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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**”, together with its subsidiaries, the “**Group**”) dated 9 July 2021 (the “**Announcement**”) in relation to a lease of a segregated portion of forty fourth (44th) floor of Office tower, Convention Plaza, No. 1 Harbour Road, Hong Kong (the “**Premises**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

INTRODUCTION

The Board announces that on 30 September 2022, Kingkey Management, being a wholly-owned subsidiary of the Company, and the Licensors, entered into a renewed licence agreement (the “**2022 Renewed Licence Agreement**”) in respect of the renewal of the lease of the Premises (the “**Lease**”) for a term of one (1) year commencing from 16 May 2022 and expiring on 15 May 2023 (both days inclusive). The Premises have been used by the Group as office for its daily business operation.

THE 2022 RENEWED LICENCE AGREEMENT

Details of the principal terms of the 2022 Renewed Licence Agreement are set out below.

Date: 30 September 2022

Parties: (i) the Licensors; and
(ii) Kingkey Management

Premises: Forty fourth (44th) floor of 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 approximately 8,464 square feet)

Lease: the Licensors shall permit Kingkey Management to use and occupy, on a non-exclusive basis, the Premises

Term: a fixed term commencing from 16 May 2022 and expiring on 15 May 2023 (both days inclusive)

Fee: HK\$389,344 (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 2022 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.

THE ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with HKFRS 16, the Group has elected not to recognize right-of-use assets and liabilities for the Lease that as the commencement date, have a lease term of 12 months or less. Instead, the Group recongises the lease payment associated with the Lease as an expense on a straight-line basis over the lease term, and the transaction contemplated under the 2022 Renewed Licence Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE SECOND RENEWED LICENCE AGREEMENT

The Group has been leasing the Premises as office for over three years. As the Renewed Licence Agreement expired on 15 May 2022, the Group entered into the 2022 Renewed Licence Agreement to renew the Lease for a terming ending on 15 May 2023. During the period from 16 May 2022 and up to the date hereof, Kingkey Management has notified the Licensors, and the Licensors have conditionally agreed and given consent to Kingkey Management, that Kingkey Management shall opt to renew the Lease, subject to the signing of the 2022 Renewed Licence Agreement.

Having considered that (i) the Group has been operating in the Premises as office since 24 January 2019; (ii) the entering into of the 2022 Renewed Licence Agreement will enable the Group to continue its operations at the Premises; (iii) the terms of the 2022 Renewed Licence Agreement are agreed on normal commercial terms, which are fair and reasonable and in the ordinary and usual course of business of the Group, the Directors, including the independent non-executive Director, are of the view that and the entering into of the 2022 Renewed Licence Agreement is 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, 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, Kingkey Intelligence Culture Holdings Limited ("**Kingkey Intelligence Culture**"), formerly known as KK Culture Holdings Limited, is a company incorporated in the 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 under the Listing Rules.

Further, as at the date of this announcement, Mr. Chen is a substantial shareholder (as defined in the Listing Rules) of Kingkey Intelligence 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 Kingkey Intelligence Culture, Kingkey Enterprise and Mr. Chen Jiarong is an associate of Mr. Chen and a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the 2022 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 2022 Renewed Licence Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the 2022 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
Chen Jiajun
Executive Director

Hong Kong, 30 September 2022

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

Executive Directors:

Mr. Chen Jiajun

Mr. Mong Cheuk Wai

Independent Non-executive Directors:

Ms. Mak Yun Chu

Mr. Leung Siu Kee

Mr. Hung Wai Che

Mr. Chan Ting Fung