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KINGKEY INTELLIGENCE CULTURE HOLDINGS LIMITED
京基智慧文化控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT
IN RESPECT OF
THE DISCLOSEABLE TRANSACTION
IN RELATION A SUBSCRIPTION OF NEW SHARES
IN THE TARGET COMPANY

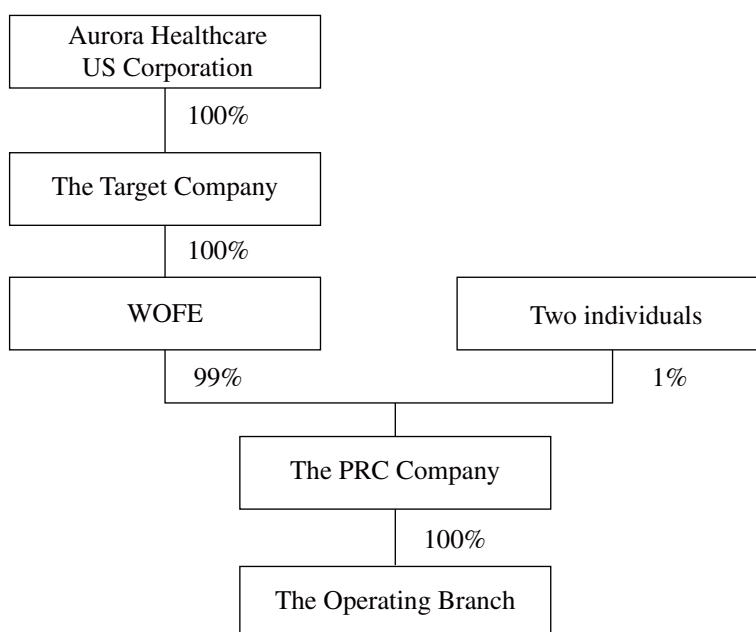
Reference is made to the announcement (the “**Announcement**”) issued by Kingkey Intelligence Culture Holdings Limited (the “**Company**”) dated 3 April 2023 in respect of a discloseable transaction relating to a subscription of new shares in Aurora Medical Technology (HK) Corp. Limited. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

THE CLARIFICATION

The Company has noted three inadvertent clerical errors on page 5 and page 6 of the English and Chinese versions of the Announcement in relation to the shareholding structure of the Target Group. Therefore, the Board would like to make the following clarifications:

1. The shareholding structure of the Target Group as at the date of the Announcement

The shareholding structure of the Target Group under the section headed “INFORMATION ON THE TARGET GROUP” on page 5 of the Announcement should read as follows:



2. The information of the WOFE under the sub-section headed “The WOFE” on page 5 of the Announcement should read as follows:

“The WOFE is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding.

As at the date of this announcement, the WOFE is wholly owned by the Target Company.”

3. **The information of the PRC Company under the sub-section headed “The PRC Company” on page 6 of the Announcement should read as follows:**

“The PRC Company is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding.

As at the date of this announcement, the PRC Company is owned as to 99% by the WOFE and the remaining 1% is owned by two individuals who are Independent Third Parties.”

THE SUPPLEMENTAL INFORMATION TO THE ANNOUNCEMENT

Furthermore, the Board would like to provide additional information in respect of (i) the basis of the Subscription Price; (ii) the shareholding interest in the Target Company for each of its shareholders upon completion of the Subscription Agreements; (iii) the experience and knowledge of Aurora US (as defined below), the Subscriber A and the Subscriber B; (iv) the supplemental reasons and benefits of entering into the Subscription Agreement; and (v) the ultimate beneficial owner(s) of the Subscriber A and the Subscriber B.

(a) Basis of the Subscription Price

The Board would like to supplement that the Subscription Price was determined between the Company and Aurora Healthcare US Corporation (“**Aurora US**”) after arm’s length negotiation based on the pre-money valuation of the Target Group (the “**Pre-Money Valuation**”). The Pre-Money Valuation was determined based on the latest estimated net asset value of the Target Group as at 7 March 2023 (the “**Estimated NAV**”), which is HK\$16,044,444. As disclosed in the Announcement, the Estimated NAV is calculated based on the followings:

	<i>RMB</i>
i) Unaudited net liabilities of the Target Group as at 28 February 2023	(2,234,000)
ii) Proceeds from subscription of Target Shares by Aurora US on 3 March 2023	13,072,000
iii) Proceeds from subscription of Target Shares by Aurora US on 7 March 2023	<u>3,603,000</u>
Estimated net asset value of the Target Group as at 7 March 2023	14,441,000
Equivalent to HK\$ (based on the exchange rate of RMB1:HK\$1.111)	HK\$16,044,444

Assuming that the equity interest of Aurora US in the Target Company will be decreased from 100% to 45% upon completion of the transactions contemplated under the Subscription Agreements (the “**Overall Completion**”), the post-money valuation of the Target Group will be HK\$35,654,324 (the “**Post-Money Valuation**”), which is calculated based on the amount of the Pre-Money Valuation divided by the equity interest held by Aurora US (i.e. 45%) upon the Overall Completion.

The Subscription Price is calculated based on the amount of the Post-Money Valuation (i.e. HK\$35,654,324) times 45%, which shall be the shareholding interest of the Company immediately after the Over Completion.

Having considered the above basis and the reasons and benefits of entering into the Subscription Agreement as set out in the Announcement and this announcement, the Board considered that the Subscription Price is fair and reasonable.

(b) The shareholding interest in the Target Company for each of its shareholders upon completion of the Subscription Agreements

Immediately after the Overall Completion, each of Aurora US, the Subscriber A, the Subscriber B and the Company will hold 45%, 5%, 5% and 45%, respectively, equity interest in the Target Company.

(c) Experience and knowledge of Aurora US, the Subscriber A and the Subscriber B

The Aurora US

Based on the information provided by the management of Aurora US, Aurora US is a private company based in the United States of America (the “USA”) and is principally engaging in breast disease diagnosis, treatment and rehabilitation. After almost 20 years of continuous development in the field of breast disease, Aurora US has developed into a diversified business including franchised comprehensive breast centers, specialized breast image centers, advanced Magnetic Resonance Imaging (MRI) research and development and product manufacturing. Currently, the business network of Aurora US extends throughout North America and the Asia-pacific region.

The Subscriber A and the Subscriber B

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Subscriber A and the Subscriber B and their ultimate beneficial owners are experienced financial investors who commits capital to the Target Group with the expectation of receiving financial returns. Accordingly, each of the Subscriber A and the Subscriber B, together with their ultimate beneficial owners, does not have any experience or knowledge in the business of the Operating Branch.

(d) Supplemental reasons and benefits of entering into the Subscription Agreement

The Board would like to supplement that apart from the reasons set out in the Announcement that the Directors have considered, the Directors have also taken into consideration the following factors before entering into the Subscription Agreement:

- i) the Directors have appointed independent professional adviser to conduct a feasibility study on both the industry overview of breast cancer diagnostics market and the business plan of the Target Group. Based on the result of the relevant report, the Directors noted that the number of new cases of breast cancer diagnosis in China increased from approximately 315,000 in 2017 to 341,000 in 2022, and it is forecasted to reach 373,000 by 2030. The Directors also noted that it has been a national agenda of the PRC government to implement specific strategies to increase the screening rate in high risk areas for certain key types of cancers, including colorectal cancer, gastric cancer and breast cancer, among others. As the health literacy level in the PRC increase in recent years, the market for disease diagnosis, treatment and rehabilitation is expected to drastically increase in the future with government support;
- ii) Aurora US is a pioneer in breast diagnostic market in the USA manufactures the MRI system dedicated to breast imaging for screening and diagnostic indications. Based on the information provided by Aurora US, the Board is given to understand that due to the core value of its advanced comprehensive diagnostic technology, the China Food and Drug Administration has endorsed Aurora US to set up its center in the PRC for introduction of its mobile breast MRI screening clinic in China. In view of the technical know-how of Aurora US, the Directors believe that it is a valuable timing for the Group to capture this opportunity by leveraging on the proprietary technologies, clinical performance, regulatory and operational expertise, and solid relationships of Aurora US to participant in the medical healthcare industry for a potential investment return;
- iii) each of the potential shareholders of the Target Company shall enter into a shareholders' agreement prior to the Overall Completion for the purpose of setting up the overall policy of the Target Group. Based on the terms of the said agreement, the board of directors of the Target Company (the "**Target Board**") consists of a maximum of three directors, with each of Aurora US, the Company and the Subscriber A has the right to nominate and appoint 1 director. The Target Board shall be responsible for determining the day-to-day management and control of the affairs of the Company. In other means, the Group is entitled the voting rights, both in the board meetings and the shareholders' meetings, to approve any resolutions relating to the operation and management of the Target Group.

The Directors have been in negotiation with Aurora US for acquiring a majority stake of the Target Company but as at the date hereof, Aurora US was only willing to issue new shares with a view to develop the Target Group together with the Group in light of the strength and listing status of the Group. The Company will consider acquiring further interest in the Target Company subject to the performance of the Target Group and the agreement of Aurora US.

In view of the above, the Board considers that the Subscription is a unique investment opportunity for the Group. The Board also believes that, by investing in the Target Company and participating in the medical healthcare industry, it will diversify and enrich the Group's investment portfolio.

(e) The ultimate beneficial owner(s) of each of the Subscriber A and the Subscriber B

Based on the information available to the Company, as at the date of the Announcement and this announcement, the ultimate beneficial owner of each the Subscriber A and the Subscriber B is Mr. Deng Weibiao (“**Mr. Deng**”) and Mr. Lin Yue Yeh (“**Mr. Lin**”), respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Deng and Mr. Yue are Independent Third Parties.

The Company confirms that, except as clarified above, all other information contained in the English and Chinese versions of the Announcement is correct and remains unchanged. This announcement is supplemental to and should be read in conjunction with the Announcement.

By Order of the Board
Kingkey Intelligence Culture Holdings Limited
Tsang Hing Bun
Executive Director

Hong Kong, 17 April 2023

As at the date of this announcement, the Board comprises Mr. Tsang Hing Bun as executive Director; Mr. Yiu Yu Cheung and Mr. Shiu Shu Ming as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. William Keith Jacobsen and Mr. Chan Chiu Hung, Alex, as independent non-executive Directors.