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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)

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENT TO
THE RENEWED OFFICE LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 18 December 2015 in relation to, among others, the continuing connected transaction of the Company pursuant to the Renewed Office Licence Agreement.

On 1 December 2017, the Company and KVB Holdings entered into the Supplemental Office Licence Agreement to amend certain terms of the Renewed Office Licence Agreement due to the change of address of the office premises occupied by the Company and its subsidiaries and also the change in licencing arrangements.

KVB Holdings is a substantial shareholder of the Company. Therefore, KVB Holdings and the Non-listed Group Companies are connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Supplemental Office Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios for the proposed caps of the transactions contemplated under the Supplemental Office Licence Agreement are expected to exceed 0.1% but less than 5% on an annual basis, the proposed amendments to the terms of the Renewed Office Licence Agreement are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 18 December 2015 in relation to, among others, the continuing connected transaction of the Company pursuant to the Renewed Office Licence Agreement (“**Previous Announcement**”). As disclosed in the Previous Announcement, the Renewed Office Licence Agreement is effective from 1 January 2016 to 31 December 2018 and pursuant to the Renewed Office Licence Agreement the Company shall provide and shall procure its subsidiaries to provide services constituting the sharing of office premises to KVB Holdings and its associates.

Due to the relocation of the offices of the Group in Sydney and Melbourne and the the change of tenant under the lease of the premises in Auckland, on 1 December 2017 (after trading hours) the Company and KVB Holdings entered into the Supplemental Office Licence Agreement to reflect such revisions.

It is expected that the Group will continue to enter into transactions of a nature similar to the transactions under the Renewed Office Licence Agreement and the Supplemental Office Licence Agreement from time to time.

SUPPLEMENTAL OFFICE LICENCE AGREEMENT

The principal terms of the Supplemental Office Licence Agreement are set out below:

Date:	1 December 2017
Parties:	(1) the Company; and (2) KVB Holdings.
Term:	From 1 January 2016 to 31 December 2018, both dates inclusive.
Subject matter:	The Supplemental Office Licence Agreement amends and restates the Renewed Office Licence Agreement and, except as set out below, is otherwise on the same terms as the Renewed Office Licence Agreement.
Amended Terms:	The Supplemental Office Licence Agreement amends the following terms of the Renewed Office Licence Agreement: <ul style="list-style-type: none">the Company shall provide and shall procure its subsidiaries to provide the sharing of office premises (including the sharing of office space, furnishings and facilities) to KVB Holdings and its associates only at the following location Level 44, South Tower Rialto Towers, 525 Collins Street, Melbourne, VIC 3000, Australia;

- KVB Holdings shall provide and shall procure its associates to provide the sharing of office premises (including the sharing of office space, furnishings and facilities) to the Company and its subsidiaries at the following locations:
 - o Level 10, Tower 1, 205 Queen Street, Auckland, 1010, New Zealand; and
 - o Level 33, Governor Macquarie Tower, One Farrer Place, Sydney, NSW 2000, Australia.

- The aggregate annual caps under the Renewed Office Licence Agreement shall remain the same as HK\$4,000,000, HK\$4,500,000 and HK\$5,000,000 for the three calendar years ending 31 December 2018 except that the annual caps shall be apportioned as follows:
 - o for the services provided by the Company, for each of the three years ending 31 December 2018, the annuals cap shall be HK\$4,000,000, HK\$3,700,000 and HK\$1,900,000 respectively; and
 - o for the services provided by KVB Holdings, for each of the three years ending 31 December 2018, the annuals cap shall be nil, HK\$800,000 and HK\$3,100,000 respectively.

Pricing:

The basis of determining the price for the transactions contemplated under the Supplemental Office Licence Agreement remains the same and is made with reference to the approximate area occupied, 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.

Relationship between the Company and the connected persons

KVB Holdings owns approximately 14.75% of the issued share capital of the Company as at the date of this announcement and is accordingly a substantial shareholder of the Company. KVB Holdings and its associates are therefore connected persons of the Company. Therefore, the Supplemental Office Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

GEM Listing Rule implications

As the applicable percentage ratios for the proposed annual caps of the transactions contemplated under the Supplemental Office Licence Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 20 of the Listing Rules.

REASONS FOR ENTERING INTO AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

By entering into the Supplemental Office Licence Agreement, the Group will benefit by utilising its unused office capacity and receiving licence fees in return. It will also save rental payment by sharing office space with KVB Holdings and its associates.

The change of tenant of the premises in Auckland and Sydney from the Group to the Non-listed Group will benefit the Group's overall business strategy in minimizing its operating lease commitments.

The Directors (including the independent non-executive Directors but excluding Mr. Li and Mr. Liu, who are considered having a material interest in the transactions contemplated under the Supplemental Office Licence Agreement and were hence required to abstain from voting in respect of the relevant board resolutions) are of the view that the Supplemental Office Licence Agreement have been entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated thereunder and the relevant annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The abovementioned continuing connected transactions as contemplated under the Supplemental Office Licence Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

INFORMATION OF THE PARTIES AND THE CONNECTED PERSONS

The Group

The Group is principally engaged in leveraged foreign exchange and other trading, cash dealing business, and other services.

KVB Holdings and its subsidiaries

KVB Holdings is principally engaged in investment holding and is owned as to 75% of its equity interest by Mr. Li, a non-executive Director, and 25% of its equity interest by the Administrators. KVB Holdings holds 14.75% of the issued share capital of the Company as at the date of this announcement.

Each of the Non-listed Group Companies is principally engaged in money service business.

GENERAL

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Supplemental Office Licence Agreement and the transactions contemplated thereunder, save that (i) Mr. Li is a director of KVB Holdings and he, together with the other Administrator, indirectly owns the entire equity interest of each of KVB GM and KVB GM PTY through KVB Holdings; and (ii) Mr. Liu is a director of KVB Holdings. Accordingly, Mr. Li and Mr. Liu are considered having a material interest in the Supplemental Office Licence Agreement and the transactions contemplated thereunder, and they were required to abstain and had abstained from voting on the Board meeting approving the Supplemental Office Licence Agreement and the transactions contemplated thereunder.

In the event that the aggregate amount of fees payable pursuant to the Supplemental Office Licence Agreement in any period or year exceeds the relevant proposed caps, or there is any material change to the terms of Supplemental Office Licence Agreement, the Company will comply with the reporting, announcement and independent shareholders' approval requirements (as the case may be) under Chapter 20 of the GEM Listing Rules accordingly.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Administrators”	Mr. Li and Mr. Chan Man Fai, each being an administrator of the two administrators of the estate of the late Ms. Tsui Wang, Mr. Li’s late spouse, in Hong Kong and the BVI as appointed pursuant to the letters of administration granted by the Court of Hong Kong dated 22 February 2012 and the Court of the BVI dated 16 July 2012, respectively. Mr. Chan is a friend of the family of Mr. Li and is independent of Ms. Tsui and the Group;
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors of the Company;
“BVI”	the British Virgin Islands;
“Company”	KVB Kunlun Financial Group Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the GEM;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“FX”	Foreign exchange;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“independent third party(ies)”	party or parties independent of, and not connected with, the Company and its connected persons and their respective associates;
“KVB GM”	KVB Global Markets Limited (formerly known as “KVB FX Limited”), a company incorporated in New Zealand, being an indirect wholly owned subsidiary of KVB Holdings;
“KVB GM PTY”	KVB Global Markets Pty Ltd (formerly known as “KVB FX Pty Ltd”), a company incorporated in Australia, being an indirect wholly owned subsidiary of KVB Holdings;
“KVB Holdings”	KVB Kunlun Holdings Limited, a company incorporated in the BVI, being one of the controlling shareholders of the Company and is held as to 75% by Mr. Li and 25% by the Administrators;
“Mr. Li”	Mr. Li Zhi Da, being one of the non-executive Directors of the Company and one of the Administrators;
“Mr. Liu”	Mr. Liu Stefan, an executive Director and the Chief Executive Officer of the Company;
“Non-listed Group”	the subsidiaries of KVB Holdings other than the Group;
“Office Licence Agreement”	the master agreement in relation to the sharing of office premises dated 18 December 2012 entered into between the Company and KVB Holdings and as amended by the supplemental agreement dated 3 June 2013 entered into between the Company and KVB Holdings;
“Renewed Office Licence Agreement”	the renewal agreement in relation to the Office Licence Agreement dated 18 December 2015 entered into between the Company and KVB Holdings;
“Shareholder(s)”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	Substantial shareholders defined under rule 1.01 of the GEM Listing Rules;
“Supplemental Office Licence Agreement”	the supplemental agreement in relation to the Renewed Office Licence Agreement dated 1 December 2017 entered into between the Company and KVB Holdings;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	The United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

The translations of US\$ into HK\$ throughout this announcement are based on the exchange rate of US\$1.00 to HK\$7.8 respectively and are provided for information purposes only.

By order of the Board
KVB Kunlun Financial Group Limited
Mr. Liu Stefan
Executive Director

Hong Kong, 1 December 2017

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

Executive director

Mr. Liu Stefan

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 the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the day of its posting and on the website of the Company at www.kvblastco.com.