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金利豐金融集團有限公司
KINGSTON FINANCIAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 01031)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN
RELATION TO
PROVISION OF FINANCIAL SERVICES**

The term of the Previous Financial Services Agreement expired on 31 March 2020. In order for the Group to continue to provide financial services to the Chu & Li's Family and their respective associates (where applicable), on 1 April 2020, Kingston Securities has entered into the 2020 Financial Services Agreement with the Chu & Li's Family for provision of financial services for a term of three years commencing from 1 April 2020 to 31 March 2023.

THE LISTING RULES IMPLICATIONS

Given that the Relevant Directors are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 2020 Financial Services Agreement constitute continuing connected transactions of the Company. Given that certain transactions were entered into with the parties connected or otherwise associated with one another, the transactions entered into with such connected parties will be categorised as the same class of transactions and will be aggregated into a series of connected transactions, as stated under the column headed "Aggregation of transactions" in the table under the section headed "Relevant Directors" in this announcement, for the purpose of calculating the respective proposed annual caps.

Given that the proposed annual caps contemplated under the 2020 Financial Services Agreement for the each of the three years ending 31 March 2021, 2022 and 2023 are all less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), such agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval and circular requirements under Rule 14A.76(2) of the Listing Rules.

Mrs. Chu, being the controlling shareholder, executive Director and chief executive officer of the Company, Mr. Nicholas Chu, being the executive Director and chairman of the Company, and Mr. Kingston Chu, a executive Director, are considered to have material interest in the 2020 Financial Services Agreement. All of them have abstained from voting on the related resolution at the board meeting of the Company in which the 2020 Financial Services Agreement was considered.

CONTINUING CONNECTED TRANSACTIONS

Background

References are made to the announcement of the Company dated 17 February 2017 and the circular of the Company dated 9 March 2017 in relation to, amongst other things, the Previous Financial Services Agreement and the transactions contemplated thereunder.

The term of the Previous Financial Services Agreement expired on 31 March 2020. In order for the Group to continue to provide financial services to the Chu & Li's Family and their respective associates (where applicable), on 1 April 2020, Kingston Securities has entered into the 2020 Financial Services Agreement with the Chu & Li's Family for provision of financial services for a term of three years commencing from 1 April 2020 to 31 March 2023.

Relevant Directors

The following are the Relevant Directors who have entered, or will enter, into the Continuing Connected Transactions:

Relevant Director	Connected relationship	Aggregation of transactions
Mrs. Chu	— Executive Director and chief executive officer of the Company	Mrs. Chu and her associates, together as “Chu & Li's Family”
	— Director of Kingston Securities	
	— The controlling shareholder of the Company	
	— Spouse of Mr. Nicholas Chu	
	— Mother of Mr. Kingston Chu	

Relevant Director	Connected relationship	Aggregation of transactions
Mr. Nicholas Chu	— Executive Director and chairman of the Company	Chu & Li's Family
	— Director of Kingston Securities	
	— Spouse of Mrs. Chu	
	— Father of Mr. Kingston Chu	
Mr. Kingston Chu	— Executive Director	Chu & Li's Family
	— Son of Mr. Nicholas Chu and Mrs. Chu	
Ms. Li Yuet Mei, Dilys	— Director of Kingston Futures	Chu & Li's Family
	— Sister of Mrs. Chu	
	— Spouse of Mr. Wong Hip Keung Jimmy	
Mr. Wong Hip Keung Jimmy	— Director of Kingston Securities	Chu & Li's Family
	— Spouse of Ms. Li Yuet Mei, Dilys	

The 2020 Financial Services Agreement

On 1 April 2020, Kingston Securities has entered into the 2020 Financial Services Agreement with the Chu & Li's Family, pursuant to which Kingston Securities may, upon request, (but not obliged to) provide to each of them financial services, including margin and IPO financings, from time to time on normal commercial terms at the interest rate comparable to rates offered to other customers of Kingston Securities who are Independent Third Parties of similar credit standing, trading records and/or quality of collaterals given and in accordance with the policy of Kingston Securities from time to time. Such agreement is for a term of three years commencing from 1 April 2020 and ending on 31 March 2023. The provision of financial services shall be subject to the terms and conditions of the standard client agreement of Kingston Securities from time to time.

Historical information

The following table sets out (i) the historical annual caps amount under the Previous Financial Services Agreement with the Chu & Li's Family for each of the three years ended 31 March 2018, 2019 and 2020; and (ii) the maximum amounts of margin loans and/or IPO

financings provided by Kingston Securities and the amounts of interest income received from the Chu & Li's Family for each of the three years ended 31 March 2018, 2019 and 2020.

Chu & Li's Family	For the year ended 31 March		
	2018	2019	2020
	<i>Approximate HK\$'000</i>	<i>Approximate HK\$'000</i>	<i>Approximate HK\$'000</i>
Historical annual cap of IPO financing	800,000	800,000	800,000
<i>Historical maximum amount of IPO financing</i>	174,996	—	—*
Historical annual cap of margin financing	300,000	300,000	300,000
<i>Historical maximum amount of margin financing</i>	194,286	43,296	52,119*
<i>Total interest income received</i>	5,464	419	297*

* Such figures are extracted from the unaudited management account of the Company.

Proposed annual caps

The proposed annual caps for each of the three years ending 31 March 2021, 2022 and 2023 in respect of financial services which may be provided by Kingston Securities under the 2020 Financial Services Agreement are set out as follows:

Annual caps	For the year ending 31 March		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual cap of IPO financing	150,000	150,000	150,000
Annual cap of margin financing	150,000	150,000	150,000

The proposed annual caps under the 2020 Financial Services Agreement were determined after arm's length negotiation with the Chu & Li's Family, after taking into consideration of (i) the historical amounts of margin loans and IPO financings advanced to them for each of the three years ended 31 March 2018, 2019 and 2020; (ii) the estimated potential or possible amounts of margin loans and IPO financings to be advanced to them (where applicable, including their associates) for each of the three years ending 31 March 2021, 2022 and 2023; (iii) the interest rates offered to them in respect of these margin loans and IPO financings; (iv) their credit standing; (v) the prevailing IPO securities markets condition; and (vi) the economic conditions and market sentiments of the capital markets in Hong Kong. The Directors are of the view that the above proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for, and benefits of, the Continuing Connected Transactions

The Group is principally engaged in the provision of a wide range of financial services which include securities brokerage, underwriting and placements, margin and IPO financing, corporate finance advisory services, futures brokerage and asset management services. The Group also provides gaming and hospitality services in Macau.

Taking into consideration that (i) the provision of the financing services is the principal activities of the Group and in the ordinary course of business of the Group; (ii) the services provided to the Chu & Li's Family are recurrent in nature; and (iii) the terms of the 2020 Financial Services Agreement, which were negotiated with the Chu & Li's Family after arm's length negotiations and are comparable to those offered to the Independent Third Parties, the Directors are of the view that the terms of the 2020 Financial Services Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Listing Rules implications

Given that the Relevant Directors are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 2020 Financial Services Agreement constitute continuing connected transactions of the Company. Given that certain transactions were entered into with the parties connected or otherwise associated with one another, the transactions entered into with such connected parties will be categorised as the same class of transactions and will be aggregated into a series of connected transactions, as stated under the column headed "Aggregation of transactions" in the table above under the section headed "Relevant Directors" in this announcement, for the purpose of calculating the respective proposed annual caps.

Given that the proposed annual caps contemplated under the 2020 Financial Services Agreement for the each of the three years ending 31 March 2021, 2022 and 2023 are all less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), such agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval and circular requirements under Rule 14A.76(2) of the Listing Rules.

Mrs. Chu, being the controlling shareholder, executive Director and chief executive officer of the Company, Mr. Nicholas Chu, being the executive Director and chairman of the Company, and Mr. Kingston Chu, a executive Director, are considered to have material interest in the 2020 Financial Services Agreement. All of them have abstained from voting on the related resolution at the board meeting of the Company in which the 2020 Financial Services Agreement was considered.

DEFINITIONS

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

“2020 Financial Services Agreement”	the financial services agreement entered between Kingston Securities and the Chu & Li’s Family dated 1 April 2020 regarding the provision of financial services
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chu & Li’s Family”	Mrs. Chu and her associates
“Company”	Kingston Financial Group Limited, a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2020 Financial Services Agreement
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons
“IPO”	initial public offering
“Kingston Futures”	Kingston Futures Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 2 (dealing in futures contracts) regulated activity under the SFO, which is an indirect wholly-owned subsidiary of the Company
“Kingston Securities”	Kingston Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, which is an indirect wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Kingston Chu”	Mr. Chu, Kingston Chun Ho, the executive Director, the son of Mr. Nicholas Chu and Mrs. Chu
“Mr. Nicholas Chu”	Mr. Chu, Nicholas Yuk-yui, the executive Director and the chairman of the Company, a director of Kingston Securities, the spouse of Mrs. Chu and the father of Mr. Kingston Chu
“Mrs. Chu”	Mrs. Chu Yuet Wah, the executive Director and the chief executive officer of the Company, a director of Kingston Securities, the controlling shareholder of the Company, the spouse of Mr. Nicholas Chu and the mother of Mr. Kingston Chu
“Previous Financial Services Agreement”	the financial services agreement entered into between Kingston Securities and the Chu & Li’s Family dated 17 February 2017 regarding the provision of financial services, including margin and IPO financings
“Relevant Directors”	certain Director and directors of the Group (where applicable, including their associates), details of which please refer to the section headed “Relevant Directors” to this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	per cent.

By order of the Board
Kingston Financial Group Limited
Chu, Nicholas Yuk-yui
Chairman

Hong Kong, 1 April 2020

As at the date of this announcement, the executive Directors are Mr. Chu, Nicholas Yuk-yui (Chairman), Mrs. Chu Yuet Wah (Chief Executive Officer), Mr. Chu, Kingston Chun Ho and Mr. Ho Chi Ho, and the independent non-executive Directors are Mr. Lau Man Tak, Ms. Lo, Miu Sheung Betty and Mr. Chiu Sin Nang, Kenny.