

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement



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)

**(1) Announcement pursuant to
Inside Information Provisions under Part XIVA of SFO,
Rule 17.10 of the GEM Listing Rules and
Rule 3.7 of the Takeovers Code
in relation to a letter of intent
the Possible Transaction; and
(2) Resumption of trading**

THE LOI AND THE POSSIBLE TRANSACTION

Reference is made to the Company's announcement dated 11 November 2014 in relation to the preliminary negotiations of the Possible Transaction.

The Board would like to update the Company's shareholders that, as informed by the Controlling Shareholder, on 19 November 2014, the LOI was entered into between the Controlling Shareholder (as intended vendor), Mr. Li and the Potential Purchaser (as intended purchaser), which is an independent third party. The LOI sets forth the understanding and certain preliminary terms in relation to the Possible Transaction between the parties thereto.

Subject to the Definitive Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified in the Definitive Agreement, if the Possible Transaction materialises, the Potential Purchaser will acquire such number of Shares that represents more than 30% of the voting rights of the Company, giving rise to an obligation on the part of the Potential Purchaser and parties acting in concert with it to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code.

RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the shares of the Company was halted on the Stock Exchange with effect from 1:00 pm on 19 November 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its Shares with effect from 9:00 am on 21 November 2014.

There is no assurance that the Possible Transaction will materialise or eventually be consummated. Shareholders and potential investors of the Company should be aware that the terms of the Possible Transaction are subject to further negotiations between the Controlling Shareholder, Mr. Li and the Potential Purchaser, and the completion of the Possible Transaction is subject to the Definitive Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The negotiation in relation to the Possible Transaction and the possible general offer arising from the Possible Transaction may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares of the Company and if they are in any doubt about their position, they should consult their professional adviser(s).

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules, Part XIVA of the SFO and Rule 3.7 of the Takeovers Code.

Reference is made to the Company's announcement dated 11 November 2014 in relation to the preliminary negotiations of the Possible Transaction. Unless otherwise specified, terms defined in the said announcement shall have the same meanings when used in this announcement.

THE LOI AND THE POSSIBLE TRANSACTION

The Board would like to update the Company's shareholders that, as informed by the Controlling Shareholder, on 19 November 2014, a letter of intent ("**LOI**") was entered into between (i) the Controlling Shareholder (as intended vendor); (ii) Mr. Li Zhi Da ("**Mr. Li**", a non-executive director of the Company who beneficially owns 75% of the issued share capital in the Controlling Shareholder as at the date of this announcement); and (iii) the Potential Purchaser (as intended purchaser), which is an independent third party. The LOI sets forth the understanding and certain preliminary terms in relation to the Possible Transaction.

Subject asset of the Possible Transaction and the indicative price

As informed by the Controlling Shareholder, pursuant to the LOI, the Controlling Shareholder intends to sell and the Potential Purchaser intends to purchase such number of Shares held by the Controlling Shareholder, which represents more than 50% of the issued Shares in the Company ("**Proposed Sale Interest**"), at an indicative price of HK\$0.65 per Share ("**Possible Transaction**"). The payment method of the purchase price for the Proposed Sale Interest will be subject to further negotiations between the parties to the LOI and be set out in a legally binding definitive agreement ("**Definitive Agreement**") to be entered into (if entered into at all) between the Controlling Shareholder (as vendor) and the Potential Purchaser (as purchaser) with respect to the Possible Transaction.

Proposed first right of refusal regarding the Remaining Shares

As informed by the Controlling Shareholder, pursuant to the LOI, if the Controlling Shareholder still holds any Shares after completion of the Possible Transaction (the “**Remaining Shares**”), the Potential Purchaser intends to request the Controlling Shareholder, and the Controlling Shareholder will consider, to grant a first right of refusal to the Potential Purchaser regarding the Remaining Shares for a period of 24 months after the completion of the Possible Offer (if any). Details of such first right of refusal will be subject to further negotiations between the parties and set out in the Definitive Agreement (if entered into).

Specific undertakings given by the Controlling Shareholder

As informed by the Controlling Shareholder, pursuant to the LOI, the Controlling Shareholder has given certain undertakings (“**Specific Undertakings**”) to the Potential Purchaser including (among other undertakings) that the relevant licences held by the subsidiaries of the Company issued by the securities regulatory authorities of Hong Kong, Australia and New Zealand will remain valid before the signing of the Definitive Agreement. Further, the Controlling Shareholder shall undertake in the Definitive Agreement that the expiry date of the service contract of the chief executive officer of the Company shall not fall before the completion date of the Possible Transaction, and has a duty to assist the Potential Purchaser to arrange for the retention of the chief executive officer of the Company on terms agreeable to the Company and the chief executive officer.

Exclusive Right and Exclusivity Fee

As informed by the Controlling Shareholder, pursuant to the LOI, the Potential Purchaser is entitled to an exclusive right (“**Exclusive Right**”) to negotiate with the Controlling Shareholder and Mr. Li in relation to the Possible Transaction for a period of 70 days from the date of the LOI (“**Exclusivity Period**”), during which the Controlling Shareholder and Mr. Li shall negotiate exclusively with the Potential Purchaser in respect of the Possible Transaction based on the understanding and certain preliminary terms set out in the LOI, and the Controlling Shareholder (whether directly or indirectly through its Board members, shareholders, agents or representatives) and Mr. Li shall not discuss or negotiate or enter into any arrangement, agreement or understanding with any third party in relation to the Shares held by the Controlling Shareholder. If the Definitive Agreement is not entered into by the parties before the expiry of the Exclusivity Period, such Exclusive Right shall lapse on the day after the expiry date of the Exclusivity Period, unless the parties shall have mutually agreed to extend the same.

In consideration of the Controlling Shareholder granting the Exclusive Right, the Potential Purchaser agrees to pay an exclusivity fee in the sum of HK\$50 million (“**Exclusivity Fee**”) to the Controlling Shareholder, which shall be payable in cash to the Controlling Shareholder (or its nominee) within five business days after signing of the LOI. If the Potential Purchaser fails to pay the Exclusivity Fee in full during the prescribed period, the Controlling Shareholder may give notice to the Potential Purchaser to terminate the Exclusive Right.

If the Definitive Agreement is entered into during the Exclusivity Period and completion of the Possible Transaction takes place (in accordance with the terms and conditions of the Definitive Agreement), the Exclusivity Fee paid shall be applied as partial payment of the purchase price of the Sale Interest under the Definitive Agreement.

The Exclusivity Fee may or may not be refundable depending on certain circumstances as specified in the LOI.

Due diligence on the Group

The Potential Purchaser is entitled to conduct due diligence review on the business, financial, legal and other matters of the Group for the period as specified in the LOI.

Binding force of the LOI

The provisions relating to the Specific Undertakings, Exclusive Right, Exclusivity Fee, due diligence on the Group, cost, confidentiality, notice, governing law and jurisdiction of the LOI are legally binding. Save and except for these provisions, other provisions of the LOI do not have any legally binding effect.

POSSIBLE GENERAL OFFER FOR THE SHARES

Subject to the Definitive Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein, if the Possible Transaction materialises, the Potential Purchaser will acquire such number of Shares that represents more than 30% of the voting rights of the Company, giving rise to an obligation on the part of the Potential Purchaser and parties acting in concert with it to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code.

The terms of the Possible Transaction are subject to further negotiation between the Controlling Shareholder and the Potential Purchaser and to the Definitive Agreement being entered into. If the Definitive Agreement is not entered into before the expiry of the Exclusivity Period, an announcement will be made by the Company to inform the market in due course in accordance with the Takeovers Code.

TAKEOVERS CODE IMPLICATIONS

As at the date of this announcement, the relevant securities of the Company comprise (i) 2,000 million Shares in issue and (ii) outstanding options to subscribe for up to 38,280,000 Shares. Save for the aforesaid, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Under Rule 3.8 of the Takeovers Code, associates (as defined in the Takeovers Code and including persons holding 5% or more of a class of relevant securities of a company) of the Company or parties acting in concert with it are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code. In this connection, please refer to Note 11 to Rule 22 of the Takeovers Code, the full text of which is set out in the Company's announcement dated 11 November 2014.

Save as aforesaid signing of the LOI, the Company is not aware of any material new development in relation to the Possible Transaction which should be brought to the attention of its Shareholders.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the GEM Listing Rules and the Takeovers Code (as the case may be).

RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the shares of the Company was halted on the Stock Exchange with effect from 1:00 pm on 19 November 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its Shares with effect from 9:00 am on 21 November 2014.

There is no assurance that the Possible Transaction will materialise or eventually be consummated. Shareholders and potential investors of the Company should be aware that the terms of the Possible Transaction are subject to further negotiations between the Controlling Shareholder, Mr. Li and the Potential Purchaser, and the completion of the Possible Transaction is subject to the Definitive Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The negotiation in relation to the Possible Transaction and the possible general offer arising from the Possible Transaction may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares of the Company and if they are in any doubt about their position, they should consult their professional adviser(s).

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

Hong Kong, 20 November 2014

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

This announcement, for which the directors of the Company 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 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.

All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this 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 the Company at www.kvblastco.com.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.