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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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.**

*This announcement, for which the directors (the “Directors”) of KVB Kunlun Financial Group Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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.*

**FIRST QUARTERLY RESULTS**

**The board (the “Board”) of Directors announces the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2015.**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

		<b>Unaudited Three months ended 31 March 2015 HK\$'000</b>	<b>2014 HK\$'000</b>
	<i>Note</i>		
Leveraged foreign exchange and other trading income		<b>41,936</b>	19,328
Cash dealing income		<b>3,892</b>	3,974
Other income	3	<b>10,355</b>	966
		<hr/>	<hr/>
Total income		<b>56,183</b>	24,268
		<hr/>	<hr/>
Fees and commission expenses		<b>19,482</b>	12,031
Staff costs	4	<b>9,758</b>	8,618
Depreciation and amortization		<b>1,217</b>	631
Lease payments under land and buildings		<b>1,990</b>	1,525
Administrative and other operating expenses	5	<b>7,263</b>	7,872
		<hr/>	<hr/>
Total expenses		<b>39,710</b>	30,677
		<hr/>	<hr/>
Operating profit/(loss)		<b>16,473</b>	(6,409)
Finance cost		<b>(42)</b>	(1)
		<hr/>	<hr/>
Profit/(Loss) before tax		<b>16,431</b>	(6,410)
Income tax expense	6	<b>(3,849)</b>	(659)
		<hr/>	<hr/>
Profit/(Loss) for the period		<b>12,582</b>	(7,069)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation difference		<b>(4,795)</b>	4,516
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax		<b>(4,795)</b>	4,516
		<hr/>	<hr/>
Total comprehensive income for the period		<b>7,787</b>	(2,553)
		<hr/>	<hr/>
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company for the period			
– Basic (HK cents per share)	8	<b>0.63</b>	(0.35)
		<hr/>	<hr/>
– Diluted (HK cents per share)	8	<b>0.63</b>	(0.35)
		<hr/>	<hr/>
Dividends	7	<b>–</b>	–
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Currency translation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2015	20,000	166,928	171,892	4,339	(413)	29,977	392,723
<b>Comprehensive income</b>							
Profit for the period	–	–	–	–	–	12,582	12,582
Other comprehensive income for the period	–	–	–	–	(4,795)	–	(4,795)
	20,000	166,928	171,892	4,339	(5,208)	42,559	400,510
Share option scheme	–	–	–	168	–	–	168
<b>Balance at 31 March 2015</b>	<b>20,000</b>	<b>166,928</b>	<b>171,892</b>	<b>4,507</b>	<b>(5,208)</b>	<b>42,559</b>	<b>400,678</b>

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Currency translation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2014	20,000	166,928	171,892	–	4,883	18,396	382,099
<b>Comprehensive income</b>							
Loss for the period	–	–	–	–	–	(7,069)	(7,069)
Other comprehensive income for the period	–	–	–	–	4,516	–	4,516
	20,000	166,928	171,892	–	9,399	11,327	379,546
Share option scheme	–	–	–	1,156	–	–	1,156
<b>Balance at 31 March 2014</b>	<b>20,000</b>	<b>166,928</b>	<b>171,892</b>	<b>1,156</b>	<b>9,399</b>	<b>11,327</b>	<b>380,702</b>

## NOTES TO THE FINANCIAL INFORMATION

### 1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 9 November 2010 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's shares have been listed on the GEM of the Stock Exchange since 3 July 2013.

The Company is an investment holding company and its subsidiaries are principally engaged in leveraged foreign exchange and other trading, cash dealing business, and other service.

The financial information is presented in HK dollars ("HK\$"), unless otherwise stated. This financial information has not been audited.

### 2 BASIS OF PREPARATION

The financial information for the three-month ended 31 March 2015 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and the applicable disclosure requirements of the GEM Listing Rules. The financial information should be read in conjunction with the Company's 2014 Annual Report, which has been prepared in accordance with HKFRS.

The accounting policies applied are consistent with those adopted to prepare to the Company's 2014 annual report.

Taxes on income in the reporting periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

There are no other amended standards or interpretations that are effective for the first time for this three months period that could be expected to have a material impact on this Group.

### 3 OTHER INCOME

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision of management services	<b>329</b>	525
Fees and commission income	<b>7,745</b>	4,079
Interest income	<b>404</b>	495
Exchange gain/(losses), net	<b>1,877</b>	(4,277)
Others	<b>—</b>	144
	<b>10,355</b>	<b>966</b>

#### 4 STAFF COSTS

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Salaries and allowances	9,289	7,286
Pension scheme contributions	301	176
Share option expenses	168	1,156
	<u>9,758</u>	<u>8,618</u>

#### 5 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Management fees paid to ultimate holding company	256	199
Management fees paid to fellow subsidiaries	–	73
Other office occupation expenses	486	408
Auditor's remuneration	646	468
Information services expenses	736	662
Professional and consultancy fee	2,065	1,430
Repair and maintenance (including system maintenance)	179	169
Marketing, advertising and promotion expenses	1,307	2,438
Travelling expenses	516	592
Entertainment expenses	307	279
Others	765	1,154
	<u>7,263</u>	<u>7,872</u>

#### 6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit in Hong Kong for each of the respective periods. Taxation on overseas profits has been calculated on the estimated assessable profit for the respective periods at the rates of taxation prevailing in the countries in which the Group operates. The income tax expenses of the Group are charged at a tax rate of 28% in New Zealand and 30% in Australia respectively in accordance with the local tax authorities.

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax:		
Charge for the period	3,767	659
Others	82	–
	<u>3,849</u>	<u>659</u>

## 7 DIVIDENDS

A final dividend in respect of the year ended 31 December 2014 of HK 1.075 cents per ordinary share amounting to a total dividend of HK\$21,500,000 is recommended by the Directors at the meeting of the Board of Directors meeting on 31 March 2015.

The proposed final dividend for the year ended 31 December 2014 was approved by the Company's shareholders at the annual general meeting on 6 May 2015.

On 6 May 2015, the Board has approved the payment of first quarterly dividend of 2015 of HK\$0.618 cent per ordinary share amounting to a total dividend of approximately HK\$12,500,000.

## 8 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(loss) attributable to equity holders of the Company	<b>12,582</b>	(7,069)
Weighted average number of ordinary shares in issue	<b>2,000,000,000</b>	2,000,000,000
Basic earnings/(loss) per share (HK cents)	<b>0.63</b>	(0.35)

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) for the period attributable to equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares under the share option scheme into ordinary shares.

	<b>Unaudited</b>	
	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(loss) attributable to equity holders of the Company	<b>12,582</b>	(7,069)
Weighted average number of ordinary shares in issue	<b>2,000,000,000</b>	2,000,000,000
Adjustments for share options	<b>11,057,172</b>	—
Weighted average number of shares for the purpose of calculating diluted earnings per share	<b>2,011,057,172</b>	2,000,000,000
Diluted earnings/(loss) per share (HK cents)	<b>0.63</b>	(0.35)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The first three months of 2015 was a solid quarter for KVB Financial Group. We delivered a very impressive quarterly financial result. In the first quarter of 2015, it has been seen a significant growth in our profit. The total revenue had a more-than-doubled increase from the first quarter of 2014. This strong growth in revenue was driven by a doubled increase in customer trading volumes. The trading conditions were more favorable compared to the same period in 2014. During the first three month of 2015, volatility returned in the forex and Commodity market from the multi-year lows in the first quarter of 2014.

At the first quarter in 2015, we fully managed to ride on this storm caused by the Swiss franc exchange rate cliff black swan that further proved our risk management and control to be efficiency and pragmatism. The successful introduction of CITIC Securities Company Limited (“CITIC Securities”) as the strategic controlling shareholder also increased the market expectations of our future development. Compared to the same period of last year, the new product was introduced, number of new clients was tripled, and the clients’ net deposit experienced a five-time increases.

The EUR/USD price experienced a large movement in the market price in the first three months of 2015. The highest and the lowest levels of EUR/USD were seen to be 1.2100 and 1.0450 respectively. This equated to a nearly 1600-pip movement in the first quarter of 2015, whereas the movement of the price in the first quarter of 2014 only presented a 500-pip change.

CHINA300 CFD, the product we launched last year, became a popular trading pair with the big rally in Chinese stock market. In the first quarter of 2015, the mainland China composite index increased by nearly 17%, from 3,250 points to 3,800 points. This trend continued in April, closing at 4,400 points on 24 April 2015, which makes the year-to-date increase approximately 36%.

The gold price mainly traded within a range of US\$1,150/ounce – US\$1,300/ounce, which follows a similar pattern as the first three months of 2014 of US\$1,200/ounce – US\$1,390/ounce.

XAU/USD and EUR/USD were the most popular trading pairs in both quarters, followed by the AUD/USD, USD/JPY and CHINA300. Due to volatile market momentum in the first quarter of 2015, we have seen quarterly revenue and trading volume more than doubling compared to the first quarter of 2014.

In the second quarter of this year, we plan to launch more index CFD products. These CFD products are designed to meet the needs of the proportion of our clients who are interested in investing in Chinese Stock Markets.

### Financial Performance

The Group recorded a total income of approximately HK\$56.2 million for the 3 months ended 31 March 2015, a 131.5% increase from approximately HK\$24.3 million for the corresponding period of the previous year. The Group recorded a profit of HK\$12.6 million for the 3 months ended 31 March 2015 compared to the loss of HK\$7.1 million for the same period last year. The main contributors to increases in both total income and profit are: 1) higher volatility in the forex and Commodity market; 2) higher trading volume during the 3 months ended 31 March 2015 compared to the same period last year; 3) gain on period-end translation of monetary assets denominated in foreign currency into the local reporting currency by a wholly-owned subsidiary of the Company, KVB Kunlun New Zealand Limited, and 4) specifically due to the appreciation of the USD/NZD exchange rate from approximately 1.2760 as at 31 December 2014 to 1.3387 as at 31 March 2015.

Total expenses for the 3 months ended 31 March 2015 amounted to HK\$39.7 million, increased by 29.4% as compare to the same period in 2014. Such increases are mainly due to increases in 1) fees and commission expenses which is in line with the trend of the increase in trading volume of our clients introduced by referral parties; 2) staff cost, caused by increased staff salary and recruitment fee increase; 3) depreciation and amortization cost, caused by new assets capitalization, and 4) lease payments, caused by office lease renewal with an associated rental increase.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **INTERESTS OF THE COMPLIANCE ADVISER AND ITS DIRECTORS, EMPLOYEES AND ASSOCIATES**

As confirmed by Quam Capital Limited, the compliance adviser of the Company, none of Quam Capital Limited and its directors, employees and associates is materially interested in any contract or arrangement during the period under review, which is significant in relation to the business of the Group.

## **DIRECTORS' COMPETING INTERESTS**

During the period under review, none of the Directors or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") on 18 December 2012 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors and provide advice and comments to the Directors.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lin Wenhui, Ms. Zhao Guixin and Mr. Cornelis Jacobus Keyser. Mr. Lin Wenhui is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2015 and has provided advice and comments thereon.

## **QUARTERLY DIVIDEND**

The Board has recommended and approved the payment of first quarterly dividend of 2015 of HK0.618 cent per ordinary share. Such first quarterly dividend will be distributed on or around Monday, 1 June 2015 to shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 22 May 2015. (2014: Nil).

## **EVENTS AFTER REPORTING PERIOD**

Pursuant to the Share Purchase Agreement entered into between KVB Holdings and CITIC Securities on 29 January 2015, details of which are disclosed in the joint announcement dated 26 February 2015, the parties have agreed that if the conditions of the Share Purchase Agreement



have not been fully satisfied by the initial long stop date on 30 March 2015, a balance of HK\$340,000,001 as the second payment shall be payable by CITIC Securities to the Vendor on the first business day immediately following 30 March 2015, and the long stop date for the share purchase agreement will be extended to the extended long stop date on 29 May 2015.

As at 30 March 2015, being the initial long stop date, conditions have not been fully satisfied. As such, pursuant to the terms of the Share Purchase Agreement, CITIC Securities has paid and KVB Kunlun Holdings Limited has received the second payment being the balance of HK\$340,000,001 on 31 March 2015. Accordingly, the long stop date has been extended to 29 May 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 21 May 2015 to Friday, 22 May 2015, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for the first quarterly dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Wednesday, 20 May 2015.

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

Hong Kong, 6 May 2015

As at the date of this announcement, the directors of the Company 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

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*This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://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 the Company at [www.kvblastco.com](http://www.kvblastco.com).*