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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS:
PROVISION OF BROKERAGE AND FINANCIAL SERVICES**

THE CONTINUING CONNECTED TRANSACTIONS

The terms of the Previous Brokerage Services Agreement and the Previous Financial Services Agreements will expire on 31 March 2017. In order for the Group to continue to provide brokerage and financial services to the Relevant Directors and their respective associates (where applicable), on 17 February 2017, (i) Kingston Securities and Kingston Futures have entered into the 2017 Brokerage Services Agreement with the Chu & Li's Family for provision of brokerage services and (ii) Kingston Securities has entered into the 2017 Chu & Li's Family Financial Services Agreement with the Chu & Li's Family and the 2017 Financial Services Agreement with Mr. Ho for provision of financial services for a term of three years commencing from 1 April 2017 to 31 March 2020.

The Listing Rules implications

As each of the Relevant Directors are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 2017 Brokerage Services Agreement and each of the Financial Services Agreements constitute continuing connected transactions of the Company. As certain transactions were entered into with the parties connected or otherwise associated with one another, the transactions entered into with such connected parties will be categorized as the same class of transactions and will be aggregated into a series of connected transactions, as stated under the column headed "Aggregation of transactions" in the table below under the section headed "Relevant Directors" in this announcement, for the purpose of calculating the respective proposed annual caps.

In respect of the 2017 Brokerage Services Agreement, as the proposed annual cap contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 is less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), the 2017 Brokerage Services Agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the 2017 Chu & Li's Family Financial Services Agreement, as the proposed annual cap contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 exceed 25% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio) and/or the proposed annual cap is more than HK\$10 million, the 2017 Chu & Li's Family Financial Services Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the 2017 Financial Services Agreement, as the proposed annual cap contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 is less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), such agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

General

A circular containing, amongst others, the details of the 2017 Chu & Li's Family Financial Services Agreement, the respective proposed annual caps, a letter of advice from the Independent Financial Adviser, a letter of recommendation from the Independent Board Committee together with a notice convening the SGM will be despatched to the Shareholders on or about 13 March 2017.

CONTINUING CONNECTED TRANSACTIONS

Background

References are made to the announcement of the Company dated 3 January 2014 and the circular of the Company dated 28 February 2014 in relation to the Previous Brokerage Services Agreement and the Previous Financial Services Agreements and the transactions contemplated thereunder.

The terms of the Previous Brokerage Services Agreement and the Previous Financial Services Agreements will expire on 31 March 2017. In order for the Group to continue to provide brokerage and financial services to the Relevant Directors and their respective associates (where applicable), on 17 February 2017, (i) Kingston Securities and Kingston Futures have entered into the 2017 Brokerage Services Agreement with the Chu & Li's Family for provision of brokerage services; and (ii) Kingston Securities has entered into the

2017 Chu & Li's Family Financial Services Agreement with the Chu & Li's Family and the 2017 Financial Services Agreement with Mr. Ho for provision of financial services for a term of three years commencing from 1 April 2017 to 31 March 2020.

Relevant Directors

The following are the Relevant Directors have entered, or will enter, into the Continuing Connected Transactions:

Relevant Director	Connected relationship	Aggregation of transactions	Services received
Mrs. Chu	<ul style="list-style-type: none"> — Executive Director and chief executive officer of the Company — Director of Kingston Securities — Director of Kingston Futures — The controlling shareholder — Spouse of Mr. Nicholas Chu — Mother of Mr. Kingston Chu 	Mrs. Chu and her associates including her spouse, father, brother, sister, sister-in-law, brother-in-law, son, nephew, niece and certain private companies controlled by Mrs. Chu and Mr. Lee, together as "Chu & Li's Family"	Brokerage and financial services
Mr. Nicholas Chu	<ul style="list-style-type: none"> — Executive Director and chairman of the Company — Director of Kingston Securities — Director of Kingston Futures — Spouse of Mrs. Chu — Father of Mr. Kingston Chu 	Chu & Li's Family	Brokerage and financial services
Mr. Kingston Chu	<ul style="list-style-type: none"> — Executive Director — Son of Mr. Nicholas Chu and Mrs. Chu 	Chu & Li's Family	Brokerage and financial services
Ms. Li Yuet Mei, Dilys	<ul style="list-style-type: none"> — Director of Kingston Futures — Sister of Mrs. Chu — Spouse of Mr. Wong Hip Keung Jimmy 	Chu & Li's Family	Brokerage and financial services
Mr. Wong Hip Keung Jimmy	<ul style="list-style-type: none"> — Director of Kingston Securities and Kingston Futures — Spouse of Ms. Li Yuet Mei, Dilys 	Chu & Li's Family	Brokerage and financial services
Mr. Ho Chi Ho	<ul style="list-style-type: none"> — Executive Director — Director of Kingston Corporate Finance 	Mr. Ho and his associates	Brokerage and financial services (Note)

Note: Mr. Ho will receive brokerage services from the Group for each of the three years ending 31 March 2018, 2019 and 2020. As (i) the brokerage commission rate charged to him is comparable to rates offered by the Group to other customers who are the Independent Third Parties; (ii) the annual brokerage commission to be paid by him for each of the three years ending 31 March 2018, 2019 and 2020 is expected to be less than 5% of the applicable percentage ratios as defined under 14A.06(30) of

the Listing Rules (other than the profits ratio) and is less than HK\$3 million, the provision of the brokerage services to him is exempted continuing connected transactions under Rule 14A.76(2) of the Listing Rules for each of the three years ending 31 March 2018, 2019 and 2020.

Brokerage Services

The 2017 Brokerage Services Agreement

On 17 February 2017, Kingston Securities and Kingston Futures have entered into the 2017 Brokerage Services Agreement with the Chu & Li's Family, pursuant to which Kingston Securities and Kingston Futures may, upon request (but not obliged to), provide to the Chu & Li's Family brokerage services, from time to time on normal commercial terms and at rates comparable to rates offered to other customers of Kingston Securities and Kingston Futures who are Independent Third Parties of similar credit standing, trading record and/or quality of collaterals given, and in accordance with the policy of Kingston Securities and Kingston Futures. The 2017 Brokerage Services Agreement is for a term of 3 years commencing from 1 April 2017 and ending on 31 March 2020. The provision of brokerage services shall be subject to the terms and conditions of the standard client agreement of Kingston Securities and Kingston Futures from time to time.

Pricing standard

The brokerage commission rate charged to each of the party of the Chu & Li's Family is comparable to rates offered by the Group to other customers who are Independent Third Parties of similar credit standing, trading record and/or quality of collaterals given.

Historical information

The following table set out (i) the historical annual caps amount on the brokerage commission under the Previous Brokerage Services Agreement for each of the three years ended or ending 31 March 2015, 2016 and 2017 and (ii) the aggregate amounts of commission income received from the Chu & Li's Family for the brokerage services provided by Kingston Securities and Kingston Futures for each of the two years ended 31 March 2015 and 2016 and for the six months ended 30 September 2016.

Relevant Director	For the year ended 31 March		For the six months ended	For the year ended
	2015	2016	30 September	31 March
	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<i>Chu & Li's Family</i>				
— Historical annual caps	18,000,000	18,000,000	Not applicable	18,000,000
— Historical transaction amounts	2,754,000	3,575,000	329,000	Not applicable

Proposed annual caps

Pursuant to the 2017 Brokerage Services Agreement, it is expected that the amounts of commission income payable by the Chu & Li's Family annually shall not exceed HK\$18,000,000 which is same as the annual cap for each of the three years ended 31 March 2015, 2016 and 2017, for each of the three years ending 31 March 2018, 2019 and 2020.

In determining the aforesaid proposed annual caps for each of the three years ending 31 March 2018, 2019 and 2020 under the 2017 Brokerage Services Agreement, after arm's length negotiations with the Chu & Li's Family, the Directors have taken into consideration of the principal factors including (i) the historical maximum amount of commission and brokerage fees received from the Chu & Li's Family for each of the two years ended 31 March 2015 and 2016 and for the six months ended 30 September 2016; (ii) the Chu & Li's Family's perception of the securities market and their investment plans; and (iii) a buffer to cater for the potential increase in securities trading activities after considering the recovering economic conditions and market sentiments of the securities markets in Hong Kong.

The Directors are of the view that the above proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Financial Services

The Financial Services Agreements

On 17 February 2017, Kingston Securities has entered into the 2017 Chu & Li's Family Financial Services Agreement with the Chu & Li's Family and the 2017 Financial Services Agreement with Mr. Ho, pursuant to which Kingston Securities may, upon request, (but not obliged to) provide to each of them financial services, including margin and IPO financings, from time to time on normal commercial terms at the interest rate comparable to rates offered to other customers of Group who are Independent Third Parties of similar credit standing, trading record and/or quality of collaterals given and in accordance with the policy of Kingston Securities from time to time. Such agreements are for a term of 3 years commencing from 1 April 2017 and ending on 31 March 2020.

Pricing standard

The interest rates charged to the Relevant Directors are comparable to rates offered to other customers of Kingston Securities who are Independent Third Parties of similar credit standing, trading record and/or quality of collaterals.

Historical information

The following table sets out (i) the historical annual caps amount under each of the Previous Financial Services Agreements with the Chu & Li's Family and Mr. Ho respectively for each of the three years ended or ending 31 March 2015, 2016 and 2017; (ii) the maximum amounts of IPO and/or margin financings provided by Kingston Securities and the amounts of interest income received from the Chu & Li's Family and Mr. Ho respectively for each of the two years ended 31 March 2015 and 2016 and for the six months ended 30 September 2016.

Relevant Directors	For the year ended 31 March		For the six months ended	For the year ending
	2015	2016	30 September	31 March
	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<i>Chu & Li's Family</i>				
— Historical annual cap of IPO financing	800,000,000	800,000,000	Not applicable	800,000,000
— Historical maximum amount of IPO financing	557,566,000	—	—	Not applicable
— Historical annual cap of margin financing	300,000,000	300,000,000	Not applicable	300,000,000
— Historical maximum amount of margin financing	181,088,000	226,666,000	149,979,000	Not applicable
— Total interest income received	1,930,000	360,000	14,000	Not applicable
<i>Mr. Ho & (where applicable) associates</i>				
— Historical annual cap of IPO financing	20,000,000	20,000,000	Not applicable	20,000,000
— Historical maximum amount of IPO financing	—	5,010,000	—	Not applicable
— Historical annual cap of margin financing	5,000,000	5,000,000	Not applicable	5,000,000
— Historical maximum amount of margin financing	1,428,000	2,582,000	—	Not applicable
— Total interest income received	9,000	5,000	—	Not applicable

Proposed annual caps

The proposed annual caps for each of the three years ending 31 March 2018, 2019 and 2020 in respect of financial services which may be provided by Kingston Securities under each of the Financial Services Agreements are set out as follows:

Relevant Director	Annual caps	For the year ending 31 March		
		2018 HK\$	2019 HK\$	2020 HK\$
Chu & Li's Family	Annual cap of IPO financing	800,000,000	800,000,000	800,000,000
	Annual cap of margin financing	300,000,000	300,000,000	300,000,000
Mr. Ho & (where applicable) associates	Annual cap of IPO financing	22,000,000	22,000,000	22,000,000
	Annual cap of margin financing	10,000,000	10,000,000	10,000,000

The proposed annual caps under the 2017 Chu & Li's Family Financial Services Agreement and the 2017 Financial Services Agreement were determined after arm's length negotiation with the Chu & Li's Family and Mr. Ho respectively, after taking into consideration of (i) the historical amounts of margin loans and IPO financings advanced to them for each of the two years ended 31 March 2015 and 2016 and the six months ended 30 September 2016; (ii) the estimated potential or possible amounts of margin loans and IPO financings to be advanced to them (where applicable, including their associates) for each of the three years ending 31 March 2018, 2019 and 2020; (iii) the interest rates offered to them in respect of these margin loans and IPO financing; (iv) their credit standing; (v) the number of IPO applications received by the Stock Exchange recently and prevailing securities markets condition; and (vi) the recovering economic conditions and market sentiments of the securities markets in Hong Kong. The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser in respect of the 2017 Chu & Li's Family Financial Services Agreement) are of the views that the above proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Reasons for, and benefits of, the Continuing Connected Transactions

The Group is principally engaged in the provision of a wide range of financial services which include securities underwriting and placements, margin and IPO financing, securities brokerage, corporate finance advisory services, futures brokerage and asset management services. The Group also provides entertainment and hospitality services in Macau.

Taking into consideration of (i) the provision of the brokerage and financing services are the principal activities of the Group and in the ordinary course of business of the Group; (ii) the services provided to the Relevant Directors are recurrent in nature; and (iii) the terms of 2017 Brokerage Services Agreement and the Financial Services Agreements, which were negotiated with the Relevant Directors after arm's length negotiations and are comparable to those offered to the Independent Third Parties, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser in respect of the 2017 Chu & Li's Family Financial Services Agreement) are of the view that the terms of the 2017 Brokerage Services Agreement and the Financial Services Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Listing Rules implications

As each of the Relevant Directors are connected persons of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 2017 Brokerage Services Agreement and each of the Financial Services Agreements constitute continuing connected transactions of the Company. As certain transactions were entered into with the parties connected or otherwise associated with one another, the transactions entered into with such connected parties will be categorized as the same class of transactions and will be aggregated into a series of connected transactions, as stated under the column headed "Aggregation of transactions" in the table above under the section headed "Relevant Directors" in this announcement, for the purpose of calculating the respective proposed annual caps.

In respect of the 2017 Brokerage Services Agreement, as the proposed annual cap contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 is less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), such agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the 2017 Chu & Li's Family Financial Services Agreement, as the proposed annual caps contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 exceed 25% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio) and/or the proposed annual cap is more than HK\$10 million, the 2017 Chu & Li's Family Financial Services Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the 2017 Financial Services Agreement, as the proposed annual caps contemplated under such agreement for each of the three years ending 31 March 2018, 2019 and 2020 is less than 5% of the applicable percentage ratios as defined in Rule 14A.06(30) of the Listing Rules (other than the profits ratio), such agreement is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Mrs. Chu, being the controlling shareholder, executive Director and chief executive officer of the Company, Mr. Nicholas Chu, being the executive Director and chairman of the Company and Mr. Kingston Chu, being the executive Director, have material interest in the

2017 Brokerage Service Agreement and 2017 Chu & Li's Family Financial Services Agreement. All of them have abstained from voting on the related resolutions at the board meeting of the Company in which the 2017 Brokerage Service Agreement and 2017 Chu & Li's Family Financial Services Agreement were considered.

Mr. Ho, being the executive Director, has material interest in the 2017 Financial Services Agreement and has abstained from voting on the related resolution at the board meeting of the Company in which the 2017 Financial Services Agreement was considered.

GENERAL

A circular containing, amongst others, the details of the 2017 Chu & Li's Family Financial Services Agreement, the respective proposed annual caps, a letter of advice from the Independent Financial Adviser, a letter of recommendation from the Independent Board Committee together with a notice convening the SGM will be despatched to the Shareholders on or about 13 March 2017.

DEFINITIONS

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

“2017 Brokerage Services Agreement”	the brokerage services agreement entered among Kingston Securities, Kingston Futures and the Chu & Li's Family dated 17 February 2017 regarding the provision of brokerage services
“2017 Chu & Li's Family Financial Services Agreement”	the financial services agreement entered between Kingston Securities and the Chu & Li's Family dated 17 February 2017 regarding the provision of financial services
“2017 Financial Services Agreement”	the financial services agreement entered between Kingston Securities and Mr. Ho dated 17 February 2017 regarding the provision of financial services
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chu & Li's Family”	Mrs. Chu and her associates including her spouse, father, brother, sister, sister-in-law and brother-in-law, son, nephew, niece and certain private companies controlled by Mrs. Chu and Mr. Lee
“Company”	Kingston Financial Group Limited, a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly

“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2017 Brokerage Services Agreement and the Financial Services Agreements
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Financial Services Agreements”	the 2017 Chu & Li’s Family Financial Services Agreement and the 2017 Financial Services Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Dr. Wong Yun Kuen, Mr. Lau Man Tak and Ms. Lo, Miu Sheung Betty, established to give recommendations to the Independent Shareholders on the Continuing Connected Transactions
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the terms of the 2017 Chu & Li’s Family Financial Services Agreement, the transactions contemplated thereunder and the related proposed annual caps
“Independent Shareholders”	Shareholders other than Mrs. Chu and her respective associates
“Independent Third Parties”	independent third parties who are not connected persons of the Company as defined in the Listing Rules and are independent of the Company and the connected persons of the Company
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, which is an indirect wholly owned subsidiary of the Company

“Kingston Futures”	Kingston Futures Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 2 (dealing in futures contracts) regulated activity under the SFO, which is an indirect wholly owned subsidiary of the Company
“Kingston Securities”	Kingston Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, which is an indirect wholly owned subsidiary of the Company
“Mr. Kingston Chu”	Mr. Chu, Kingston Chun Ho, the executive Director, the son of Mr. Nicholas Chu and Mrs. Chu
“Mr. Nicholas Chu”	Mr. Chu, Nicholas Yuk-yui, the executive Director and the chairman of the Company, a director of each of Kingston Securities and Kingston Futures, the spouse of Mrs. Chu and the father of Mr. Kingston Chu
“Mr. Ho”	Mr. Ho Chi Ho, the executive Director and director of Kingston Corporate Finance
“Mr. Lee”	Mr. Lee Wai Man, the consultant of the Company, a substantial shareholder and the father of Mrs. Chu
“Mrs. Chu”	Mrs. Chu Yuet Wah, the executive Director and the chief executive officer of the Company, a director of Kingston Securities and Kingston Futures, the controlling shareholder of the Company, the spouse of Mr. Nicholas Chu and the mother of Mr. Kingston Chu
“Previous Brokerage Services Agreement”	the brokerage services agreement entered among Kingston Securities, Kingston Futures and the Chu & Li’s Family dated 3 January 2014 regarding the provision of brokerage services
“Previous Financial Services Agreements”	collectively, (i) the financial services agreement entered between Kingston Securities and the Chu & Li’s Family dated 3 January 2014 regarding the provision of financial services; and (ii) the financial services agreement entered between Kingston Securities and Mr. Ho dated 3 January 2014 regarding the provision of financial services
“Relevant Director(s)”	certain Director and directors of the Group (where applicable, including their associate), details of which please refer to the section headed “Relevant Directors” to this announcement

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and approve, if thought fit, the 2017 Chu & Li Family Financial Services Agreement, the transactions contemplated thereunder and the related proposed annual caps
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars
“%”	per cent.

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

Hong Kong, 17 February 2017

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 Ms. Lo, Miu Sheung Betty.