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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)**

**INSIDE INFORMATION**  
**MEMORANDUM OF UNDERSTANDING IN RELATION TO**  
**A POSSIBLE JOINT VENTURE ESTABLISHMENT**

The Board is pleased to announce that on 7 April 2016 (after the trading hours of the Stock Exchange), the Company entered into the non-legally binding Memorandum of Understanding with China Huarong International Holdings Limited and China Healthcare Enterprise Group Limited in relation to the setting up of the General Partner. It is anticipated that the Parties will initially make an aggregate capital commitment of no less than USD20 million to the Funds. The maximum aggregate capital commitment of the Funds from eligible investors and the Parties will not exceed USD20 billion.

This announcement is made by the Company pursuant Rule 13.09 of Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 7 April 2016 (after the trading hours of the Stock Exchange), the Company entered into the non-legally binding Memorandum of Understanding with China Huarong International Holdings Limited (“**Huarong International**”) and China Healthcare Enterprise Group Limited (“**China Healthcare**”) in relation to the setting up of the General Partner, the major terms of which are set out below:

**MEMORANDUM OF UNDERSTANDING**

Date : 7 April 2016

The Parties : Huarong International, the Company and China Healthcare.

The General Partner : A limited liability joint venture company incorporated in the Cayman Islands to be established by the Parties.

Issue and rights of shares	:	<p>Huarong International will hold 40% of the shares in the General Partner;</p> <p>the Company will hold 30% of the shares in the General Partner; and</p> <p>China Healthcare will hold 30% of the shares in the General Partner.</p>
Proposed business of the General Partner	:	<p>The proposed business of the General Partner includes (without limitation):</p> <p>(i) establishing the Funds;</p> <p>(ii) acting as the general partner of the Funds;</p> <p>(iii) making private investments on behalf of the Funds; and</p> <p>(iv) other business activities.</p>
Proposed investment objective and strategy of the Funds	:	<p>The Funds will be private funds with a focus in the healthcare industry. The proposed investment strategy of the Funds is to target specific acquisitions globally to take advantage of the growing demand for health care and medical products in the PRC market.</p>
Initial commitment by the Parties	:	<p>Upon the initial closing of the Funds, the initial capital commitment of each Party is anticipated to be as follows:</p> <ul style="list-style-type: none"> <li>● Huarong International: USD8 million</li> <li>● the Company: USD6 million</li> <li>● China Healthcare: USD6 million.</li> </ul>
Maximum commitment of the Funds	:	<p>The maximum aggregate capital commitment of the Funds from eligible investors and the Parties will not exceed USD20 billion.</p>
Exclusivity	:	<p>For a period of 6 months from the date of the Memorandum of Understanding (unless otherwise extended by the mutual consent of all Parties), none of the Parties shall, directly or indirectly enter into or engage in any discussion or negotiations or agreement or arrangement with any third parties in healthcare related funds.</p>

## **REASONS FOR AND BENEFITS OF THE POSSIBLE SETTING UP OF THE GENERAL PARTNER**

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 also provides gaming and hospitality services in Macau. The Group has been seeking potential investment opportunities that can diversify and expand its existing business portfolio, establish new business where desirable, broaden its source of income, and enhance value to its Shareholders.

The Directors believe that forming the strategic partnership with Huarong International and China Healthcare who can work side by side with the Group would allow the Group to explore and seize more investment opportunities in the PRC market and broaden its business scope. The entering of the Memorandum of Understanding will generate synergy to the Group by leveraging the strong network of Huarong International in the PRC market through fund investments.

The Directors believe there are significant growth opportunities in the healthcare industry in the PRC. As the living standards and disposable income of the PRC residents are gradually improving along with economic growth, the PRC residents are getting more health-conscious and they are more willing to increase their spending on pharmaceutical and healthcare products for prevention of diseases and health improvement. The Directors are of the view that the PRC healthcare market has experienced rapid growth in terms of both total and per capita spending, and is projected to maintain a strong annual growth for years to come. The proposed investment strategy of the Funds is to target specific acquisitions globally to take advantage of the growing demand for health care and medical products in the PRC market.

The Board considers that the setting up of the General Partner contemplated under the Memorandum of Understanding is a good business investment opportunity and will bring in a range of revenue streams. The Directors are convinced that the strategic cooperation with Huarong International will further strengthen the Group's presence in the capital market in the PRC. The Directors are of the view that the terms of the Memorandum of Understanding and the establishment of the Funds are fair and reasonable, on normal commercial terms, and are beneficial to and in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Memorandum of Understanding contains certain legally binding provisions relating to, inter alia, confidentiality, exclusivity and governing law. However, it is not legally binding in respect of the possible setting up of the General Partner and its terms.

The Board wishes to emphasise that no legally binding agreement in relation to the possible setting up of the General Partner has entered into as at the date of this announcement. As such, the possible setting up of the General Partner may or may not proceed.

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcements in respect of the possible setting up of the General Partner will be made by the Company as and when appropriate in accordance with the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“China Healthcare”	China Healthcare Enterprise Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1143)
“Company”	Kingston Financial Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1031)
“Directors”	the directors of the Company
“Funds”	a series of healthcare private funds
“General Partner”	a limited liability joint venture company incorporated in the Cayman Islands to be established by the Parties
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong International”	China Huarong International Holdings Limited, a company incorporated in Hong Kong on 2 January 2013 and a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd. (stock code: 2799)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 7 April 2016 entered into between the Parties in relation to the possible setting up of the General Partner
“Party or Parties”	Huarong International, the Company and China Healthcare, together the Parties and each, a Party
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shares”	the ordinary shares of HK\$0.02 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 7 April 2016

*As at the date of this announcement, the executive Directors are Mr. Chu, Nicholas Yuk-yui (Chairman), Mrs. Chu Yuet Wah (Chief Executive Officer), Mr. Chu, Kingston Chun Ho 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.*