

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.



KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 60% EQUITY INTERESTS IN BEIJING JADE BIRD TIANJIAN TOURISM INVESTMENT DEVELOPMENT CO., LTD.#

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor on 30 August 2019 (after trading hours), pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 60% of the equity interests in the Target for a cash consideration of RMB200,000 (equivalent to approximately HK\$220,000) in accordance with the terms and conditions of the Acquisition Agreement.

LISTING RULES IMPLICATION

As the applicable percentage ratios for the transaction under the Acquisition Agreement are more than 5% but less than 25%, the Acquisition Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Rule 14.07 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

for identification purpose only

THE ACQUISITION AGREEMENT

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor on 30 August 2019 (after trading hours), pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 60% of the equity interests in the Target for a cash consideration of RMB200,000 (equivalent to approximately HK\$220,000) in accordance with the terms and conditions of the Acquisition Agreement. The principal terms of the Acquisition Agreement are set out below:

Date: 30 August 2019

Parties:

Purchaser: Zhuhai Jinwei Environmental Protection Technology Co., Ltd.# (珠海金維環保科技有限公司)

Vendor: Beijing Jade Bird Tianjian International Travel Service Co., Ltd.# (北京青鳥天健國際旅行社有限公司)

The Purchaser is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company.

The Vendor is a company established in the PRC principally engaged in local tourism business. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its beneficial owners are Independent Third Parties.

Acquisition of the Equity Interests

Pursuant to the Acquisition Agreement, the Purchaser has agreed to purchase the Equity Interests, representing 60% of the equity interests in the Target as at the date of this announcement.

Consideration

The Consideration is RMB200,000 (equivalent to approximately HK\$220,000). The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser, having considered the net assets value, the profit and business prospects of the Target. The Consideration will be satisfied by the Purchaser in cash within 5 days after the date of the Acquisition Agreement.

Having considered the factors taken into account by the parties in arriving at the Consideration, the Directors are of the view that the Consideration is fair and reasonable.

Completion

The Vendor shall register the transfer of the Equity Interests and business registration amendments within 5 days after the full payment of the Consideration by the Purchaser.

Upon the completion of the Acquisition, the Target will become an indirect 60% owned subsidiary of the Company and the financial results, assets and liabilities of the Target will be consolidated into the books of the Company.

INFORMATION ON THE TARGET

The Target is a company established in the PRC and is wholly owned by the Vendor immediately prior to the completion of the Acquisition. It is principally engaged in local tourism business.

Set out below is a summary of the unaudited financial information of the Target, prepared in accordance with the generally accepted accounting principles in the PRC, for the two financial years ended 31 December 2017 and 31 December 2018, respectively:

	For the year ended 31 December 2018 RMB	For the year ended 31 December 2017 RMB
Net profit before tax	505,412	110,071
Net profit after tax	505,412	110,071

According to the unaudited financial information of the Target, the net asset of the Target as at 31 December 2018 was approximately RMB381,000 (equivalent to approximately HK\$419,100).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in exploring and drilling natural gas and oil in the United States of America, silver mining, provision of asset financing service and trading of liquefied natural gas in the PRC.

The Board is of the view that by entering into the Acquisition Agreement, the Acquisition will diversify the businesses of the Group to tourism business which the Board considers to have good business outlook and prospects in the PRC which can also potentially increase revenue base and provide a steady income stream to the Group.

The terms of the Acquisition Agreement were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice and the financial position of the Target.

In view of the above, the Board considers that the terms of the Acquisition Agreement and the transaction contemplated thereunder are on normal commercial terms and the Acquisition Agreement is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the transaction under the Acquisition Agreement are more than 5% but less than 25%, the Acquisition Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Rule 14.07 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Equity Interests by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 30 August 2019 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Company”	King Stone Energy Group Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration payable by the Purchaser for the Equity Interests under the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Equity Interests”	60% of the equity interests in the Target

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with its ultimate beneficial owner(s), is/are person(s) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Purchaser”	Zhuhai Jinwei Environmental Protection Technology Co., Ltd.# (珠海金維環保科技有限公司), a wholly owned subsidiary of the Company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Beijing Jade Bird Tianjian Tourism Investment Development Co., Ltd.# (北京青鳥天健旅遊投資發展有限公司), a company established in the PRC, of which 60% and 40% of equity interests are owned by the Vendor and an Independent Third Party respectively immediately prior to the completion of the Acquisition
“Vendor”	Beijing Jade Bird Tianjian International Travel Service Co., Ltd.# (北京青鳥天健國際旅行社有限公司), a company established in the PRC and an Independent Third Party
“%”	per cent.

By Order of the Board
King Stone Energy Group Limited
Zong Hao
Executive Director

Hong Kong, 30 August 2019

The English transliteration of the Chinese name(s) in this announcement, where indicated with “#”, is/are included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.10. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the executive Directors are Ms. Gloria Chang Wong, Mr. Zong Hao, Mr. Xu Zhuliang, Mr. Benjamin Clark Danielson and Ms. He Qing, and the independent non-executive Directors are Mr. Chiu Sui Keung, Mr. Lu Binghui, Mr. Lee Ping and Mr. Liu Shengming.