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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01031)**

## PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

**Placing Agent**



**金利豐證券**

**KINGSTON SECURITIES**

### **THE PLACING**

On 25 June 2015 (after trading hours), 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 1,761,250,000 Placing Shares at the Placing Price of HK\$2.20 per Placing Share to the Placees who and whose beneficial owners shall be Independent Third Parties. It is expected that the maximum gross proceeds and net proceeds from the Placing will be HK\$3,874.75 million and approximately HK\$3,835.80 million, respectively. The net proceeds from the Placing are intended to be used for expansion of the Financial Service Business and further strengthening its working capital.

### ***Background of the Placees***

The Placing Shares will be allotted and issued to (1) Wanda Investment (Hong Kong) Limited or its nominee, (2) Active Era Limited, (3) PA Central Opportunity III Limited or one or more fund entities managed under PAG, and (4) Quantum Enhanced Fund pursuant to the Specific Mandate to be sought from the Shareholders at the SGM.

Wanda Investment (Hong Kong) Limited is a limited liability company incorporated in Hong Kong and owned and controlled indirectly by 大連萬達集團股份有限公司 (Dalian Wanda Group Corporation Limited\*).

Active Era Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is 100% owned by Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong and owned and controlled by Dato' Dr. Cheng Yu Tung.

PA Central Opportunity III Limited is a company incorporated under the laws of the British Virgin Islands and an affiliate of PAG, an Asia alternative investment management firm. PAG has extensive experience investing in the region's capital markets.

Quantum Enhanced Fund is a fund established in the Cayman Islands, which is principally engaged in Asia Pacific Market with its core strategy be event driven, and seeks to achieve the highest return through identifies pricing inefficiencies between the stock price and the fundamental value of companies by in-depth market research and analysis and collaborates with existing market players across sectors.

**Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 26 June 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 June 2015.

## **THE PLACING AGREEMENT**

### **Date**

25 June 2015 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

Kingston Securities Limited, which is an indirect wholly owned subsidiary of the Company

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 1,761,250,000 Placing Shares to, the Independent Third Parties. The Placing Shares to be placed under the Placing Agreement will be issued pursuant to the Specific Mandate to be sought at the SGM. The terms of the Placing Agreement were 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. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

## Placees and the allocation

The Placing Agent will place the Placing Shares to the following Placees, which are independent professional and institutional investors, and which and whose ultimate beneficial owner(s) are Independent Third Parties. Each of the Placees will not become substantial Shareholder (as defined under the Listing Rules) of the Company immediately after the Placing.

The following table sets out the number of Placing Shares to be allotted and the aggregate amount of the Placing Price to be paid by each of the Placees:

Name of Placees	Number of the Placing Shares	Aggregate amount of the Placing Price (HK\$' million)	Aggregate amount of the Placing Price (Approximate US\$' million)
Wanda Investment (Hong Kong) Limited or its nominee	352,250,000	774.95	100
Active Era Limited	352,250,000	774.95	100
PA Central Opportunity III Limited or one or more fund entities managed under PAG	352,250,000	774.95	100
Quantum Enhanced Fund	<u>704,500,000</u>	<u>1,549.90</u>	<u>200</u>
<b>Total:</b>	<b><u>1,761,250,000</u></b>	<b><u>3,874.75</u></b>	<b><u>500</u></b>

## Background of Placees

Wanda Investment (Hong Kong) Limited is a limited liability company incorporated in Hong Kong and owned and controlled indirectly by 大連萬達集團股份有限公司 (Dalian Wanda Group Corporation Limited\*).

Active Era Limited, a limited liability company incorporated under the laws of the British Virgin Islands, which is 100% owned by Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong and owned and controlled by Dato' Dr. Cheng Yu Tung.

PA Central Opportunity III Limited is a company incorporated under the laws of the British Virgin Islands and an affiliate of PAG, an Asia alternative investment management firm. PAG has extensive experience investing in the region's capital markets.

Quantum Enhanced Fund is a fund established in the Cayman Islands, which is principally engaged in Asia Pacific Market with its core strategy be event driven, and seeks to achieve the highest return through identifies pricing inefficiencies between the stock price and the fundamental value of companies by in-depth market research and analysis and collaborates with existing market players across sectors.

## **Lock-up**

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

## **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 1,761,250,000 Placing Shares under the Placing represent (i) approximately 12.94% of the existing issued share capital of the Company of 13,614,480,666 Shares as at the date of this announcement; and (ii) approximately 11.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$35,225,000.

## **Ranking of Placing Shares**

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

## **Placing Price**

The Placing Price of HK\$2.20 represents (i) a discount of approximately 38.20% to the closing price of HK\$3.56 as quoted on the Stock Exchange on 25 June 2015, being the date of the Placing Agreement; and (ii) a discount of approximately 39.06% to the average closing price of HK\$3.61 in the last five trading days prior to the date of the Placing Agreement.

The Placing Price was negotiated on an arm's length basis amongst the Company, the Placing Agent and the Placees and was determined with reference to the long term value to be brought by the Placees to the Group's business development, the 12-month lock-up period of the Placing Shares and the prevailing market price of the Shares.

The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

## **Special Mandate**

The Company proposes to seek the grant of the Specific Mandate from the Shareholders at the SGM for the allotment and issue of the Placing Shares.

## **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon:

- (i) the passing of the necessary resolution(s) at the SGM by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (iii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provision regarding the force majeure events.

## **Completion of the Placing**

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied or waived (only as to condition (iii) above) by the Placing Agent prior to 5:00 p.m. falling on the 30th day after the date of SGM or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

## **Termination and force majeure**

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, 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:

- (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 Company 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 (inclusive of any pandemics or epidemics) 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 Company as a whole or adversely prejudices the success of the placing of the Placing Shares to 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 Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (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
- (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, in its absolute opinion, 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 Company 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 under the Placing Agreement 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.**

## 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 and there will no change in the issued share capital of the Company between the date of this announcement and completion of the Placing) is 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 ( <i>Note 1</i> )	6,696,964,000	49.19	6,696,964,000	43.56
Sure Expert Limited ( <i>Note 1</i> )	1,894,699,896	13.92	1,894,699,896	12.32
Kingston Capital Limited ( <i>Note 1</i> )	15,939,999	0.12	15,939,999	0.10
Better Sino Limited ( <i>Note 2</i> )	1,125,000,000	8.26	1,125,000,000	7.32
Choose Right Limited ( <i>Note 2</i> )	405,750,000	2.98	405,750,000	2.64
Mr. Lee Wai Man	<u>18,852,000</u>	<u>0.14</u>	<u>18,852,000</u>	<u>0.12</u>
Subtotal	<u>10,157,205,895</u>	<u>74.61</u>	<u>10,157,205,895</u>	<u>66.06</u>
<i>Places</i>				
Wanda Investment (Hong Kong) Limited or its nominee	–	–	352,250,000	2.29
Active Era Limited	–	–	352,250,000	2.29
PA Central Opportunity III Limited or one or more fund entities managed under PAG	–	–	352,250,000	2.29
Quantum Enhanced Fund	<u>–</u>	<u>–</u>	<u>704,500,000</u>	<u>4.58</u>
Subtotal	<u>–</u>	<u>–</u>	<u>1,761,250,000</u>	<u>11.45</u>
Other public Shareholders	<u>3,457,274,771</u>	<u>25.39</u>	<u>3,457,274,771</u>	<u>22.49</u>
<b>Total</b>	<b><u>13,614,480,666</u></b>	<b><u>100.00</u></b>	<b><u>15,375,730,666</u></b>	<b><u>100.00</u></b>

### Notes:

- (1) Active Dynamic Limited, Sure Expert Limited and Kingston Capital Limited are wholly and beneficially owned by Mrs. Chu Yuet Wah (“**Mrs. Chu**”), an executive Director, chief executive officer of the Company and controlling Shareholder. Mr. Chu, Nicholas Yuk-yui, the spouse of Mrs. Chu, is deemed to be interested in those Shares.
- (2) Better Sino Limited and Choose Right Limited are wholly and beneficially owned by Mr. Lee Wai Man, the father of Mrs. Chu.

## **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in the provision of a wide range of financial services, which include securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services. The Group is also engaged in the operation of hotels and provision of hotel management services and operation of restaurants and casino in hotels in Macau; and securities investment.

The Shanghai-Hong Kong Stock Connect was launched on 17 November 2014. Under such scheme, shares eligible to be traded through the Northbound Trading Link will comprise all the constituents of the SSE 180 Index and SSE 380 Index and shares of all SSE-listed companies which have issued both A shares and H shares and are not included as constituent stocks. Shares eligible to be traded through the Southbound Trading Link comprises all the constituents of the Hang Seng Composite Large Cap Index and Hang Seng Composite Mid Cap Index and shares of all companies listed on the Shanghai Stock Exchange and the Stock Exchange that are not included as constituent stocks of the relevant indices. Since launch, the total turnover under the Shanghai-Hong Kong Stock Connect has experienced significant growth with Northbound Trading recording an average daily turnover (buy plus sell trades) of approximately RMB4,658.92 million in November 2014 and increased to approximately RMB8,363.98 million in May 2015 and Southbound Trading recording an average daily turnover (buy plus sell trades) of approximately HK\$760.03 million in November 2014 and increased to approximately HK\$5,442.68 million in May 2015.

This favourable stock connect initiative has given a boost to the overall trading volume of the Hong Kong stock market and margin financing scale and stimulated the investors' appetite for trading with borrowed money. With the upcoming Shenzhen-Hong Kong Connect, it is envisaged that the overall trading volume of the Hong Kong stock market and margin financing scale will leap further.

On 22 May 2015, the Company issued a positive profit alert announcement to announce that the Group anticipated reporting a significant increase in net profit for the year ended 31 March 2015. Such a substantial increase primarily attributable to, among other factors, the increase in income from securities brokerage, underwriting and placements, margin and IPO financing business.

Leveraging on the strong connection and expertise of the management team of the Group and their understanding of the local capital market structure and environment as well as clients' financial and investment needs, the Board believes that the Group is in a strong position to capture and benefit from the increase in trading volume of the Stock Exchange brought by the stock connect programs and further improve in its business performance after raising additional capital resources and expansion of its business through the Placing.

Assuming all the Placing Shares have been placed, the gross proceeds from the Placing will be HK\$3,874.75 million and the net proceeds will be approximately HK\$3,835.80 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$2.18 per Placing Share.



To further consolidate the Group's position as the leading Hong Kong based securities group and develop its existing businesses in Hong Kong, the Board intends to apply the net proceeds from the Placing for the expansion of the Financial Service Business and further strengthening its working capital. To expand the Financial Service Business, the Board intends, among other things, (i) to further develop the core business of the Group by expanding its margin and IPO financial services with an aim to increase interest income; (ii) to expand the asset management business to broaden its revenue base in the long run by generating additional monthly management fee and performance based incentive income; (iii) to expand the existing business operation and capture any suitable future development and investment opportunities, especially in the PRC.

In consideration of the aforesaid, the Board considers that the issue of the Shares through the Placing represents an opportunity (i) to potentially enlarge and diversify the shareholder base of the Company; (ii) to further reduce the finance costs; and (iii) to raise further working capital for the long term development and expansion of the Group. The Board considers that the terms and conditions of the Placing Agreement and the issue of the Shares are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the Placing is in the interests of the Company and the Shareholders as a whole.

#### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities for the twelve months immediately before the date of this announcement.

#### **LISTING RULES IMPLICATIONS**

The Placing will be subject to Shareholders' approval. The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares). To the best knowledge of the Directors, as at the date of this announcement, none of the Shareholders has a material interest in the Placing, accordingly, no Shareholder will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing.

#### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and if thought fit to approve the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue of the Placing Shares).

A circular containing, among other things, (i) further details about the Placing Agreement and transactions contemplated thereunder including the grant of the Specific Mandate; and (ii) the notice convening the SGM, will be despatched to the Shareholders on or before 17 July 2015. 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.

**Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 26 June 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 June 2015.

## **TERMS AND DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and 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) on which licensed banks in Hong Kong are open for business
“Company”	Kingston Financial Group Limited (stock code: 01031), a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the board of the Company
“Financial Service Business”	the financial service business carried out by the Group, which includes securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services
“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, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	collectively Wanda Investment (Hong Kong) Limited or its nominee, Active Era Limited, PA Central Opportunity III Limited or one or more fund entities managed under PAG, and Quantum Enhanced Fund
“Placing”	the placing of up to 1,761,250,000 Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement
“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) and an indirect wholly owned subsidiary of the Company
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 25 June 2015 in relation to the Placing
“Placing Price”	HK\$2.20 per Placing Share
“Placing Share(s)”	up to 1,761,250,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue of the Placing Shares)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Specific Mandate”	a specific mandate to allot and issue new Placing Shares to be sought from the Shareholders at the SGM

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, unless otherwise indicated, amounts in US\$ have been converted into HK\$ at the rate of US\$1=HK\$7.75 for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted.*

*\* The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 26 June 2015

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