaries is a Connected Person of our Company after the Listing, services provided to members of the Non-listed Group by our Group under the Shared Services Agreement will constitute continuing connected transactions of our Company pursuant to Rule 20.14 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) and the Sponsor consider that the Shared Services Agreement has been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Shared Services Agreement and the annual caps are on normal commercial terms, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Given that each of the percentage ratios (other than the profit ratio) for the transactions contemplated under the Shared Services Agreement, where appropriate, calculated by reference to Rule 19.07 of the GEM Listing Rules, is expected on an annual basis to be less than 25% and the annual consideration is less than HK\$10 million, the transactions contemplated under the Shared Services Agreement will be exempt from the independent Shareholders' approval requirements pursuant to Rule 20.34(1) of the GEM Listing Rules and in the absence of the waiver granted by the Stock Exchange, will be subject to the reporting, annual review and announcement requirements under Chapter 20 of the GEM Listing Rules.

2. The continuing connected transactions below are subject to the reporting, annual review, announcement and independent Shareholders' requirements

(a) Office Licence Agreement

Our Group has from time to time provided the sharing of office premises (the "Office Licence") to the Non-listed Group in the ordinary and usual course of business and it is anticipated that the Non-listed Group will continue to engage our Group to provide the Office Licence in the ordinary and usual course of business.

CONNECTED TRANSACTIONS

Our Company entered into an office licence agreement on 18 December 2012 and a supplemental agreement dated 3 June 2013 with KVB Holdings (together, the “**Office Licence Agreement**”), pursuant to which our Company has agreed to provide or procure our subsidiaries to provide the Office Licence to the Non-listed Group subject to the terms and conditions of the Office Licence Agreement.

There are four existing office premises licensed by our Group to the Non-listed Group, details of which are set out below:

(i) *Office premises in New Zealand*

KVB NZ has licensed the use of part of its office in New Zealand situated at Level 10, Tower 1, The National Bank Centre, 205-209 Queen Street, Auckland, New Zealand to KVB FX, a wholly owned subsidiary of KVB Holdings. This licence will continue after the Listing.

(ii) *Office premises in Australia*

KVB AU has licensed the use of part of its offices in Australia situated at Suites 18B1 and 18E, Level 18, Citigroup Centre, 2 Park Street, Sydney, Australia to KVB FX Pty and Part Level 38, 120 Collins Street, Melbourne, Australia to KVB FX Pty and KVB Asset Management Company Limited. Both KVB FX Pty and KVB Asset Management Company Limited are wholly owned subsidiaries of KVB Holdings. These licences will continue after the Listing.

(iii) *Office premises in Hong Kong*

KVB HK has licensed the use of part of its office in Hong Kong situated at Suites 7501 & 7508, 75th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong to KVB Securities, KVB AM (HK) and KVB Kunlun Trading (Hong Kong) Limited, all of which are wholly owned subsidiaries of KVB Holdings. This licence will continue after the Listing.

Pricing standard

The aggregate licence fees payable by the Non-listed Group under the Office Licence are determined with reference to the approximate area occupied by KVB Holdings and/or the relevant subsidiaries of KVB Holdings, the monthly rental of the entire office premises as at the date of signing of the relevant tenancy agreements with reference to the then prevailing market price, together with the property management fees, government rates and rent and the currency fluctuation.

The landlord has agreed to our Group’s sharing of occupation of the office premises in New Zealand with related body corporate. The respective landlords of the office premises in Sydney and Melbourne have agreed to our Group’s sharing of occupation of these office premises with related body corporate. Consents have been obtained from the landlord for sharing of the office premises in Hong Kong.

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The reimbursement received from related companies is less than our Group's gross rental payment. The remaining portion represents the amounts of minimum lease rental of our Group charged to the income statement for the year ended 31 December 2011.

Historical figures

During the two years ended 31 December 2011 and 31 December 2012, our Group received in aggregate approximately HK\$9.8 million and HK\$10.8 million, respectively, from the Non-listed Group in respect of the Office Licence. Due to the nature of the Office Licence, the rental reimbursement recovered from the Non-listed Group was offset against the office rental expense of our Group directly.

Our Group received a higher average amount of licence fees under the Office Licence from the Non-listed Group for the year ended 31 December 2012 as compared to the year ended 31 December 2011 mainly due to the extra space of our overseas offices being utilised by the Non-listed Group.

Annual caps

The proposed cap amounts of the fees to be received by our Group under the Office Licence Agreement for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 are HK\$11.4 million, HK\$11.9 million and HK\$12.5 million, respectively.

The aforesaid annual caps are based on the estimation of the areas to be occupied by our Group and the Non-listed Group under the Office Licence and include the reimbursement of office rates, management fees, and electricity and cleaning costs.

CONNECTED TRANSACTIONS

Set out below is a summary of the office premises of our Group in New Zealand, Australia and Hong Kong:

Location	Property	Lease period		Year	Total rental amount ^(Note 1) HK\$' million	Total rent recovered/to be recovered from the Non-listed Group ^(Note 1) HK\$' million
		from	to			
New Zealand	The National Bank Centre	1 January 2009	17 June 2011	2011	1.1	0.5
		18 June 2011	17 June 2017	2012	1.1	0.4
				2013	1.2	0.5
				2014	1.2	0.5
				2015	1.3	0.5
Australia	Citigroup Centre, Sydney	1 January 2009	17 June 2011	2011	2.3	1.5
		16 June 2011	13 July 2014	2012	2.7	1.7
				2013	2.8	1.8
				2014 ^(Note 2)	2.9	1.9
				2015 ^(Note 2)	3.1	2.0
	120 Collins Street, Melbourne	1 January 2009	31 May 2014	2011	3.4	2.4
				2012	3.5	3.0
				2013	3.7	3.2
				2014 ^(Note 2)	3.9	3.3
				2015 ^(Note 2)	4.1	3.5
Hong Kong	International Commerce Centre	1 October 2010	30 September 2015	2011	6.7	3.6
				2012	6.7	3.6
				2013	7.1	3.7
				2014	7.4	3.9
				2015	7.8	4.1

Notes:

- The above rental amounts recovered/to be recovered from the Non-listed Group exclude office rates, management fees, and electricity and cleaning costs which (a) amounted to approximately HK\$1.8 million and HK\$2.0 million for the two years ended 31 December 2011 and 31 December 2012, respectively; and (b) are expected to amount to HK\$2.2 million, HK\$2.3 million and HK\$2.4 million for the three years ending 31 December 2013, 31 December 2014 and 31 December 2015, respectively.*
- Estimated rental amounts are based on the terms of existing lease agreements.*

As each of KVB Holdings and its subsidiaries is a Connected Person of our Company after the Listing, services provided to members of the Non-listed Group by our Group under the Office Licence Agreement will constitute continuing connected transactions of our Company pursuant to Rule 20.14 of the GEM Listing Rules.

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Our Directors (including our independent non-executive Directors) and the Sponsor consider that the Office Licence Agreement has been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Office Licence Agreement and the annual caps are on normal commercial terms, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Given that each of the percentage ratios (other than profit ratios) for the transactions contemplated under the Office Licence Agreement, where applicable, calculated by reference to Rule 19.07 of the GEM Listing Rules, is expected on an annual basis to be less than 25% but the annual consideration is more than HK\$10 million, the transactions contemplated under the Office Licence Agreement will constitute non-exempt continuing connected transactions of our Company after the Listing and in the absence of the waiver granted by the Stock Exchange, will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

(b) Cash Dealing Agreement

Our Group has from time to time provided cash dealing services to the subsidiaries of KVB Holdings, namely, KVB FX, KVB FX Pty and KVB CA. These services include, in particular, the provision of currency exchange at a rate determined at the time of the transaction (the "Cash Dealing Services").

The Cash Dealing Services are provided at fair value at the relevant time of the transaction, which is equivalent to the currency exchange rate as quoted by our forex data feed with the prevailing market rates fed in order of priority from different market makers at the relevant time of the transaction without additional service or administration fee. Our Group does not record any profit or loss at inception, unless the transaction had been revalued with reference to prevailing exchange rate or our Group subsequently hedges the transacted position to market makers. Our Group generates income by the spread between the price quoted to KVB FX, KVB FX Pty and KVB CA and the price offered by market makers when the transactions are closed with market makers.

Through providing the Cash Dealing Services to the Non-listed Group, our Group is rewarded the spread between the price quoted to KVB FX, KVB FX Pty and KVB CA and the price offered by market makers. From the perspective of our Group, dealing with the Non-listed Group offers the benefit of lower default risk as our Group and the Non-listed Group are fellow subsidiaries. From the perspective of the Non-listed Group, not only does it allow for the hedging of its cash positions and meeting settlement obligations, it also saves time and cost to build a professional dealing team and establish dealing facilities with market makers to fulfil its settlement obligations. In view of the above benefits, despite the heavy reliance on our Group as the market maker, it is anticipated that each of KVB FX, KVB FX Pty and KVB CA will continue to engage KVB NZ to provide the Cash Dealing Services in the ordinary and usual course of business.

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KVB NZ entered into a cash dealing agreement on 18 December 2012 and a supplemental agreement dated 3 June 2013 with KVB FX, KVB FX Pty and KVB CA (together, the “**Cash Dealing Agreement**”), pursuant to the Cash Dealing Agreement, KVB NZ has agreed to provide the Cash Dealing Services to each of KVB FX, KVB FX Pty and KVB CA, subject to the terms and conditions of the Cash Dealing Agreement. The Cash Dealing Services will continue after the Listing.

Pricing standard

The trading volume refers to the actual trading volume of the Cash Dealing Services (converted into USD) conducted by KVB FX, KVB FX Pty and KVB CA through KVB NZ during the relevant period.

Historical figures

During the two years ended 31 December 2011 and 31 December 2012, the aggregate trading volume of KVB FX, KVB FX Pty and KVB CA in respect of the Cash Dealing Services amounted to approximately US\$2.7 billion and US\$2.7 billion, respectively. Our Directors consider that such trading volume of the Cash Dealing Services was not significant in the overall forex industry.

The trading volume for the year ended 31 December 2012 was comparable to that for the year ended 31 December 2011.

For the two years ended 31 December 2011 and 31 December 2012, income derived from the Cash Dealing Services amounted to approximately HK\$12,602,000 and HK\$9,310,000, respectively, representing approximately 8.1% and 7.5% of our Group’s total income, respectively.

Annual caps

The proposed cap amounts of the aggregate trading volume of KVB FX, KVB FX Pty and KVB CA under the Cash Dealing Agreement for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 are US\$2.9 billion, US\$2.9 billion and US\$2.9 billion, respectively.

The proposed annual cap for the year ending 31 December 2013 is based on the actual historical trading volume for the year ended 31 December 2012. The proposed annual caps for the two years ending 31 December 2014 and 31 December 2015 are the same as the proposed annual cap for the year ending 31 December 2013 which is based on the expected demand of KVB FX, KVB FX Pty and KVB CA for the Cash Dealing Services for the respective years. Although the proposed annual caps are determined based on the estimated trading volume, the level of total income derived from the Cash Dealing Services may not correlate with that of the trading volume since the income generated by our Group’s trading activities depends on a multitude of factors including, but not limited to, the market conditions (i.e. the volatility of the market at the time the

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transaction is done), our client's buy/sell direction, the type of product traded and the price quoted by market maker at the time of trade execution for a particular product. The income to be derived from the Cash Dealing Services cannot be estimated before entering into hedging positions with market makers. Our Directors consider that trading volume is an appropriate basis for the annual caps of the Cash Dealing Services as the trading volume with KVB FX, KVB FX Pty and KVB CA can be controlled and estimated before entering into a cash dealing transaction.

As each of KVB FX, KVB FX Pty and KVB CA is a wholly owned subsidiary of KVB Holdings and thus Connected Person of our Company after the Listing, services provided by KVB NZ to KVB FX, KVB FX Pty and KVB CA under the Cash Dealing Agreement will constitute continuing connected transactions of our Company pursuant to Rule 20.14 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) and the Sponsor consider that the Cash Dealing Agreement has been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Cash Dealing Agreement and the annual caps are on normal commercial terms, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Given that each of the percentage ratios (other than profit ratios) for the transactions contemplated under the Cash Dealing Agreement, where applicable, calculated by reference to Rule 19.07 of the GEM Listing Rules, is expected on an annual basis to be more than 25% and the annual consideration is more than HK\$10 million, the transactions contemplated under the Cash Dealing Agreement will constitute non-exempt continuing connected transactions of our Company after the Listing and in the absence of the waiver granted by the Stock Exchange, will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In the event that the annual caps of the Cash Dealing Services are exceeded in the future, our Company will comply with the reporting, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

APPLICATION FOR WAIVER

Pursuant to Rule 20.42(3) of the GEM Listing Rules, the Sponsor has applied for a waiver on behalf of our Company such that (a) the transactions contemplated under the Shared Services Agreement will be exempt from strict compliance with the announcement requirements, and (b) the transactions contemplated under the Office Licence Agreement and the Cash Dealing Agreement will be exempt from strict compliance with the announcement and independent Shareholders' approval requirements, under Chapter 20 of the GEM Listing Rules for a period of three years ending on 31 December 2015 and the Stock Exchange has granted a waiver in relation thereto. Our Company will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules, including Rules 20.35(1), 20.35(2), 20.36, 20.37, 20.38, 20.39 and 20.40 of the GEM Listing Rules, upon the Listing.