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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)

**CONTINUING CONNECTED TRANSACTIONS
INFORMATION TECHNOLOGY SERVICES AGREEMENT**

INFORMATION TECHNOLOGY SERVICES AGREEMENT

On 29 January 2014 (before the commencement of the morning trading session), the Company and Banclogix entered into the Information Technology Services Agreement in respect of transactions relating to the provision of software development and maintenance services, IT infrastructure project management and maintenance services, and IT risk assessment services to the Group, commencing on the Date of Agreement and expiring on 31 December 2015.

GEM LISTING RULES IMPLICATIONS

Banclogix is a wholly-owned subsidiary of KVB Holdings, which is one of the controlling shareholders of the Company. KVB Holdings is held as to 75% by Mr. Li, a non-executive Director and one of the controlling shareholders of the Company, and 25% by the Administrators. As at the date of this announcement, KVB Holdings holds 75% of the issued share capital of the Company. Banclogix is a connected person of the Company under the GEM Listing Rules. Therefore, the transactions under the Information Technology Services Agreement constitute continuing connected transactions of the Company under rule 20.14 of the GEM Listing Rules.

The proposed annual caps of the continuing connected transactions under the Information Technology Services Agreement for (i) the period from the Date of Agreement to 31 December 2014; and (ii) for the year ending 31 December 2015 are more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio) and accordingly, the transactions contemplated under the Information Technology Services Agreement are only subject to the reporting and announcement requirements set out in rules 20.45 to 20.47, the annual review requirements set out in rules 20.37 to 20.40 and the requirements set out in rules 20.35(1) and 20.35(2) of the GEM Listing Rules. These transactions are exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION TECHNOLOGY SERVICES AGREEMENT

On 29 January 2014 (before the commencement of the morning trading session), the Company and Banclogix entered into the Information Technology Services Agreement, the principal terms of which are set out below:

Date:	29 January 2014.	
Parties:	(1) the Company; and (2) Banclogix.	
Term:	The Information Technology Services Agreement commences on the Date of Agreement and expires on 31 December 2015.	
Services:	Pursuant to the Information Technology Services Agreement, Banclogix will from time to time provide software development and maintenance services, IT infrastructure project management and maintenance services, and IT risk assessment services to the Group.	
Price:	The basis of determining the prices for the transactions contemplated under the Information Technology Services Agreement will be made with reference to the cost of Banclogix in relation to the provision of the information technology services, including but not limited to the staff salary and operation overheads of Banclogix. The price and conditions offered to the Company by Banclogix are no less favourable than that available from other independent third party suppliers on the same or similar services.	
Arrangement for payment:	All payments required to be made to Banclogix must be made within fourteen (14) days upon receipt of the relevant invoice.	

PROPOSED ANNUAL CAPS

The proposed annual caps for the above transactions under the Information Technology Services Agreement for each of (i) the period from the Date of Agreement to 31 December 2014; and (ii) for the year ending 31 December 2015 are as follows:

	For the period from the Date of Agreement to 31 December 2014	For the year ending 31 December 2015
Proposed annual caps	HK\$5,000,000	HK\$5,500,000

The proposed annual caps were arrived at after taking into account:

- (a) the estimated demand of the Group for each of the software development and maintenance services, IT infrastructure project management and maintenance services, and IT risk assessment services to be received and their relevant prices;
- (b) the projected increase in the demand of IT infrastructure project management and maintenance services of the Group; and
- (c) the increasing need of the Group to continuously develop and improve the software application to support the Group's core businesses.

Having regard to the above, the Directors (including the independent non-executive Directors but excluding Mr. Li, who is considered having a material interest in the transactions contemplated under the Information Technology Services Agreement and was hence required to abstain from voting in respect of the relevant Board resolutions) are of the view that the said assumptions and bases are fair and reasonable. The Group will satisfy the consideration of the transactions contemplated under the Information Technology Services Agreement from its internal resources.

INFORMATION ABOUT THE GROUP AND BANCLOGIX, AND REASONS FOR AND BENEFITS OF THE INFORMATION TECHNOLOGY SERVICES AGREEMENT

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

Banclogix is a wholly-owned subsidiary of KVB Holdings, which is one of the controlling shareholders of the Company as defined under the GEM Listing Rules. It was incorporated in December 2011 and is principally engaged in the provision of information technology services.

The services provided under the Information Technology Services Agreement can be utilized by the Group to evaluate, improve and maintain the newly added IT infrastructures of the Group. Software development services help further develop and modify the Group's software applications, which is a key factor of the Group's past and continued success. Support and maintenance services can better ensure proper operation of newly developed software and minimizes possible service interruptions or other negative consequences. The continuing connected transactions contemplated under the Information Technology Services Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

GEM LISTING RULES IMPLICATIONS

Banclogix is a wholly-owned subsidiary of KVB Holdings, which is one of the controlling shareholders of the Company. KVB Holdings is held as to 75% by Mr. Li, a non-executive Director and one of the controlling shareholders of the Company, and 25% by the Administrators. As at the date of this announcement, KVB Holdings holds 75% of the issued share capital of the Company. Banclogix is a connected person of the Company under the GEM Listing Rules. Therefore, the transactions under the Information Technology Services Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The proposed annual caps of the continuing connected transactions under the Information Technology Services Agreement for (i) the period from the Date of Agreement to 31 December 2014; and (ii) for the year ending 31 December 2015 are more than 0.1% but less than 5% under the applicable percentage ratios (other than the profits ratio) and accordingly, the transactions contemplated under the Information Technology Services Agreement are only subject to the reporting and announcement requirements set out in rules 20.45 to 20.47, the annual review requirements set out in rules 20.37 to 20.40 and the requirements set out in rules 20.35(1) and 20.35(2) of the GEM Listing Rules. These transactions are exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Details of the Information Technology Services Agreement will be included in the relevant annual report and accounts of the Company in accordance with rule 20.46 of the GEM Listing Rules where appropriate.

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 Information Technology Services Agreement and the transactions contemplated thereunder, save that Mr. Li together with the other Administrator indirectly owns the entire issued share capital of Banclogix through KVB Holdings. Accordingly, Mr. Li is considered having a material interest in the Information Technology Services Agreement and the transactions contemplated thereunder, he was required to abstain and had abstained from voting on the Board resolutions approving the Information Technology Services Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding Mr. Li, who is considered having a material interest in the transactions contemplated under the Information Technology Services Agreement and was hence required to abstain from voting in respect of the relevant Board resolutions) are of the view that the Information Technology Services Agreement has been entered into on an arm's length basis and in the ordinary and usual course of business, and the transactions contemplated under the Information Technology Services Agreement and the relevant annual caps are on normal commercial terms, fair and reasonable and in the interest of the Group and its Shareholders as a whole.

In the event that the aggregate amount of service fees payable to Banclogix in any period or year exceeds the relevant proposed annual cap, or there is any material change to the terms of the Information Technology Services 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, being the administrators of Ms. Tsui’s Estate appointed pursuant to the Letters of Administration. 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;
“Banclogix”	Banclogix System Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of KVB Holdings;
“Board”	the board of Directors;
“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”	has the meaning ascribed thereto under the GEM Listing Rules;
“Date of Agreement”	29 January 2014, being the date on which the Company and Banclogix entered into the Information Technology Services Agreement;
“Director(s)”	the director(s) of the Company;
“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;
“Information Technology Services Agreement”	the Information Technology Services Agreement entered into between the Company and Banclogix on the Date of Agreement;
“IT”	information technology;

“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;
“Letters of Administration”	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, in connection with Ms. Tsui’s Estate;
“Mr. Li”	Mr. Li Zhi Da, being one of the non-executive Directors, one of the controlling shareholders of the Company and one of the Administrators;
“Ms. Tsui”	the late Ms. Tsui Wang, being the spouse of Mr. Li;
“Ms. Tsui’s Estate”	Ms. Tsui’s assets in Hong Kong and the BVI;
“Shareholder(s)”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 29 January 2014

As at the date of this announcement, the executive Directors are Mr. Liu Stefan and Mr. Ng Chee Hung Frederick; the non-executive Directors are Mr. Li Zhi Da and Mr. Stephen Gregory McCoy; and the independent non-executive Directors are Ms. Zhao Guixin, Mr. Cornelis Jacobus Keyser and Mr. Lin Wenhui.

This announcement, for which the Directors 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 the Company. The Directors, having made all reasonable enquiries, 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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.kvblastco.com.