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

*(Formerly known as “Golden Resorts Group Limited”)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01031)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND MEMORANDUM OF UNDERSTANDING**

**Placing Agent**



**KINGSTON SECURITIES LTD.**

### **THE PLACING**

On 28 April 2011, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 330,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners are Independent Third Parties, at a price of HK\$1.03 per Placing Share.

A maximum of 330,000,000 Placing Shares under the Placing will be allotted and issued under the General Mandate, representing approximately 2.82% of the existing issued share capital of the Company of 11,720,873,666 Shares as at the date of this announcement and approximately 2.74% of the then issued share capital of 12,050,873,666 Shares as enlarged by the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$6,600,000.

The Placing Price of the HK\$1.03 represents (i) a discount of approximately 13.45% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 13.15% to the average of the closing prices of Shares in the last five consecutive trading days up to and including the Last Trading Day of HK\$1.186 per Share; and (iii) a discount of approximately 12.93% to the average of the closing prices in the last ten consecutive trading days up to and including the Last Trading Day of HK\$1.183 per Share.

The maximum gross proceeds from the Placing will be approximately HK\$340 million. The maximum net proceeds from the Placing will amount to approximately HK\$340 million which is intended to be used as general working capital. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$1.03 per Share.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

#### **MEMORANDUM OF UNDERSTANDING**

On 28 April 2011, the Company and SBI Holdings has entered into the MOU to form a strategic business alliance in the financial sector.

#### **WARNING**

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **THE PLACING AGREEMENT**

##### **Date**

28 April 2011

##### **Issuer**

The Company

##### **Placing Agent**

Kingston Securities, the Placing Agent, has conditionally agreed to place a maximum of 330,000,000 Placing Shares on a best effort basis.

As at the date of this announcement, the Placing Agent is a wholly-owned subsidiary of the Company.

## **Placees**

The Placing Agent will place the Placing Shares to SBI Holdings and SBI SECURITIES, who and whose ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are Independent Third Parties. It is expected that the Placees will not become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

## **Lock-up**

Each of the Placees has undertaken that it will not at any time during the six months following the completion of the Placing, whether directly or indirectly, sell or transfer any Placing Shares.

## **Number of Placing Shares**

A maximum of 330,000,000 Placing Shares represent approximately 2.82% of the existing issued share capital of the Company of 11,720,873,666 Shares as at the date of this announcement and approximately 2.74% of the then issued share capital of 12,050,873,666 Shares as enlarged by the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$6,600,000.

## **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of the HK\$1.03 represents (i) a discount of approximately 13.45% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 13.15% to the average of the closing prices of Shares in the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.186 per Share; and (iii) a discount of approximately 12.93% to the average of the closing prices per Share in the last ten consecutive trading days up to and including the Last Trading Day of HK\$1.183 per Share.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM pursuant to which the Directors are allowed to allot and issue up to 1,795,980,226 Pre-consolidated Shares, equivalent to 897,990,113 Shares, being 20% of the then issued share capital of the

Company as at the date of the AGM of 8,979,901,131 Pre-consolidated Shares, equivalent to 4,489,950,565 Shares. As at the date of this announcement, 560,000,000 Shares have been allotted and issued under the General Mandate.

### **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

Completion of the Placing shall take place within fourteen business days after the above conditions are fulfilled but not later than 31 May 2011 or such later date to be agreed between the Company and the Placing Agent; otherwise, the Placing will be terminated and will not be proceeded. All obligations and liabilities of the parties to the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches under the Placing Agreement).

### **Termination and force majeure**

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (ii) The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:30 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "*force majeure event*" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature

of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

(iii) If, at or prior to 9:30 a.m. on the date of completion of the Placing;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in the Bermuda with limited liability. The principal business activities of the Group are provision of a wide range of financial services including: (i) securities underwriting and placements; (ii) margin and initial public offers financing; (iii) securities brokerage; (iv) corporate finance advisory services; (v) futures brokerage and (vi) asset management services, as well as provision of hospitality and entertainment services in Macau.

The maximum gross proceeds from the Placing will be approximately HK\$340 million. The maximum net proceeds from the Placing will amount to approximately HK\$340 million which is intended to be used as general working capital. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$1.03 per Share.

The Directors have considered different types of fund raising arrangement and consider that the Placing is the most efficient way in terms of cost for the Company. In the meantime, the Company can take this opportunity to broaden the capital base of the Company.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table sets out the capital raising activity of the Group for the 12 months immediately preceding the date of this announcement:

<b>Date of initial announcement</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of proceeds</b>
7 April 2011	Placing of a maximum of 560,000,000 new shares	Approximately HK\$532 million	General working capital

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) are set out as below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Active Dynamic Limited (Note 1)	4,875,000,000	41.59	4,875,000,000	40.45
Sure Expert Limited (Note 1)	1,881,329,896	16.05	1,881,329,896	15.61
Kingston Capital Limited (Note 2)	15,939,999	0.14	15,939,999	0.13
Better Sino Limited (Note 3)	1,125,000,000	9.60	1,125,000,000	9.33
Choose Right Limited (Note 4)	405,750,000	3.46	405,750,000	3.37
Mr. Lee Wai Man	18,852,000	0.16	18,852,000	0.16
Ping An Life Insurance Company of China, Ltd	500,000,000	4.27	500,000,000	4.15
Atlantis Investment Management (Hong Kong) Limited	60,000,000	0.51	60,000,000	0.50
SBI Holdings	—	—	165,000,000	1.37
SBI SECURITIES	—	—	165,000,000	1.37
Other public Shareholders	<u>2,839,001,771</u>	<u>24.22</u>	<u>2,839,001,771</u>	<u>23.56</u>
	<u>11,720,873,666</u>	<u>100.00</u>	<u>12,050,873,666</u>	<u>100.00</u>

Notes:

- (1) Active Dynamic Limited and Sure Expert Limited are wholly and beneficially owned by Mrs. Chu Yuet Wah (“Mrs. Chu”), an executive Director.
- (2) Kingston Capital Limited is controlled by Mrs. Chu.
- (3) Better Sino Limited is wholly and beneficially owned by Ms. Ma Siu Fong, the mother of Mrs. Chu.
- (4) Choose Right Limited is wholly and beneficially owned by Mr. Lee Wai Man, the father of Mrs. Chu.

## MEMORANDUM OF UNDERSTANDING

On 28 April 2011, the Company and SBI Holdings has entered into a memorandum of understanding (“MOU”) to form a strategic business alliance in the financial sector. Pursuant to the MOU, the Company and SBI Holdings will collaborate in a number of business areas including but not limited to management of investment funds, provision of internet-based brokerage businesses and supporting SBI’s affiliate companies to get listed on the Stock Exchange. The Directors consider that SBI Holdings is a major financial group in Asia and the entering of the MOU would further enhance the financial services of the Group.



## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## TERMS AND DEFINITIONS

“AGM”	the annual general meeting of the Company held on 1 June 2010 at which (among others) resolution for granting the General Mandate of the Directors was passed by the Shareholders
“associates”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“business day(s)”	Any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Kingston Financial Group Limited (formerly known as “Golden Resorts Group Limited”), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules)
“Kingston Securities” or “Placing Agent”	Kingston Securities Limited a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	28 April 2011, being the last trading date of the Shares prior to the release of this announcement



“Listing Committee”	the listing sub-committee of the board for the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee”	SBI Holdings and SBI SECURITIES
“Placing”	the placing of a maximum of 330,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 April 2011 in relation to the Placing
“Placing Price”	HK\$1.03 per Placing Share
“Placing Share(s)”	a maximum of 330,000,000 new Share(s) to be placed pursuant to the Placing Agreement
“Pre-consolidated Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the company prior to the share consolidation as stated in the announcement dated 22 March 2011
“SBI Holdings”	SBI Holdings, Inc
“SBI SECURITIES”	SBI SECURITIES Co., Ltd
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 April 2011

*As at the date of this announcement, the executive Directors are Mr. Chu, Nicholas Yuk-yui (Chairman) and Mrs. Chu Yuet Wah (Chief Executive Officer) and the independent non-executive Directors are Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Yu Peter Pak Yan.*