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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)

**SUBSCRIPTION OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE
AND
RESUMPTION OF TRADING**

THE SUBSCRIPTION

The Board announces that on 18 September 2023, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$1,000,000,000 at the Conversion Price of HK\$1.254 per Conversion Share.

The Conversion Shares will be allotted and issued by the Company to the Subscriber under the General Mandate.

As at the date of this announcement, the Company has 7,629,963,067 Shares in issue. Assuming that there will be no change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the Convertible Bonds, the Conversion Shares represent (i) 10.45% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.46% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Completion is conditional upon and subject to the fulfilment of the Conditions Precedent. If any of the Conditions Precedent is not fulfilled on or before the Long Stop Date, the Subscription Agreement will lapse and become null and void and the parties to the Subscription Agreement will be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

The gross proceeds from the Subscription amount to approximately HK\$1 billion, while the net proceeds from the Subscription are estimated to be approximately HK\$999 million after deducting the estimated expenses for the Subscription. The Company intends to apply the net proceeds from the Subscription for repayment of liabilities, development of existing businesses and working capital.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

RESUMPTION OF TRADING

At the request of the Company, trading of shares of the Company was halted with effect from 9:19 a.m. on Monday, 18 September 2023. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9 a.m. on Thursday, 21 September 2023.

GENERAL

As Completion is conditional upon fulfilment of the Conditions Precedent as set out in the paragraphs headed “Conditions Precedent” below, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

THE SUBSCRIPTION

On 18 September 2023, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds.

The Subscription Agreement

Principal terms and conditions of the Subscription Agreement are summarised as follows:

Date : 18 September 2023

Parties : (1) the Company; and
(2) the Subscriber.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

Subscription

Subject to the fulfilment of the Conditions Precedent and the terms and conditions of the Subscription Agreement, the Subscriber shall subscribe for, and the Company shall issue to the Subscriber, the Convertible Bonds in the principal amount of HK\$1,000,000,000.

Terms and conditions of the Convertible Bonds

Issuer: The Company

Principal Amount: HK\$1,000,000,000

Interest: The Convertible Bonds shall bear 2% per annum interest coupons, which is payable annually, for each anniversary year of issue, in arrear.

Maturity Date: The date falling on the second anniversary from the date of issue of the Convertible Bonds

Redemption upon maturity: All outstanding principal amount of the Convertible Bonds which have not been redeemed or converted in accordance with the terms and conditions of the Convertible Bonds by the Maturity Date will be automatically redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Bond(s), unless the Subscriber request for full conversion of its Convertible Bonds

The Convertible Bonds cannot be redeemed at the option of the Company before the Maturity Date.

Conversion Price: HK\$1.254, such Conversion Price shall be from time to time be subject to adjustment in accordance with the terms and conditions of the Convertible Bonds.

Conversion Shares: In respect of the exercise of Conversion Rights, the number of Shares determined by dividing (a) the aggregate principal amount of the relevant Bond to be converted by (b) the Conversion Price in effect on the relevant conversion date, and rounding down the resulting number of Shares, if necessary, to the nearest whole number.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$1.254, a maximum of 797,448,165 Conversion Shares will be allotted and issued, representing (i) approximately 10.45% of the existing issued shares of the Company as at the date of this announcement, and (ii) approximately 9.46% of the issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares.

Conversion period:

The holders of the Convertible Bonds shall have the right, in the manner provided in the terms and conditions of the Convertible Bonds, to convert the whole or any part of the outstanding principal amount of their Convertible Bonds into Shares at any time following the date of issue of the Convertible Bonds until the date before (and excluding) the Maturity Date at the conversion price.

Voting:

The holders of the Convertible Bonds will be entitled to receive notices of but will not be entitled to attend or vote at any meetings of the Company by reason only of being a holder of the Convertible Bonds.

Transferability:

The Convertible Bonds may not be transferred by the holders of the Convertible Bonds, without the prior written consent of the Company, to any connected person (as defined in the Listing Rules) of the Company.

Ranking of Conversion Shares:

The Shares issued upon conversion shall rank *pari passu* in all respects with all other existing Shares outstanding at the Conversion Date and the holder of the Convertible Bonds shall be entitled in respect of its Conversion Shares to all dividends and other distributions the record date of which falls on a date on or after the Conversion Date.

Application for listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

Conversion Price

The Conversion Price of HK\$1.254 per Conversion Share represents:

- (i) a premium of approximately 9.89% over the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 18 September 2023, being the date of the Subscription Agreement; and
- (ii) the average closing price of HK\$1.254 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Subscription Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other matters, the prevailing market price and the recent trading volume of the Shares.

Taking into account the estimated expenses for the Subscription of approximately HK\$1 million, comprising fees, costs, charges and expenses of the Subscription, the net price of each Conversion Share amounts to approximately HK\$0.001 per Conversion Share.

Conditions Precedent

Completion shall be subject to the fulfilment of the following conditions:

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Conversion Shares;
- (b) the Company and the Subscriber shall have complied with all the requirements under the Listing Rules in connection with the Subscription and the approval of the board of directors of the Company shall have been obtained; and
- (c) any other necessary approvals, consents and/or waivers by the relevant governmental or regulatory authorities or bodies or such other third parties as may be required by applicable laws, rules or regulations for the Subscription shall have been obtained.

If any of the Conditions Precedent is not fulfilled on or before the Long Stop Date, the Subscription Agreement will lapse and become null and void and the parties to the Subscription Agreement will be released from all obligations and liabilities thereunder, save for the liabilities for any antecedent breaches thereof.

As at the date of this announcement, save and except for Condition Precedent (a) which has yet to be satisfied, all other aforesaid Conditions Precedent have been fulfilled.

Completion

Subject to the fulfilment of the Conditions Precedent, Completion shall take place on the Completion Date, at such place and at such time as the Company and the Subscriber may agree, and each party to the Subscription Agreement shall perform its obligations in relation to Completion as set out in the Subscription Agreement.

Without prejudice to any other remedies available to either the Company or the Subscriber, if the requirements set out in the Subscription Agreement are not complied with in any respect by either the or the Subscriber on the Completion Date, the non-defaulting party may:

- (a) proceed to the Completion so far as practicable and in any case without prejudice to its rights under the Subscription Agreement; or
- (b) postpone the Completion to a date (being a Business Day) falling not more than 30 days after the date set for the Completion in accordance with the Subscription Agreement; or
- (c) rescind the Subscription Agreement without liability to the non-defaulting party whereupon and from such date the provisions of the Subscription Agreement (other than the confidentiality provision which shall remain in full force and effect) shall have no effect and no party to the Subscription Agreement shall have any liability under them (without prejudice to the rights of either party to the Subscription Agreement in respect of any antecedent breach of any provisions of the Subscription Agreement).

General Mandate to allot and issue the Conversion Shares

The Conversion Shares will be allotted and issued to the Subscriber under the General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 1,525,992,613 Shares, representing 20% of the total number of issued Shares as at the date of the AGM approving, among other matters, the granting of the General Mandate. As at the date of this announcement, no part of the General Mandate has been utilised by the Company. Accordingly, the Subscription is not subject to the approval of the Shareholders.

Reasons for the Subscription and intended use of proceeds by the Company

The Group is principally engaged in (i) the provision of securities brokerage, margin financing, underwriting, placing and consultancy services; (ii) the provision of insurance brokerage services; (iii) the provision and arrangement of fund and assets management services; (iv) the provision and arrangement of money lending services; (v) carrying out membership business and the event hosting and management business; and (vi) development and operations of intelligent digital sales platforms and information technology services related to insurance business.

The Directors believe that issuing Convertible Bonds is a great opportunity to raise funds for the Group's capital expenditure and general working capital needs. By entering into the Subscription Agreement, the Group can improve its financial position and broaden its Shareholder and capital bases.

When determining the Conversion Price, the Directors took into account the net asset value per share of HK\$0.12, which is based on the latest unaudited consolidated net asset value of our group of about HK\$918,024,000 as of September 30, 2023, and the number of shares in issue as of this announcement (which is 7,629,963,067 shares). The Conversion Price was carefully considered and is approximately 904.31% higher than the net asset value per share. The Directors believe the Conversion Price is favorable and in the best interest of the Company and the Shareholders as a whole.

After careful consideration, the Board believes that the terms of the Subscription Agreement and the transactions involved are fair and reasonable, based on normal commercial terms agreed upon through arm's length negotiations between the parties. The Directors are confident that entering into the Subscription Agreement is in the best interests of the Company and its Shareholders as a whole.

The gross proceeds from the Subscription amount to approximately HK\$1 billion, while the net proceeds from the Subscription are estimated to be approximately HK\$999 million after deducting the estimated expenses for the Subscription. The Company intends to apply approximately HK\$400 million of the net proceeds from the Subscription for repayment of liabilities and the remaining approximately HK\$599 million for development of existing businesses, working capital and investment opportunities.

Fund raising activities of the Company in the past 12 months

The Company has not conducted any fund-raising activities in the past twelve months immediately prior to the date of this announcement.

Effect on the shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the Convertible Bonds):

| | As at the date of this announcement | | Upon full conversion of the Convertible Bonds (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the Convertible Bonds) | |
|---|--|--|---|--|
| | <i>No of Shares</i> | <i>Approximate shareholding percentage</i> | <i>No of Shares</i> | <i>Approximate shareholding percentage</i> |
| Kingkey Holdings (International) Limited (<i>Note</i>) | 3,363,819,533 | 44.09% | 3,363,819,533 | 39.92% |
| The Subscriber | – | – | 797,448,165 | 9.46% |
| Public Shareholders | 4,266,143,534 | 55.91% | 4,266,143,534 | 50.62% |
| Total | <u>7,629,963,067</u> | <u>100.00%</u> | <u>8,427,411,232</u> | <u>100.00%</u> |

Note:

Kingkey Holdings (International) Limited is wholly and beneficially owned by Mr. Chen Jiajun, the executive Director.

Information on the Group

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.

Information on the Subscriber

DC Universe Investment Limited is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Chu Kai, who is a founder and a director of ZW Data Action Technologies, Inc. whose shares are listed on the NASDAQ in the United States of America.

RESUMPTION OF TRADING

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GENERAL

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

| | |
|-------------------|--|
| “AGM” | the annual general meeting held by the Company on 7 September 2023 |
| “Board” | board of Director(s) |
| “Business Day(s)” | any day(s) on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) |
| “BVI” | British Virgin Islands |
| “Company” | Kingkey Financial International (Holdings) Limited (京基金融國際(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on main board of the Stock Exchange (with stock code: 1468) |
| “Completion” | completion of the Subscription in accordance with the Subscription Agreement |

| | |
|--------------------------------|--|
| “Completion Date” | a date falling within five (5) Business Days following the date on which all the Conditions Precedent are fulfilled (or such other date as the Company and the Subscriber may mutually agree in writing) |
| “Condition(s) Precedent” | condition(s) precedent to Completion as set out in the Subscription Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Conversion Price” | HK\$1.254 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds |
| “Conversion Share(s)” | the Share(s) which may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds |
| “Convertible Bonds” | the convertible bonds in the aggregate principal amount of HK\$1,000,000,000 issued by the Company and subscribed by the Subscriber pursuant to the Subscription Agreement |
| “Director(s)” | director(s) of the Company |
| “General Mandate” | the general mandate granted to the Directors to allot, issue and otherwise deal with up to 1,525,992,613 Shares, representing 20% of the total number of the issued Shares as at the date of the AGM |
| “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)” | person(s) or entity(ies) who is/are third party(ies) independent of, and not connected with the Company and any of its respective connected persons |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

| | |
|--------------------------|---|
| “Long Stop Date” | 9 October 2023 (or such other date as the Company and the Subscriber may mutually agree in writing) |
| “Maturity Date” | the date falling on the second anniversary from the date of issue of the Convertibles Bonds |
| “PRC” | the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC |
| “Share(s)” | ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | DC Universe Investment Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Subscription Agreement” | the subscription agreement dated 18 September 2023 entered into between the Company and the Subscriber in respect of the Subscription |
| “%” | per cent. |

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

Hong Kong, 20 September 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.