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KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED

京基金融國際(控股)有限公司

(formerly known as UKF (Holdings) Limited 英裘(控股)有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01468)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AT SUBSIDIARY LEVEL IN RELATION TO
THE ACQUISITIONS OF
(I) 49% OF THE TOTAL ISSUED SHARE CAPITAL OF
KING PRIVILEGE WEALTH MANAGEMENT LIMITED;
AND
(II) 49% OF THE TOTAL ISSUED SHARE CAPITAL OF
AFFLUENT RANGE LIMITED**

Financial adviser to the Company



Euto Capital Partners Limited

THE ACQUISITIONS

The Board is pleased to announce that on 9 January 2020 (after trading hours of the Stock Exchange), the Purchaser, a wholly owned subsidiary of the Company, entered into (i) the First Agreement; and (ii) the Second Agreement with the Vendors.

(I) THE FIRST AGREEMENT

On 9 January 2020 (after trading hours of the Stock Exchange), the Purchaser entered into the First Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the First Sale Shares, representing 49% of the total issued share capital of Subsidiary A, at a total consideration of HK\$3,430,000.

(II) THE SECOND AGREEMENT

On the same day (after trading hours of the Stock Exchange), the Purchaser entered into the Second Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Second Sale Shares, representing 49% of the total issued share capital of Subsidiary B, at the total consideration of HK\$3.

As at the date of this announcement, each of the Subsidiary A and Subsidiary B is an indirect 51% owned subsidiary of the Company.

Upon Completion, each of the Subsidiary A and Subsidiary B will become an indirect wholly-owned subsidiary of the Company. The financial results of the Subsidiary A, the Subsidiary B and its subsidiaries will continue to be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisitions constitute a disclosable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the Subsidiary A and Subsidiary B is owned as (i) to 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest, each of Jade Capital and Bright Skill is the substantial shareholder of the Subsidiary A and Subsidiary B, respectively. Hence, each of Jade Capital and Bright Skill is a connected person of the Company at subsidiary level under the Listing Rules.

Since (a) each of Jade Capital and Bright Skill is a connected person of the Company at the subsidiary level under the Listing Rules; (b) the Directors (including the independent non-executive Directors) have approved the terms of each of the First Agreement and the Second Agreement and the transactions contemplated thereunder; and (c) the independent non-executive Directors have confirmed that the terms of each of the First Agreement and the Second Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, each of the First Agreement and the Second Agreement and the transactions contemplated thereunder will constitute connected transactions which are only subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors has any material interest in each of the First Agreement and the Second Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the First Agreement and the Second Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the First Agreement and the Second Agreement. The Acquisitions may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

On 9 January 2020 (after trading hours of the Stock Exchange), the Purchaser entered into the First Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the First Sale Shares, representing 49% of the total issued share capital of Subsidiary A, at a total consideration of HK\$3,430,000.

On the same day (after trading hours of the Stock Exchange), the Purchaser entered into the Second Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Second Sale Shares, representing 49% of the total issued share capital of Subsidiary B, at the total consideration of HK\$3.

The principal terms of each of the First Agreement and the Second Agreement are summarised as follows:

I. THE FIRST AGREEMENT

Date : 9 January 2020

Parties : (i) the Purchaser; and
(ii) the Vendors

As at the date of this announcement, the Subsidiary A is owned as to (i) 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest, each of Jade Capital and Bright Skill is the substantial shareholder of the Subsidiary A. Hence, each of Jade Capital and Bright Skill is a connected person of the Company at subsidiary level under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Innovest and its ultimate beneficial owner is an Independent Third Party.

Assets to be acquired

Pursuant to the First Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the First Sale Shares, representing 49% of the total issued share capital of Subsidiary A.

Consideration

Pursuant to the First Agreement, the total consideration payable for the First Sale Shares shall be the amount of HK\$3,430,000 which will be satisfied by the Purchaser's issue of the Promissory Notes.

Subject to fulfillment (or waiver, as the case may be) of the conditions precedent as set out in the First Agreement on or before the First Long Stop Date, the aforesaid consideration shall be settled by the Purchaser in the following manner:

- (i) as to HK\$1,680,000 by the Purchaser's issue of the Promissory Note A to Jade Capital;
- (ii) as to HK\$1,400,000 by the Purchaser's issue of the Promissory Note B to Bright Skill;
and
- (iii) as to HK\$350,000 by the Purchaser's issue of the Promissory Note C to Innovest.

The total consideration payable for the First Sale Shares was determined after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms with reference to a premium of approximately 5.06% over the Vendors' proportionate share of the Subsidiary A's unaudited net asset value of approximately HK\$6,646,000 as at 31 October 2019.

The total consideration payable for the First Sale Shares shall be financed by the Purchaser using the internal resources of the Group.

Conditions precedent

The First Completion is conditional upon the satisfaction (or, where applicable, waived by the Purchaser) of, inter alia, the following conditions precedent on or before the First Long Stop Date in accordance with the terms of the First Agreement:

- (a) the Vendors have a good title to the First Sale Shares free from encumbrances on the First Completion and are the registered and beneficial owners of the First Sale Shares on the First Completion;
- (b) no event having occurred since the date hereof to the date of the First Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Subsidiary A;
- (c) no material breach of the warranties under the First Agreement and the warranties under the First Agreement remaining true and accurate in all respects and not misleading at the First Completion as if repeated at the First Completion and at all times between the date of the First Agreement and the First Completion, and the Vendors having complied with all of their obligations under the First Agreement; and
- (d) all licences and consents necessary for the operations of the Subsidiary A remain valid and subsisting up to and after the First Completion to the satisfaction of the Purchaser.

If the conditions above have not been fulfilled by the Vendors or waived by the Purchaser on or before the First Long Stop Date, the First Agreement shall lapse and neither party under the First Agreement shall be bound to proceed with the sale and purchase of the First Sale Shares. The relevant provisions of the First Agreement shall, subject to the liability of any party to the others in respect of any antecedent breaches of the terms hereof, from such date have no effect and no party shall have any liability under them.

Completion

The First Completion shall take place no later than the First Long Stop Date after all the conditions precedent to the First Agreement having been fulfilled (or waived, as the case may be), or such other day as the Purchaser and the Vendors may mutually agree in writing.

As at the date of this announcement, the Purchaser directly owns the remaining 51% equity interest in the Subsidiary A, hence the Subsidiary A is an indirect non-wholly owned subsidiary of the Company.

Upon First Completion, the Subsidiary A will become an indirect wholly owned subsidiary of the Company. The financial results of the Subsidiary A will continue to be consolidated into the financial statements of the Group.

THE PROMISSORY NOTES

Save for the principal amount, the principal terms of Promissory Note A, Promissory Note B and Promissory Note C, which are identical, are set out as follows:

Issuer	:	The Purchaser
Principal Amounts	:	HK\$1,680,000 for Promissory Note A; HK\$1,400,000 for Promissory Note B; and HK\$350,000 for Promissory Note C.
Issue price	:	100% of the principal amount of Promissory Notes to be issued
Maturity Date	:	Repayable in one lump sum in cash 6 months from its issue date
Transferability	:	Transferable or assigned to any other party subject to the consent of the Purchaser
Early Redemption	:	Provided that the Purchaser has given to the holder of the Promissory Notes not less than one month prior notice in writing of its intention to redeem the Promissory Notes, the Purchaser may at any time after the end of such notice period and up to the date immediately prior to the Maturity Date, redeem the entire Promissory Notes by payment to the holder of the Promissory Notes of the principal amount.

II. THE SECOND AGREEMENT

Date : 9 January 2020

Parties : (i) the Purchaser; and
(ii) the Vendors.

As at the date of this announcement, the Subsidiary B is owned as (i) to 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest, each of Jade Capital and Bright Skill is the substantial shareholders of the Subsidiary B. Hence, each of Jade Capital and Bright Skill is a connected person of the Company at subsidiary level under the Listing Rules.

Assets to be acquired

Pursuant to the Second Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Second Sale Shares, representing 49% of the total issued share capital of Subsidiary B.

Consideration

Pursuant to the Second Agreement, the total consideration payable for the Second Sale Shares shall be the amount of HK\$3 which will be satisfied by the Purchaser in cash.

Subject to fulfillment (or waiver, as the case may be) of the conditions precedent as set out in the Second Agreement on or before the Second Long Stop Date, the aforesaid consideration shall be settled by the Purchaser to the Vendors in the following proportion:

- (i) as to HK\$1 in cash to Jade Capital;
- (ii) as to HK\$1 in cash to Bright Skill; and
- (iii) as to HK\$1 in cash to Innovest.

The total consideration payable for the Second Sale Shares was determined after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms with reference to the Subsidiary B's unaudited net liabilities of approximately HK\$285,000, which is calculated based on the aggregate amount of (i) the Subsidiary B's unaudited net liabilities of approximately HK\$10,308,000 as at 31 October 2019; and (ii) the capital injection of HK\$10,023,000 by the Purchaser and the Vendors under the relevant proportionate interest which was completed on 23 December 2019.

The total consideration payable for the Second Sale Shares shall be financed by the Purchaser using the internal resources of the Group.

Conditions precedent

The Second Completion is conditional upon the satisfaction (or, where applicable, waived by the Purchaser) of, inter alia, the following conditions precedent on or before the Second Long Stop Date in accordance with the terms of the Second Agreement:

- (e) the Vendors have a good title to the Second Sale Shares free from encumbrances on the Second Completion and are the registered and beneficial owners of the Second Sale Shares on the Second Completion;
- (f) no event having occurred since the date hereof to the date of the Second Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Subsidiary B;
- (g) no material breach of the warranties under the Second Agreement and the warranties under the Second Agreement remaining true and accurate in all respects and not misleading at the Second Completion as if repeated at the Second Completion and at all times between the date of the Second Agreement and the Second Completion, and the Vendors having complied with all of their obligations under the Second Agreement; and
- (h) all licences and consents necessary for the operations of the Subsidiary B remain valid and subsisting up to and after the Second Completion to the satisfaction of the Purchaser.

If the conditions above have not been fulfilled by the Vendors or waived by the Purchaser on or before the Second Long Stop Date, the Second Agreement shall lapse and neither party under the Second Agreement shall be bound to proceed with the sale and purchase of the Second Sale Shares. The relevant provisions of the Second Agreement shall, subject to the liability of any party to the others in respect of any antecedent breaches of the terms hereof, from such date have no effect and no party shall have any liability under them.

Completion

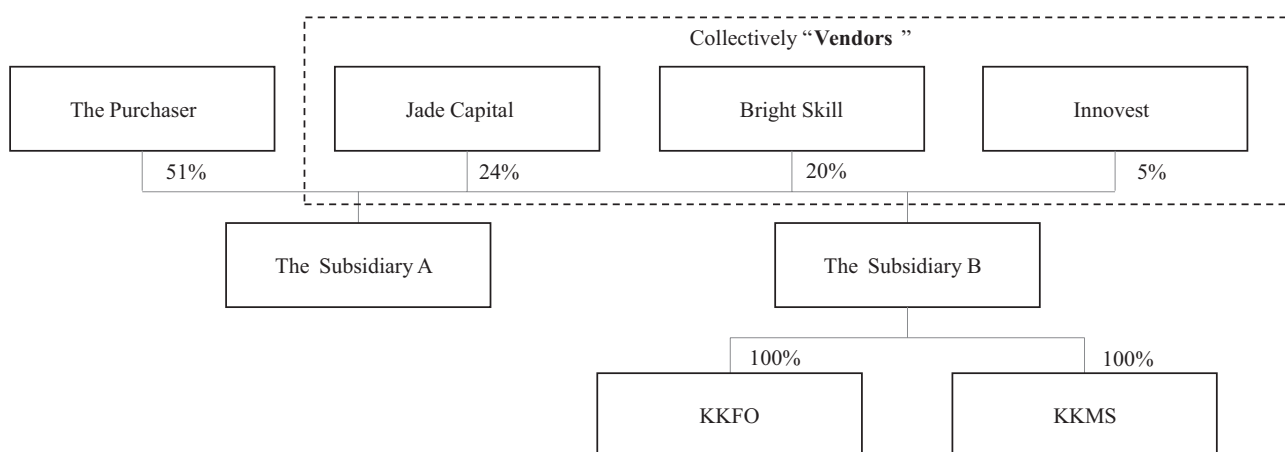
The Second Completion shall take place no later than the Second Long Stop Date after all the conditions precedent to the Second Agreement having been fulfilled (or waived, as the case may be), or such other day as the Purchaser and the Vendors may mutually agree in writing.

As at the date of this announcement, the Purchaser directly owns the remaining 51% equity interest in the Subsidiary B, hence the Subsidiary B is an indirect non-wholly owned subsidiary of the Company.

Upon Second Completion, the Subsidiary B will become an indirect wholly owned subsidiary of the Company. The financial results of the Subsidiary B and its subsidiaries will continue to be consolidated into the financial statements of the Group.

INFORMATION ON THE SUBSIDIARY A AND SUBSIDIARY B

The following chart illustrates the shareholding structure of the Subsidiary A and Subsidiary B immediately before the Completion:



The Subsidiary A

The Subsidiary A is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Subsidiary A is owned as to (i) 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest.

As at the date of this announcement, the Subsidiary A is principally engaged in wealth management and investment products consultancy services.

The Subsidiary B

The Subsidiary B is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, the Subsidiary B is owned as to (i) 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest.

As at the date of this announcement, the Subsidiary B has two wholly owned subsidiaries, which are (i) KKFO; and (ii) KKMS.

KKFO

KKFO is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, KKFO is wholly owned by the Subsidiary B.

As at the date of this announcement, KKFO is principally engaged in the provision of referral of customers services to the Subsidiary A.

KKMS

KKMS is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, KKMS is wholly owned by the Subsidiary B.

As at the date of this announcement, KKMS is a dormant company and has not commenced any business since its corporation, KKMS serves as a cost centre for KKFO.

FINANCIAL INFORMATION OF SUBSIDIARY A AND SUBSIDIARY B

Financial information of the Subsidiary A

Set out below is the summary of the audited financial information of Subsidiary A for the 15 months period from 1 January 2017 to 31 March 2018 and for the year ended 31 March 2019 and the unaudited financial information of Subsidiary A for the seven months period from 1 April 2019 to 31 October 2019:

	For the 15 months period from 1 January 2017 to 31 March 2018 HK\$ (audited)	For the year ended 31 March 2019 HK\$ (audited)	For the seven months period from 1 April 2019 to 31 October 2019 HK\$ (unaudited)
Revenue	3,583,675	40,917,691	53,852,568
(Loss)/profit before tax	(2,407,239)	(136,099)	5,812,157
(Loss)/profit after tax	(2,407,239)	(136,099)	5,316,953

As at 31 October 2019, the unaudited net asset value of the Subsidiary A was HK\$6,646,452 and the unaudited total asset value of the Subsidiary A was HK\$18,229,845.

Financial information of the Subsidiary B

Set out below is the summary of the unaudited consolidated financial information of Subsidiary B for the period from the date of incorporation (i.e. 26 April 2018) to 31 March 2019 and for the seven months period from 1 April 2019 to 31 October 2019:

	For the period from the date of incorporation to 31 March 2019 HK\$ (unaudited)	For the seven months period from 1 April 2019 to 31 October 2019 HK\$ (unaudited)
Revenue	14,917	1,273,711
Loss before tax	(6,850,551)	(3,847,690)
Loss after tax	(6,850,551)	(3,847,690)

As at 31 October 2019, the unaudited net asset value of the Subsidiary B was HK\$285,241 and the unaudited total asset value of the Subsidiary B was HK\$12,032,830.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in (i) securities brokerage; (ii) wealth management; and (iii) other financial services, mink farming and trading of mink's fur skin.

The Board believes that the Acquisitions would (i) allow the Company to gain full ownership in the Subsidiary A and the Subsidiary B; (ii) ensure effective implementation of the Company's growth strategies in its principal activities (i.e. wealth management and investment products consultancy); (iii) enable full consolidation of the Subsidiary A and the Subsidiary B at the Group level; (iv) enhance financial transparency to the Shareholders; and (v) eliminate any value leakage associated with a sizable minority interest otherwise held by the Vendors.

Accordingly, the Board is of the view that the terms of each of the First Agreement and the Second Agreement are all on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisitions constitute a disclosable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the Subsidiary A and Subsidiary B is owned as (i) to 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest, each of Jade Capital and Bright Skill is the substantial shareholder of the Subsidiary A and Subsidiary, respectively. Hence, each of Jade Capital and Bright Skill is a connected person of the Company at subsidiary level under the Listing Rules.

Since (a) each of Jade Capital and Bright Skill is a connected person of the Company at the subsidiary level under the Listing Rules; (b) the Directors (including the independent non-executive Directors) have approved the terms of each of the First Agreement and the Second Agreement and the transactions contemplated thereunder; and (c) the independent non-executive Directors have confirmed that the terms of each of the First Agreement and the Second Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, each of the First Agreement and the Second Agreement and the transactions contemplated thereunder will constitute connected transactions which are only subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors has any material interest in each of the First Agreement and the Second Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the First Agreement and the Second Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the First Agreement and the Second Agreement. The Acquisitions may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisitions”	the purchase of the First Sale Shares and Second Sale Shares by the Purchaser from the Vendors pursuant to the First Agreement and the Second Agreement
“Board”	board of Directors
“Bright Skill”	Bright Skill Investments Limited, a company incorporated in BVI with limited liability and is the registered and beneficial owner of 720,000 shares in the Subsidiary A and 267,000 shares in the Subsidiary B
“BVI”	the British Virgin Islands
“Company”	Kingkey Financial International (Holdings) Limited (formerly known as UKF (Holdings) Limited 英裘(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board (Stock Code: 1468)
“Completion”	collectively the First Completion and the Second Completion
“Director(s)”	director(s) of the Company
“First Sale Shares”	1,764,000 shares in the Subsidiary A, which represents 49% equity interests in the Subsidiary A as at the date of this announcement
“First Agreement”	the conditional sale and purchase agreement dated 9 January 2020 entered into between the Purchaser and the Vendors in relation to the acquisition of the First Sale Shares

“First Completion”	completion of the acquisition of the First Sale Shares
“First Long Stop Date”	31 March 2020 or such later date as may be agreed in writing
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected person
“Innovest”	Innovest Group Holdings Limited, a company incorporated in BVI with limited liability and is the registered and beneficial owner of 180,000 shares in the Subsidiary A and 66,750 shares in the Subsidiary B
“Jade Capital”	Jade Capital Investments Limited, a company incorporated in BVI with limited liability and is the registered and beneficial owner of 864,000 shares in the Subsidiary A and 320,400 shares in the Subsidiary B
“KKFO”	Kingkey Family Office Limited, a company incorporated in Hong Kong with limited liability. As at the date of this announcement, KKFO is wholly owned by the Subsidiary B
“KKMS”	Kingkey Privilege Management Services Limited, a company incorporated in Hong Kong with limited liability. As at the date of this announcement, KKMS is wholly owned by the Subsidiary B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Promissory Notes”	Promissory Note A, Promissory Note B and Promissory Note C
“Promissory Note A”	the promissory note with a principal amount of HK\$1,680,000 issued by the Purchaser on the date of the First Agreement

“Promissory Note B”	the promissory note with a principal amount of HK\$1,400,000 issued by the Purchaser on the date of the First Agreement
“Promissory Note C”	the promissory note with a principal amount of HK\$350,000 issued by the Purchaser on the date of the First Agreement
“Purchaser”	Noble Zenith International Limited, a company incorporated in the BVI with limited liability and is the wholly owned subsidiary of the Company
“Second Agreement”	the conditional sale and purchase agreement dated 9 January 2020 entered into between the Purchaser and the Vendors in relation to the acquisition of 49% of the total issued share capital of the Subsidiary B
“Second Completion”	completion of the acquisition of the Second Sale Shares
“Second Long Stop Date”	31 March 2020 or such later date as may be agreed in writing
“Second Sale Shares”	1,335,000 shares in the Subsidiary B, which represents 49% equity interests in the Subsidiary B as at the date of this announcement
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary A”	King Privilege Wealth Management Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% by the Purchaser and 49% by the Vendors as at the date of this announcement
“Subsidiary B”	Affluent Range Limited, a company incorporated in BVI with limited liability and is owned as to 51% by the Purchaser and 49% by the Vendors as at the date of this announcement

“Vendors”	collectively (i) Jade Capital; (ii) Innovest; and (iii) Bright Skill
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
**KINGKEY FINANCIAL INTERNATIONAL
(HOLDINGS) LIMITED**
Wong Chun Chau
Chairman

Hong Kong, 9 January 2020

As at the date of this announcement, the executive Directors are Mr. Wong Chun Chau and Ms. Kwok Yin Ning; and the independent non-executive Directors are Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Leung Siu Kee.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.