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KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED
京基金融國際 (控股) 有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01468)

CONNECTED TRANSACTION
IN RELATION TO THE RENEWAL OF
LICENCE AGREEMENT

Reference is made to the announcement of Kingkey Financial International (Holdings) Limited (the “**Company**”) dated 15 June 2020 (the “**Announcement**”) in relation to a lease of a segregated portion of 44th Floor, Office Tower, Convention Plaza, No.1 Harbour Road, Hong Kong (which shall itself be a self-contained and segregated office unit with an usable area of approx. 6,093 sq. ft.) (the “**Premises**”) for a term of one (1) year commencing from 16 May 2020. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As the Licence Agreement expired on 15 May 2021, on 9 July 2021, Kingkey Management, a wholly-owned subsidiary of the Company, and the Licensors, entered into a renewed licence agreement to renew the lease of the Premises for a term of one (1) year commencing from 16 May 2021 and expiring on 15 May 2022 (both days inclusive) (the “**Renewed Licence Agreement**”). The principal terms of the Renewed Licence Agreement are set out below.

THE RENEWED LICENCE AGREEMENT

Date:	9 July 2021
Parties:	(i) the Licensors; and (ii) Kingkey Management.
Subject matter:	the Licensors shall permit Kingkey Management to use and occupy, on a non-exclusive basis, the Premises
Licence Term:	a fixed term commencing from 16 May 2021 and expiring on 15 May 2022 (both days inclusive)
Licence fee:	HK\$389,353 (exclusive of government rate, management fee, air-conditioning charges, etc.) per calendar month payable in five (5) days in advance of the beginning of each month.

The licence fee under the Renewed Licence Agreement was determined after arm's length negotiations between Kingkey Management and the Licensors, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

Accounting treatment with respect to the Renewed Licence Agreement

Upon the implementation of HKFRS 16 "Lease" effective from 1 January 2019, generally, the Group as the licensee shall recognise a lease as a right-of-use asset in the consolidated statement of financial position of the Group according to HKFRS 16. Since the term of Renewed Licence Agreement is no more than 12 months, the Group may elect not to recognise assets and liabilities for the leases contemplated under the Renewed Licence Agreement in its consolidated statement of financial position according to HKFRS 16. Accordingly, the licence fee payable by the Group pursuant to the Renewed Licence Agreement will be recognized as expenses in the Group's profit and loss accounts in the period in which they are incurred, and the payment of such rental will be regarded as a connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE RENEWED LICENCE AGREEMENT

The lease of the Premises under the Licence Agreement expired on 15 May 2021. The Premises is located within a well-equipped and well managed office building and the office building is one of the landmark buildings in Hong Kong. During the past year, the Company received positive comments on the premises from its clients and the revenue of the Group improved considerably, the Board believes that through the leasing of the Premises, the Group is able to continue to achieve use of their resources in a more efficient manner and therefore it is beneficial to renew the Licence Agreement and continue its business at the same address.

The terms of the Renewed Licence Agreement were negotiated on an arm's length basis and the licence fee chargeable under the Renewed Licence Agreement was determined after taking into account the prevailing market rental rates. The Directors (including the independent non-executive Directors) consider that the transaction contemplated under the Renewed Licence Agreement is fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in trading of fur skins, mink farming in Denmark, fur skins brokerage, provision of securities brokerage services, provision of asset management service, provision of wealth management service and money lending.

INFORMATION OF THE LICENSORS

As at the date of this announcement, Kingkey Enterprise is an investment holding company established in Hong Kong with limited liability. As at the date of this announcement, Kingkey Enterprise is wholly owned by Mr. Chen's brother, Mr. Chen Jiarong, who is also the sole director of Kingkey Enterprise.

As at the date of this announcement, KK Culture is a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code:550).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Licensors take as tenant the Whole Floor. As at the date of this announcement, Mr. Chen is the Executive Director and controlling Shareholder (as defined in the Listing Rules) indirectly holding 3,363,819,533 Shares, representing approximately 50.02% of the issued share capital of the Company. Accordingly, Mr. Chen is a connected person of the Company.

Further, as at the date of this announcement, Mr. Chen is a substantial shareholder (as defined in the Listing Rules) of KK Culture (being one of the Licensors) while Mr. Chen Jiarong, who is the brother of Mr. Chen, owns the entire equity interest in and is the sole director of Kingkey Enterprise (being one of the Licensors). Accordingly, each of KK Culture, Kingkey Enterprise and Mr. Chen Jiarong is an associate of Mr. Chen and a connected person of the Company. Therefore, the transaction contemplated under the Renewed License Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Renewed Licence Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the Renewed Licence Agreement is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement pursuant to Rule 14A of the Listing Rules.

By order of the Board
Kingkey Financial International (Holdings) Limited
Wong Chun Chau
Chairman

Hong Kong, 9 July 2021

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Wong Chun Chau (*Chairman*)

Mr. Chen Jiajun

Ms. Kwok Yin Ning

Independent Non-executive Directors:

Ms. Mak Yun Chu

Mr. Leung Siu Kee

Mr. Hung Wai Che