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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Kingkey Financial International (Holdings) Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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: 1468)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

Placing Agent



BAOQIAO PARTNERS SECURITIES (HK) LIMITED

A letter from the Board is set out on pages 4 to 17 of this circular.

A notice convening the EGM to be held at 10/F, Konnect, 303 Jaffe Road, Wan Chai, Hong Kong on Tuesday, 18 May 2021 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying proxy form to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time scheduled for the EGM (or any adjournment thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In light of the coronavirus pandemic (“**COVID-19**”), and to better protect the safety and health of the Shareholders and other participants attending the EGM, the Company will implement the following precautionary measures at the venue of the EGM (the “**Venue**”):

1. compulsory body temperature checks will be conducted on all persons attending the EGM at the waiting area outside the Venue before they are admitted to the Venue;
2. Any person with a body temperature of over 37.3 degree Celsius, or who has any flulike symptoms, or is otherwise apparently unwell will not be admitted to the Venue;
3. all attendees must wear face masks at all times inside the Venue or at the waiting area outside the Venue;
4. seating at the Venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the EGM. The Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
5. any attendee who does not follow any of the abovementioned measures will be refused admission to the Venue or requested to leave the Venue;
6. no refreshments or drinks will be served at the EGM to avoid close contact of attendees; and
7. all attendees are recommended to clean their hands with alcohol-based hand sanitizer before entering the Venue.

Shareholders are reminded that attendance at the EGM in person is not necessary for the purpose of exercising voting rights. Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appointing the chairman of the meeting as a proxy to vote on relevant resolution(s) at the EGM as instructed in accordance with the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM.

The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced closer to the date of the EGM.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Notice of EGM	EGM-1

DEFINITIONS

In this circular, unless the context indicates otherwise, the following expressions shall have the following meanings:

“Announcement”	the announcement of the Company dated 21 February 2021 in relation to, among others, the Placing
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Stock Exchange (stock code: 1468)
“Completion”	Completion of the Placing pursuant to the terms of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and is not connected with the Company and its connected persons
“Last Trading Day”	19 February 2021, being the last trading day immediately preceding the date of the Placing Agreement
“Latest Practicable Date”	26 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or through the Placing Agent under the Placing
“Placing”	the proposed offer by way of private placing of the Placing Shares by or through the Placing Agent to the Placee(s), on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	BaoQiao Partners Securities (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 21 February 2021 in relation to the Placing
“Placing Price”	HK\$0.24 per Placing Share
“Placing Shares”	a maximum of 1,875,000,000 new Shares proposed to be placed pursuant to the Placing Agreement and each a “Placing Share”
“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)”	holder(s) of the Share(s)
“SPAC”	Special Purpose Acquisition Company listed on the US stock exchanges
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of up to a maximum number of 1,875,000,000 Placing Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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: 1468)

Executive Directors:

Mr. Chen Jiajun

Mr. Wong Chun Chau (*Chairman*)

Ms. Kwok Yin Ning (*Chief Executive Officer*)

Independent non-executive Directors:

Ms. Mak Yun Chu

Mr. Hung Wai Che

Mr. Leung Siu Kee

Registered Office:

Cricket Square,

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Grand Cayman

KY1-1111,

Cayman Islands

Principal Place of Business in Hong Kong:

902, Harbour Centre, Tower 2,

8 Hok Cheung Street, Hunghom,

Kowloon, Hong Kong

30 April 2021

To the Shareholders

Dear Sir or Madam,

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

On 21 February 2021, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 1,875,000,000 Placing Shares to the Placees at a Placing Price of HK\$0.24 per Placing Share.

The purpose of this circular is to provide you with, among others, (i) further details of the Placing; and (ii) a notice of EGM at which resolution(s) will be proposed to consider, if thought fit, pass the relevant resolution(s) in approving and ratifying the Placing.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are as follows:

Date: 21 February 2021

Issuer: The Company

Placing Agent: BaoQiao Partners Securities (HK) Limited

The Placing Agent has conditionally agreed to place up to 1,875,000,000 Placing Shares, on a best effort basis, to the Placees. The Placing Agent will receive a placing commission of 0.5% of the aggregate Placing Price of the Placing Shares successfully placed by or on behalf of the Placing Agent pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed on a best effort basis, to not less than six Placees. The Placing Agent shall use its best endeavour to ensure that as a result of the Placing, none of the Placees nor their associates would become a substantial shareholder of the Company.

If any connected persons of the Company and/or its associates subscribe for any Placing Shares, the Placing Agent shall use its best endeavour to ensure that the Placing would not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules or as required by the Stock Exchange immediately after the Placing.

As confirmed by the Placing Agent, the Placing Shares will be placed to Placees who and whose ultimate beneficial owners are Independent Third Parties.

The Company will ensure that the Placing will not result in the Company's non-compliance with the minimum public float requirement under Rule 8.08 of the Listing Rules.

Placing Shares

The maximum number of 1,875,000,000 Placing Shares represent (i) approximately 38.66% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 27.88% of the issued share capital of the Company as enlarged by the issue of the maximum number of 1,875,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares is HK\$18,750,000.

LETTER FROM THE BOARD

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of the Announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The theoretical value dilution (as defined under Rule 7.27B of the Listing Rules) of the Placing is approximately 13.49% and the Placing does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Placing is in compliance with Rule 7.27B of the Listing Rules.

Placing Price

The Placing Price of HK\$0.24 per Placing Share represents:

- (i) a discount of approximately 48.39% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Placing Agreement;
- (ii) a discount of approximately 25.93% to the average closing price of HK\$0.324 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Placing Agreement;
- (iii) a discount of approximately 16.81% to the average closing price of HK\$0.2885 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Placing Agreement;
- (iv) a discount of approximately 14.69% to the average closing price of approximately HK\$0.2813 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the date of the Placing Agreement; and
- (v) a discount of approximately 57.89% to the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices and the recent trading volume of the Shares at the time of entering into of the Placing Agreement and the size of the Placing with reference to the capital requirement for the future development of the Group.

LETTER FROM THE BOARD

The Directors noted the closing price of the Shares recorded a spike at HK\$0.465 per Share on the Last Trading Day. However, since commencement of year 2021 and up to the day preceding the Last Trading Day (“**2021 Period**”), the closing prices of the Share ranged from HK\$0.25 per Share recorded on 3 February 2021 to 5 February 2021 and 8 February 2021 to HK\$0.335 per Share on 29 January 2021 with an average closing price per Share of HK\$0.275. The Placing Price represents a discount of approximately 16.81%, 14.69%, 12.73% to the 10 days and 30 days average closing prices of the Shares preceding and including the Last Trading Day and the average closing price per Share during the 2021 Period respectively. In light of the above, both the Directors and the Placing Agent considered it is fair and reasonable to determine the Placing Price with reference to the prevailing market prices of the Shares, representing the 10 days and 30 days average closing prices of the Shares preceding the Last Trading Day.

The Directors have also considered factors including (i) the liquidity of Shares was generally low with the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue in December 2020, January 2021 and for the period from 1 February 2021 to the Last Trading Day was approximately 0.007%, 0.02% and 0.28% respectively and as a percentage of the total number of the Shares held by public shareholders was approximately 0.02%, 0.07% and 0.95% respectively; (ii) the unsatisfactory financial performance of the Group with continuing losses in the past five financial years; and (iii) relatively large placing size of HK\$450 million in terms of market capitalisation of the Company (i.e. approximately 20% to the market capitalisation of the Company as at the Last Trading Day) for the Group’s capital requirement as discussed in the section headed “Use of Proceeds” in this letter, and together with the benefits to be brought by the Placing as set out in the section headed “Reasons for and Benefits of the Placing” in this letter, the Directors are of the view that it is reasonable and necessary to set the Placing Price at a discount to the prevailing market prices at the time of entering into of the Placing Agreement, so as to attract the investors to participate in the Placing.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Assuming the Placing Shares are fully placed, the gross proceeds and the net proceeds (after deduction of Placing commission and other expenses of the Placing) from the Placing will be HK\$450 million and approximately HK\$447.2 million, respectively. On such basis, the net issue price will be approximately HK\$0.2385 per Placing Share.

The Directors note that the closing prices of the Shares were traded at a premium to the closing price of the Shares of HK\$0.465 per Share on the Last Trading Day since publication of the Announcement and up to and including the Latest Practicable Date. The highest closing price and the lowest closing price of the Shares during such period were HK\$0.73 on 22 February 2021 and HK\$0.51 per Share on 26 February 2021, with an average closing price of approximately HK\$0.64 per Share.

LETTER FROM THE BOARD

The Directors confirm that, save and except for the Placing and the entering into a memorandum of understanding between the Company and an Independent Third Party regarding the possible acquisition (the “**Possible Acquisition**”) of a 70% interest in a social networking company by the Company from an Independent Third Party as disclosed in the announcement of the Company dated 21 February 2021 (the “**Possible Acquisition Announcement**”), it is not aware of any reasons for such price movement or of any inside information that needs to be disclosed under Part XIVA of the SFO. As such, the Directors consider that such price movement may mainly be a result of market reaction after the release the Announcement and/or the Possible Acquisition Announcement. The Placing Price, which was determined after arms’ length negotiation between the Company and the Placing Agent, with reference to, among others, the prevailing market prices and the recent trading volume of the Shares at the time of entering into of the Placing Agreement is fair and reasonable.

As at the Latest Practicable Date, the discussion about the Possible Acquisition is still ongoing and the Company has not entered into any formal or legally binding agreement in respect of the Possible Acquisition.

Ranking

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement;
- (ii) the Specific Mandate being obtained at the EGM; and
- (iii) the Company having complied with the requirements of the Listing Rules and the Stock Exchange in relation to the Placing.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure satisfaction of the above conditions prior to the date falling on one (1) month after the EGM and in any event not later than six months after the date of the Placing Agreement or such later date as the Company and the Placing Agent may agree in writing (the “**Long Stop Date**”). If the above conditions are not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of any antecedent breaches of any obligation thereunder).

As advised by the Placing Agent, it is expected that the Placing will be completed within one months after the EGM. The Long Stop Date, which is six months after the date of the Placing Agreement, was agreed between the Company and the Placing Agent in order to give the Company sufficient time to fulfil the conditions of the Placing, including Shareholders’ approval on the grant of the Specific Mandate at the EGM as required under the Listing Rules.

LETTER FROM THE BOARD

The Company will ensure that the Placing will be completed within one month after the EGM and the Company will re-comply with the relevant Listing Rules requirements (including seeking Shareholders' approval) in case of any extension of the Long Stop Date.

Completion

Completion of the Placing shall take place within five (5) Business Days after the fulfillment of all the above conditions or on such other date as the Company and the Placing Agent may agree in writing.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

Termination

If, at any time prior to Completion:

- (a) the Company fails to comply with its obligations under the Placing Agreement, or the Listing Rules; or
- (b) it comes to the notice of the Placing Agent that any statement contained in any document issued in connection with the Placing has become (or would, if then repeated, be) untrue, incorrect or misleading in any material respect or that matters have arisen which would, if the Placing were made at that time, constitute a material omission therefrom; or
- (c) any of the warranties of the Company is not, or has ceased to be, true, accurate and not misleading in any material respect (or would not be true, accurate and not misleading in any material respect if then repeated) by reference to the facts subsisting at the time when the notice referred to below is given; or
- (d) there having been any adverse change or prospective adverse change in the business or in the financial, operational or trading position or prospects of the Company and any of its subsidiaries,

and such matter is reasonably considered by the Placing Agent to be material in the context of the Placing, then the Placing Agent may, in its absolute discretion, by giving notice in writing to the Company to terminate the Placing Agent's obligations under the Placing Agreement, save in respect of any antecedent breach thereof.

LETTER FROM THE BOARD

If, on or at any time before Completion, any national or international, political, military, diplomatic, monetary, economic or financial crisis or situation occurs or there occurs any change in national or international, military, diplomatic, monetary, economic, political, financial or market conditions which, in the opinion of the Placing Agent arrived at in good faith, renders the Placing temporarily or permanently impracticable or inadvisable, or any event or omission occurs or comes to the Placing Agent's notice which, in the opinion of the Placing Agent arrived at in good faith, will or may be materially prejudicial to the Company or the Placing, then the Placing Agent may, in its absolute discretion, by giving notice in writing to the Company, terminate the Placing Agreement, save in respect of any antecedent breach thereof.

The Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE PLACING

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

As disclosed in the published annual reports of the Group for the past few years, the Group reported consecutive net losses for the past five years ended 31 March 2020, mainly due to the unsatisfactory performance of the Group's fur business following the increasing competition of the fur industry and continuous drop in mink prices. Based on the interim report of the Company for the six months ended 30 September 2020 (the "**Interim Report**"), the fur business of the Group has been inevitably affected by the global economic downturn together with the outbreak of the COVID-19. In early November 2020, the Danish government found that minks carry the coronavirus and decided to kill all minks within the country and to ban mink farming next year. Though all the minks of the Company had reached the age for pelting and had all been pelted in November 2020 and the financial impact on the fur business was considered minimal for the financial year ending 31 March 2021, the impact of COVID-19 puts a cloud of uncertainty over the global mink industry and the Group's fur business.

The Group strives to diversify its business since 2017 and has developed itself into a financial group of companies licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The Group also holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is a member of the Professional Insurance Brokers Association.

While being confronted by the COVID-19 pandemic as well as global geopolitical and economic uncertainties and other factors in 2020, the Hong Kong stock market continues to bloom and an optimistic atmosphere dominates the market, with Hang Seng Index closing at a one-year high of 31,084.94 points on 17 February 2021. Market capitalisation of the Hong Kong stock market was HK\$50.7 trillion at the end of January 2021, an increase of 41% from HK\$36.0 trillion for the same period last year. The average daily turnover in January 2021 was HK\$245.7 billion, an increase of 136% from HK\$103.9 billion for the same period last year.

LETTER FROM THE BOARD

In addition, due to the tense relationship between the US and China in recent years, more China concept stocks returned to Hong Kong for listing. With the level of activity in new economy enterprise listings and US listed Chinese enterprises second listings, there was stronger performance on the city's IPO market. For the year ended 31 December 2020, there were 154 newly listed companies in Hong Kong and total funds raised by IPOs in 2020 reached HK\$397.7 billion, marking an increase of 25% from the previous year.

As disclosed in the Interim Report, as benefited by the revitalizing of the stock market, the commission income from securities brokerage and placing and underwriting activities and interest income from margin clients showed improvement in the first half of financial year 2020/2021. The Company expects the trend will continue to the second half of financial year 2020/2021 provided that no material adverse events occur.

Moreover, the Group is expanding its scale of asset management and fund related investment business, including establishing and seeding new investment funds. For the six months ended 30 September 2020, the asset management business of the Group contributed revenue of approximately HK\$4.0 million and its asset base was approximately HK\$2.3 million as at 30 September 2020. The Group will allocate more resources towards the development of its asset management and fund investment business, which will be the Group's core business sector for further expansion. More investment funds will be structured in the coming future. The Board is of the view that the continuing development and opening up of the Mainland China financial market, particularly the Greater Bay Area provides the asset management and fund related investment industries in Hong Kong with significant opportunities. Based on the last Asset and Wealth Management Activities Survey 2019 (Note) (Source: https://www.sfc.hk/web/files/ER/Reports/AWMAS_2019_EN.pdf) issued by the SFC in August 2020, Hong Kong's asset management business thrived in 2019, with a 20% year-on-year increase in AUM (asset under management) to HK\$28,769 billion and assets from Mainland China investors accounts for 10% or amounted to approximately HK\$2,752 billion of the asset and wealth management business. Net fund inflows of HK\$1,668 billion were recorded for the asset and wealth management business during 2019 (2018: HK\$783 billion). In addition, according to "Hong Kong Asset Management Outlook: Key Trends for 2021" published by KPMG in February 2021, (Source: <https://home.kpmg/cn/en/home/insights/2021/02/hong-kong-asset-management-outlook-2021.html>), the industry will continue to be supported by policymakers that remain committed to encouraging growth and reaffirming Hong Kong's status as a premier international financial centre and asset and wealth management hub. The Hong Kong Budget, which was announced in February 2021 included some welcome incentives for Hong Kong's wealth and asset management industry. The Hong Kong government has announced subsidies of up to 70% of expenses paid to local professional service providers of OFCs (Open end fund companies) set up in or re-domiciled to Hong Kong in the coming three years, subject to a cap of HK\$1 million per OFC. Similarly, a subsidy of up to 70% of the expenses paid to local professional service providers will be offered for qualifying REITs that list in Hong Kong in the coming three years, subject to a cap of HK\$8 million per REIT. As stated in the KPMG Report, such policies are expected "to generate significant returns from the economic activity and substance that will be established in Hong Kong from managing Hong Kong-based OFCs and qualifying REITs", and therefore continues to encourage local market growth and cement Hong Kong's position as Asia's premier asset and wealth management hub.

Note: The survey is conducted annually by the SFC and it covers the most updated data of assets and wealth management activities from SFC licensed corporations, banks, insurance companies and trust services companies in Hong Kong.

LETTER FROM THE BOARD

In view of the above, the Board is confident in and will continue its business strategy to expand the Group's scale of operations in asset management, securities brokerage and other financial services to achieve business growth, increase its market share in the industry and become one of the leading financial services providers in Hong Kong.

Accordingly, the Directors are of the view that the Placing, while broadening the Group's Shareholder and capital base, will provide the Group with necessary financial resources to expand its financial service businesses and enhance its capital strength and competitiveness to cope with the fast-changing landscape of the financial world and cater for unforeseen circumstances, like the outbreak of the COVID-19 in early 2020, and therefore, the Placing is in the best interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be HK\$450 million. After deducting related placing commission, professional fees and expenses of approximately HK\$2.8 million to be borne by the Company under the Placing, the net proceeds ("**Net Proceeds**") of the Placing will amount to approximately HK\$447.2 million.

As disclosed in the Announcement, the Company intends to apply the Net Proceeds as follows:

- as to approximately HK\$125.0 million or 27.95% of the Net Proceeds for establishing and seeding multiple investment funds; and
- as to approximately HK\$322.2 million or 72.05% of the Net Proceeds for the development of existing securities brokerage and financial services business and as working capital and general corporate purposes for the Group.

Among the Net Proceeds of approximately HK\$322.2 million for the development of existing securities brokerage and financial services business and as working capital and general corporate purposes for the Group,

- (i) approximately HK\$200 million or 44.72% of the Net Proceeds will be applied for expanding the Group's securities brokerage and other financial services business, particularly by contributing capital to the Group's underwriting, securities margin financing and money lending businesses;
- (ii) approximately HK\$20 million or 4.47% of the Net Proceeds will be applied for developing corporate image and expanding sales and marketing activities of the Group's financial services businesses, which include expanding the Group's wealth management sales team, advertising and promotion of the Group's image and financial services through different media, organising investment seminars for its clients and investors;
- (ii) approximately HK\$10 million or 2.24% of the Net Proceeds will be applied for enhancing the IT system with a view to develop an open architecture integrated platform for the Group's financial service businesses; and

LETTER FROM THE BOARD

- (iv) the remaining of approximately HK\$92.2 million or 20.62% of the Net Proceeds will be applied for the Group's general working capital and other general corporate purpose as well as investments in financial projects with high potential, when such opportunities arise.

The Net Proceeds are expected to be utilised by the Group during the year ending 31 March 2022 and the Directors considers that the Net Proceeds are sufficient to cover the above business and capital requirements of the Company for the next 12 months.

While determining the allocation of the Net Proceeds, the Company has considered factors as explained below.

(a) Immediate financial resources for expanding securities margin financing and money lending services of the Group

The Group commenced its securities brokerage business through acquisition of an established (since 2011) securities brokerage company in 2017 and it is an active financial services provider in the provision of securities dealing and broking, underwriting and placements as well as, securities margin financing services in Hong Kong. The Group also provides money lending services to its clients since 2016.

Having considered the increasing business opportunities and demand for placing and underwriting, securities margin financing and money lending services as discussed in the section headed "Reasons for and benefits of the Placing" in this letter, the Directors believe that the Placing would provide immediate and necessary financial resources to enhance and strengthen the Group's capital and capability, in terms of size and volume, in offering securities margin financing or other money lending services it may extend to its clients with a view to expand the Group's client base, improve its revenue base and enhance its profitability.

(b) Capital requirement for the Group's asset management and fund related investment business

The Group is an active financial services provider that offers a wide range of financial services through an integrated platform and it commenced its asset management and fund related business in late 2019 through its wholly-owned subsidiary, Kingkey Asset Management Limited (formerly known as Great Roc Asset Management Limited) ("**Kingkey Asset Management**"), which was granted with the SFC license to carry on Type 9 (asset management) regulated activity in December 2017. As disclosed in the Interim Report, revenue of approximately HK\$3,951,000 was recorded by the Company from its asset management service business during the 6 months ended 30 September 2020. The Group, through Kingkey Asset Management, enters into specific agreements with its clients, offering customised wealth and asset management services based on their asset size and needs.

The Group has a team of experienced management and professionals providing quality services to the Group's clients. As at the Latest Practicable Date, the Group has nine employees for its asset management business with four responsible officers and twelve licensed representatives with Type 9 (asset management) license under the SFO. Each of the responsible officers has over 10 years of industry experiences.

LETTER FROM THE BOARD

The Group charges management fees generally as a certain percentage of assets under management (“AUM”) (generally between 1% and 2% during the period 2020/21). The Group also charges performance fees as a certain percentage of the return on its asset management products (generally between 10% and 25% during the period 2020/21) depending on the contract terms. As at 31 March 2021, the Group managed three funds with AUM of approximately HK\$33 million in aggregate.

The Group has also invested seed capital in its funds for launching purpose. As at 31 March 2021, the outstanding balance of its capital contribution to the mutual fund(s) managed by the Group amounted to approximately HK\$5 million. Apart from launching the Group’s own mutual fund(s), the Group intends to cooperate with independent fund and asset managers of high potential with unique strategies on various asset class and co-branded and/or co-manage funds, either as investment manager or investment advisor, and as distributor to such funds. Currently, the Group is in discussion with three separate parties, with a view to set up three funds of asset classes in association with SPAC, fixed income and corporate bonds respectively in the second and third quarters of 2021. It is anticipated that the fund size of these three funds will reach over HK\$2 billion and the Group intends to apply part of the Net Proceeds of approximately HK\$125 million as seed capital of these three funds. These fund and asset managers all have over 10 years of experiences in the fund management and asset management business. The Group considers that leveraging on these fund and asset managers not only provides the Group with the expertise in that asset class but also allows the Group to enhance its performance by deploying a relatively small seed capital while attracting a good size of AUM. The Group will generate more fund and asset management fees and performance-based incentive income as a consequence.

It is the Group’s business strategy to continue expanding its asset management business through attracting institutional, corporate clients and high net worth customers for its fund and asset management business and enhancing its investment management capabilities. The Group focuses on diversifying the types of asset management schemes to satisfy the wealth management needs of different customers. The Group also intends to enhance its collaboration with other financial institutions and its investment advisory services to create more synergies and cross-selling opportunities within its asset management business.

(c) Improve brand image and visibility in the market

The Group intends to become one of the leading financial services providers in Hong Kong and the Directors consider sales and marketing activities are of great importance in building up relationships with the Group’s existing clients and at the same time attracting new clients. In addition, such activities would help to promote the brand name of the Group, build up its market share and strengthen its market position. The Group intends to strengthen its wealth management sales team and allocate additional resources to advertise its corporate image and financial services through different media, organising investment seminars for its clients and investors.

LETTER FROM THE BOARD

In addition, the Group will continue to invest in its IT infrastructure and also its human resources dedicated for the operation and maintenance of the IT systems for its financial services business with a view to build clients confidence and enhance the Group's operation efficiency.

ALTERNATIVE MEANS OF FINANCING

The Directors had considered other fund raising alternatives available to the Group such as debt financing, rights issues and open offer. However, debt financing will result in additional interest burden. Accordingly, the Directors considers that it is prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs and gearing level.

The Company has also considered other equity fund raising methods such as rights issue or open offer. Given the low trading volume for the Shares and the continuous loss making position of the Company for the last five years, the Board is of the view that it would be difficult to identify an underwriter for a sizeable rights issue or an open offer of the Company nor being able to raise requisite funds on a non-underwritten rights issue or open offer, which is subject to the acceptance level of the Shareholders. The Board further considers that a rights issue or an open offer would incur more transaction costs including but not limited to higher professional fees for preparing the requisite compliance and legal documentation, which the Company estimates to be an additional of around HK\$200,000 to HK\$300,000. In addition, such corporate exercises would be relatively more time consuming (approximately an additional 30 days to 60 days to complete the fundraising exercise) which may result in the Company being subject to the increasing uncertainty in being able to raise funds in time and may affect the overall business plan of the Group. Last but not the least, based on the Company's review of transactions involving rights issue and open offer on a fully underwritten basis of listed companies in Hong Kong for the past six months immediately prior to the date of the Placing Agreement, the underwriting commission rates of these transactions ranged from 1.00% to 3.00% with an average of approximately 2.13%.

As such, the Board did not pursue rights issue and open offer as these were considered to be less favourable to the Shareholders taking into account the additional time, costs and the difficulty in identifying underwriters and the relatively high underwriting commission rate.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide working capital to the Group to meet capital requirement for future business development. The Placing also represents a good opportunity to broaden the Shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Placing (assuming all Placees are Independent Third Parties and the Placing Shares were placed in full and there is no other change in the issued share capital of the Company between the Latest Practicable Date and the date of Completion):

	As at the Latest Practicable Date		Immediately upon Completion	
	No. of Shares	%	No. of Shares	%
Executive Directors				
Chen Jiajun (<i>Note</i>)	3,363,819,533	69.36%	3,363,819,533	50.02%
Wong Chun Chau	40,698,240	0.84%	40,698,240	0.61%
Kwok Yin Ning	15,809,600	0.33%	15,809,600	0.24%
Subtotal	3,420,327,373	70.53%	3,420,327,373	50.87%
Placees	—	—	1,875,000,000	27.88%
Other public Shareholders	1,429,302,362	29.47%	1,429,302,362	21.25%
Total	4,849,629,735	100.00%	6,724,629,735	100.00%

Note: Mr. Chen Jiajun is deemed to be interested in 3,363,819,533 Shares held by his wholly-owned company, namely Kingkey Holdings (International) Limited.

THE EGM

The EGM will be convened and held at 10/F, Konnect, 303 Jaffe Road, Wan Chai, Hong Kong on Tuesday, 18 May 2021 at 11:00 a.m. for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) in approving and ratifying the Placing. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Placing which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Placing.

A form of proxy for use at the EGM is enclosed with this circular and such form is also published on the website of the Stock Exchange at www.hkex.com.hk. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instruction printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Friday, 14 May 2021 to Tuesday, 18 May 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to attend the EGM to be held on Tuesday, 18 May 2021, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 13 May 2021.

RECOMMENDATION

The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Shareholders and the Company as a whole, therefore they recommend the Shareholders to vote in favour of the proposed ordinary resolution(s) as set out in the notice of the EGM to approve the Placing and the transactions contemplated thereunder (including the grant of the Specific Mandate).

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

NOTICE OF EGM



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: 1468)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Kingkey Financial International (Holdings) Limited (the “**Company**”) will be held at 10/F, Konnect, 303 Jaffe Road, Wan Chai, Hong Kong on Tuesday, 18 May 2021 at 11:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the conditional placing agreement dated 21 February 2021 (the “**Placing Agreement**”) entered into between the Company and BaoQiao Partners Securities (HK) Limited in relation to the placing of up to 1,875,000,000 new ordinary shares (the “**Placing Share(s)**”) at the placing price of HK\$0.24 per Placing Share, and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares to be allotted and issued, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the Placing Shares in accordance with the terms of the Placing Agreement; and
- (c) any one of the Directors be and is hereby authorized to take any action for and on behalf of the Company as he or she considers necessary, desirable or expedient to carry out or give full effect to or otherwise in connection with the Placing Agreement and the transactions contemplated thereunder, including without limitation, to allot and issue the Placing Shares in accordance with the Placing Agreement, to make all relevant applications, registrations and filings with the Stock Exchange or other relevant regulatory authorities, to sign and execute such further documents and to do any other matters incidental thereto and/or as contemplated thereunder.”

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

Hong Kong, 30 April 2021

NOTICE OF EGM

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice (the “EGM”) is entitled to appoint a proxy or, if he is a holder of more than one share, proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. Where there are joint registered holders of any share of the Company, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the EGM personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for the holding of the EGM or adjourned EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) if you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The ordinary resolution as set out above will be voted by way of poll.
5. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 8:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the website of the Company at www.kkgroup.com.hk.com and on the website of the Stock Exchange at www.hkexnews.hk to notify its Shareholders of the date, time and place of the rescheduled EGM.