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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF SALE SHARES

DISPOSAL

On 6 December 2023 (after trading hours), Noble Zenith (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which Noble Zenith has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares at a consideration of HK\$1,660,000.

Upon Completion, the Target Company will be owned as to 51% by Noble Zenith and 49% by the Purchaser, and accordingly, the Target Company will continue to be a subsidiary of the Company and will continue to be accounted for and consolidated in the audited consolidated accounts of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules, in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements.

INTRODUCTION

On 6 December 2023 (after trading hours), Noble Zenith (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which, subject to the fulfilment (or waiver) of Conditions, Noble Zenith has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares at the Consideration of HK\$1,660,000.

Further information on the Agreement are set out below.

THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement and the relevant information.

Date

6 December 2023

Parties

The parties to the Agreement are:

- (1) Noble Zenith, as the vendor; and
- (2) GKC Holding Limited, as the purchaser.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

Noble Zenith agreed to sell, and the Purchaser agreed to purchase, the Sale Shares subject to the fulfilment (or waiver) of Conditions. The Target Company is principally engaged in the provision of insurance brokerage and wealth management services in Hong Kong.

Upon Completion, the Target Company will be owned as to 51% by Noble Zenith and 49% by the Purchaser, and accordingly, the Target Company will continue to be a subsidiary of the Company and will continue to be accounted for and consolidated in the audited consolidated accounts of the Company.

Consideration

The Consideration, being HK\$1,660,000, was determined after arm's length negotiations between Noble Zenith and the Purchaser, taking into account, among other things, (i) the Valuation of the Sale Shares as at 30 September 2023 of the amount of HK\$1,660,000 performed by the Independent Valuer under market approach, which has taken into account the factors that (a) the price to earnings ratio of the Target Company being 12.69 and the latest twelve months trailing net profit of the Target Company up to 30 September 2023; and (b) a discount of 15.7% for the market value of the Target Company due to the lack of marketability; and (ii) the factors referred to in the section headed "Reasons for and Benefits of the Disposal" in this announcement.

In assessing the fairness and reasonableness of the Valuation, the Directors have reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodology, major assumptions and quantitative inputs used in arriving at the market value of the Sale Shares. The Directors understand from the Independent Valuer that it has adopted market approach for the Valuation which was prepared with reference to the average excluding outliers of price to earnings multiple of an exhaustive list of eight comparable companies operating in similar business, adjusted for the country of risk and company size of the subject being valued.

The Directors have also reviewed the assumptions adopted in the Valuation Report and have been advised that the key assumptions adopted in the Valuation Report are commonly used in valuing similar companies. There are no irregularities noted by the Directors in relation to the quantitative inputs in the Valuation. As such, the Directors consider the key assumptions, the quantitative inputs and methodology adopted in the Valuation are fair and reasonable.

Payment terms

The total consideration payable for the Sale Shares shall be satisfied by the Purchaser in the following manner:

- (a) HK\$200,000 being the deposit of the Consideration (the "**Deposit**") shall be paid by the Purchaser to Noble Zenith within one business day upon the signing of the Agreement; and
- (b) HK\$1,460,000 being the balance of the Consideration shall be paid by Purchaser to Noble Zenith upon Completion.

Conditions Precedent

Completion is conditional upon fulfilment (or waiver) of the Conditions as set out in the Agreement, and are summarised as follows:

- (a) the passing of all requisite resolution(s) by the directors and/or shareholders of each of Noble Zenith, the Purchaser and the Target Company, as applicable, approving the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules, its constitutional documents and all applicable laws and regulations of its jurisdiction of incorporation;
- (b) any and all necessary corporate and regulatory consents and approvals required to be obtained by Noble Zenith, the Purchaser and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked;
- (c) any other requirements required to be fulfilled by Noble Zenith, the Purchaser and the Target Company under the Listing Rules in respect of the Agreement and the transactions contemplated thereunder having been fulfilled and complied with;
- (d) the Purchaser having completed its due diligence investigation on the legal, business, financial, management, technology, intellectual property, licence, regulatory and other aspects of the Target Company to its satisfaction;
- (e) Noble Zenith's warranties and representations as set out in the Agreement being true, accurate, complete and not misleading in all respects as at Completion; and
- (f) no material adverse change has occurred between the date of the Agreement and Completion.

The Purchaser shall be entitled to waive any of the conditions as set out above in the Agreement in whole or in part and on such terms as the Purchaser thinks fit by notice in writing to the Vendor.

The Parties shall in good faith cooperate and use all reasonable endeavours to procure the fulfilment of the Conditions on or before the Long Stop Date. If the Conditions are not fulfilled before the Long Stop Date (or such later date as agreed by the parties to the Agreement in writing), the Agreement shall lapse, *inter alia*, (i) the Deposit shall be refunded in full to the Purchaser; and (ii) no party to the Agreement shall have any claim against the other party for costs, damages, compensation or otherwise, without prejudice to the rights and remedies of any party against the other in respect of any antecedent claim or breach under the Agreement.

Completion

Subject to all the Conditions having been fulfilled and/or waived (as applicable), Completion shall take place within five (5) Business Days after all the Conditions have been satisfied or waived.

Financial information of the Target Company

The audited financial information of the Target Company for the two years ended 31 March 2023 prepared in accordance with the generally accepted accounting principles in Hong Kong Financial Reporting Standards is as follows:

	For the year ended 31 March 2022 (HK\$'000) (audited)	For the year ended 31 March 2023 (HK\$'000) (audited)
Net profit/(loss) before tax	(722.4)	994.8
Net profit/(loss) after tax	(722.4)	994.8

The unaudited net assets of the Target Company as at 30 September 2023 was approximately HK\$1.7 million.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Chan Ka Leung Gary (“**Mr. Chan**”), who is also the sole director of the Purchaser.

Mr. Chan, aged 50, has over 20 years of experience in accounting, corporate finance, private equity and financial consultation while advising companies across multiple disciplines and various industries. He has been the Chief Strategy Officer of Elizur Inc. since 2018, the holding company of 唯仁資訊技術(上海)有限公司, one of the largest insurance technology companies in the PRC operating under the brand name 四葉草車險 (“**Klover**”), that focuses on utilizing mobile technology to improve motor insurance claims and channel costs. Klover platform provides automotive insurance products and channels using big data and blockchain technologies.

Mr. Chan also joined CFO (HK) Limited in 2014 and presently serves as the Chief Executive Officer of the Greater China business of the CFO Centre Group. He has been an independent non-executive director of LHN Limited (stock code: Singapore – 410/Hong Kong – 1730) since June 2017 and True Yoga Holdings Limited since 2019. He has been an executive director in Pomona Acquisition Limited since 2021 and Bombax Healthcare Acquisition Corp since 2022. He was the Corporate Finance Director for TNG (Asia) Limited, a Hong Kong based FinTech company, from 2015 to 2017. He led the company’s corporate finance exercise and the successful application of the Stored Value Facility (SVF) license granted by the Hong Kong Monetary Authority (HKMA). Before he joined TNG (Asia) Limited, Mr. Chan was a partner at Creat Capital Company Limited, an investment fund that focused on cross-border private equity opportunities between China and the rest of the world under a joint venture with RIT Capital Partners plc, from 2009 to 2013. From 2007 to 2009, he was in Goldman Sachs’ fixed income team in Hong Kong specializing in private investments across Asia. He had been an independent non-executive director of TOMO Holdings Limited (Hong Kong Stock Code: 6928) for the period from June 2017 to June 2021. He obtained a Bachelor’s Degree in Mathematics and a Master’s Degree in Accounting from the University of Waterloo (Canada).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of securities brokerage services, provision of asset management service, provision of wealth management service and money lending.

The Target Company is principally engaged in the provision of insurance brokerage and wealth management services in Hong Kong. It is registered with the Insurance Authority (“IA”) as a licensed insurance intermediary and with the Mandatory Provident Fund Schemes Authority (“MPFA”) as a principal intermediary, and is operating a team of experienced insurance professionals with 168 licensed representatives under IA and 84 licensed representatives under MPFA as at 30 September 2023.

With reference to the interim results announcement of the Company for the six months ended 30 September 2023, the insurance brokerage business has outperformed during the six months ended 30 September 2023 due to the reopening of borders. However, the insurance brokerage business experienced a net loss during the period, primarily due to a reduction in profit margin resulted from fierce competition. The Directors concern that the insurance brokerage business may have reached its bottleneck as it is sensitive to economic conditions. The prevailing negative atmosphere in the stock market and property market of Hong Kong, indicating a lack of investor confidence, directly affects the overall consumer sentiment and has a significant impact on the economy of Hong Kong. Besides the challenging macro-environments, the insurance brokerage business of the Target Company is facing intense competition resulting in significant pressure on its profit margin.

To navigate these challenges, the Board has been exploring opportunities for collaboration and partnerships with other industry stakeholders to enhance its service offerings and expand its client base. Having taken into account Mr. Chan's extensive experience in the insurance and technology sectors, combined with the wide coverage of the client base and sales channels of Klover in the PRC, the Board expects that the introduction of the Purchaser which is operated by Mr. Chan as a partner of the Target Company through the Disposal can allow the Target Company to (i) diversify revenue streams and explore new market segments; (ii) explore business cooperation opportunities with Klover; and (iii) position itself for long-term success in the competitive insurance brokerage industry. As the Target Company remains the Group's subsidiary and the Group maintains control over the Target Company upon Completion, the Group will continue to benefit from the future success of the Target Company.

The Board considers that the Agreement has been entered into on normal commercial terms after arm's length negotiation between Noble Zenith and the Purchaser, and is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after Completion, the Target Company will continue to be a subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the Group's financial statements. According to the Valuation Report, the market value of the Sale Shares was HK\$1,660,000. As a result of the Disposal, a gain of approximately HK\$324,000 will be recognised in equity reserves.

Shareholders should note that the actual amount of gain/loss from the Disposal to be recorded by the Company (if any) will be subject to review by the auditor of the Company.

USE OF PROCEEDS

The net proceeds arising from the Disposal are approximately HK\$1 million (after deducting expenses in relation to the Disposal). The Group intends to use the net proceeds of the Disposal as general working capital for the daily operation.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules, in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements.

DEFINITIONS

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

“Agreement”	the agreement dated 6 December 2023 entered into between Noble Zenith and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Kingkey Financial International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1468)
“Completion”	completion of the Disposal pursuant to the Agreement
“Conditions”	the condition(s) precedent to Completion as set out in the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares, being HK\$1,660,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by Noble Zenith pursuant to the Agreement
“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) independent of the Company and its connected persons
“Independent Valuer”	Graval Consulting Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 or such other date as Noble Zenith and the Purchaser may agree in writing

“Noble Zenith”	Noble Zenith International Limited, a company incorporated in the British Virgin Islands with limited liability, being the vendor under the Agreement and a direct wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China
“Purchaser”	GKC Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	49% of the equity interest in the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kingkey Privilege Wealth Management Limited, a company incorporated in Hong Kong with limited liability
“Valuation”	valuation of the Sale Shares as at 30 September 2023 prepared by the Independent Valuer
“Valuation Report”	the report of the valuation of the Sales Shares
“%”	per cent.

By order of the Board
Kingkey Financial International (Holdings) Limited
Mong Cheuk Wai
Executive Director

Hong Kong, 6 December 2023

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun and Mr. Mong Cheuk Wai; and the independent non-executive Directors are Ms. Mak Yun Chu, Mr. Hung Wai Che, Mr. Leung Siu Kee and Mr. Chan Ting Fung.

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