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KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED
京基金融國際(控股)有限公司

(formerly known as UKF (Holdings) Limited 英裘(控股)有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01468)

ANNUAL RESULTS ANNOUNCEMENT
For the year ended 31 March 2020

The board of Directors (the "Board") presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2020 together with comparative figures for the corresponding year in 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	*3*	**125,041**	113,546
Cost of sales		**(84,115)**	(78,896)
Gross profit		**40,926**	34,650
Other income		**7,788**	4,423
Other gains and losses, net		**(7,139)**	(19,940)
Provision for impairment of trade receivables, net		**(11,934)**	(1,632)
Reversal of (provision for) impairment of loan receivables		**96**	(96)
Administrative expenses		**(92,053)**	(95,411)
Finance costs		**(8,413)**	(10,802)
Loss before tax	*5*	**(70,729)**	(88,808)
Income tax expense	*6*	**(151)**	(397)
Loss for the year		**(70,880)**	(89,205)

	Note	2020 HK$'000	2019 HK$'000
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas operations		**(3,797)**	(12,261)
Item that will not be reclassified subsequently to profit or loss:			
Fair value changes of financial assets at fair value through other comprehensive income		**(5,050)**	—
Other comprehensive expense for the year, net of tax		**(8,847)**	(12,261)
Total comprehensive expense for the year		**(79,727)**	(101,466)
Loss for the year attributable to:			
Owners of the Company		**(70,314)**	(85,782)
Non-controlling interests		**(566)**	(3,423)
		(70,880)	(89,205)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(79,161)**	(98,043)
Non-controlling interests		**(566)**	(3,423)
		(79,727)	(101,466)
Loss per share	*8*		
Basic		**(1.49) cents**	(1.87) cents
Diluted		**(1.49) cents**	(1.87) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**80,843**	105,515
Right-of-use assets		**2,522**	—
Goodwill		**106,814**	106,814
Intangible asset		**500**	500
Financial assets at fair value through profit or loss		**—**	11,559
Financial assets at fair value through other comprehensive income		**4,950**	—
Deposits	*9*	**404**	2,121
		196,033	226,509
Current assets			
Biological assets		**6,714**	8,954
Inventories		**57,770**	54,192
Trade and other receivables, prepayments and deposits	*9*	**298,296**	274,185
Amounts due from related companies		**1,193**	—
Loan receivables		**15,000**	36,004
Tax recoverable		**527**	7,577
Bank balances held on behalf of clients		**25,445**	49,011
Bank balances and cash		**42,136**	100,821
		447,081	530,744
Current liabilities			
Trade and other payables	*10*	**36,649**	83,140
Amount due to a director		**21,000**	—
Amount due to a shareholder		**15,000**	—
Tax payables		**6,635**	6,692
Lease liabilities/obligations under finance lease		**2,708**	182
Bank borrowings		**82,336**	199,182
Promissory notes		**3,430**	—
Corporate bonds		**15,500**	10,000
		183,258	299,196

	Note	**2020**	2019
		HK$'000	*HK$'000*
Net current assets		**263,823**	231,548
Total assets less current liabilities		**459,856**	458,057
Non-current liabilities			
Obligations under finance lease		**—**	78
Corporate bonds		**32,718**	—
		32,718	78
Net assets		**427,138**	457,979
Capital and reserve			
Share capital	*11*	**48,496**	46,155
Reserves		**378,642**	414,581
Equity attributable to the owners of the Company		**427,138**	460,736
Non-controlling interests		**—**	(2,757)
Total equity		**427,138**	457,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

Kingkey Financial International (Holdings) Limited (formerly known as UKF (Holdings) Limited) (the "Company") is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 March 2015. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of securities brokerage services, margin financing to clients, underwriting and placing services, insurance brokerage, wealth management and investment products consultancy services, trading of fur skin, mink farming in Denmark, fur skin brokerage and money lending.

The consolidated financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to Hong Kong Accounting Standards ("HKASs") and HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKASs and HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendments, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015 — 2017 Cycle

Except as described below, the application of the new and amendments to HKASs and HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application on 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated loss and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review; and

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant Group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

The reconciliation of lease liabilities as at 1 April 2019 to the operating leases commitments as at 31 March 2019 is as follows:

		At 1 April 2019
	Note	*HK$'000*
Operating lease commitments disclosed as at 31 March 2019		12,909
Lease liabilities discounted at relevant incremental borrowing rates		(883)
Less: Recognition exemption — short-term lease		(47)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		11,979
Add: Reclassification from obligations under finance leases	*(a)*	260
Total lease liabilities as at 1 April 2019		12,239
Analysed as:		
Current		9,241
Non-current		2,998
		12,239

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Note	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		11,626
Adjustment included in property, plant and equipment under HKAS 17		
— Plant and machinery held under finance leases	*(a)*	481
		12,107
By class:		
Lease premises		11,626
Plant and machinery		481
		12,107

The following table summarises the impact of transition to HKFRS 16 on accumulated losses at 1 April 2019.

	Impacts of adopting HKFRS 16 at 1 April 2019 *HK$'000*
Accumulated losses	
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	11,626
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	(11,979)
Impact at 1 April 2019	(353)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Note	Carrying amount previously reported at 31 March 2019	Impacts of adopting HKFRS 16	Carrying amount under HKFRS 16 at 1 April 2019
		HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	*(a)*	105,515	(481)	105,034
Right-of-use assets		—	12,107	12,107
Obligations under finance leases — current	*(a)*	(182)	182	—
Obligations under finance leases — non-current	*(a)*	(78)	78	—
Lease liabilities — current		—	(9,241)	(9,241)
Lease liabilities — non-current		—	(2,998)	(2,998)

Note:

(a) In relation to assets previously under finance leases, the Group recategorised the carrying amount of the relevant assets which were still under lease as at 1 April 2019 amounting to approximately HK$481,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK$182,000 and HK$78,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

New and amendments to HKASs and HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective date to be determined

5 Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKASs and HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2019. Its consequential amendments "the Amendments to References to the Conceptual Framework in HKFRS Standards" will be effective for annual periods beginning on or after 1 April 2020.

The Group has already commenced an assessment of the impact of these new and amendments to HKASs and HKFRSs but is not yet in a position to state whether these new and amendments to HKASs and HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

During the year, the Group's revenue representing the amount received and receivable from its operating businesses, net of discount, are as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Insurance brokerage services income	**82,047**	40,918
Commission income from		
— securities brokerage	**2,316**	5,383
— underwriting, sub-underwriting, placing and sub-placing	**12,814**	4,055
Brokerage of fur skin	**599**	1,158
Mink farming	**1,406**	35,227
Assets management income	**50**	—
Revenue from other sources		
Interest income from margin financing services	**22,172**	19,098
Interest income from money lending services	**3,627**	7,707
Interest income from fur brokerage	**10**	—
	125,041	113,546

Note: Revenue includes commission income from insurance brokerage services income, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, brokerage of fur skin and mink farming are recognised at point in time. Assets management service income is recognised at point over time.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Securities	—	Operation of securities brokerage, margin financing, underwriting, placing and consultancy services
Insurance brokerage	—	Provision of insurance brokerage and wealth management services
Fur	—	Provision of breeding, farming and sale of livestocks and pelted skin, fur skin brokerage and financing
Other segment	—	Provision and arrangement of money lending services and assets management service income in Hong Kong

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 March 2020

	Securities *HK$'000*	Insurance brokerage *HK$'000*	Fur *HK$'000*	Other segments *HK$'000*	Total *HK$'000*
Revenue	**37,302**	**82,047**	**2,015**	**3,677**	**125,041**
RESULTS					
Segment results	**8,703**	**(2,962)**	**(39,823)**	**3,553**	**(30,529)**
Unallocated corporate income					**926**
Unallocated corporate expenses					**(32,713)**
Finance costs					**(8,413)**
Loss before tax					**(70,729)**
Income tax expense					**(151)**
Loss for the year					**(70,880)**

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Other segments HK$'000	Total HK$'000
ASSETS					
Segment assets	**415,375**	**2,701**	**143,126**	**15,005**	**576,207**
Unallocated corporate assets					**66,907**
Total assets					**643,114**
LIABILITIES					
Segment liabilities	**61,198**	**6,916**	**49,117**	**—**	**117,231**
Unallocated corporate liabilities					**98,745**
Total liabilities					**215,976**

Other information

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Other segments HK$'000	Unallocated HK$'000	Total HK$'000
Additions of property, plant and equipment	**63**	**—**	**—**	**—**	**13**	**76**
Change in fair value of biological assets	**—**	**—**	**(2,040)**	**—**	**—**	**(2,040)**
Impairment of property, plant and equipment	**—**	**—**	**9,162**	**—**	**—**	**9,162**
Impairment of inventory	**—**	**—**	**3,497**	**—**	**—**	**3,497**
Provision for impairment of trade receivables, net	**11,934**	**—**	**—**	**—**	**—**	**11,934**
Reversal of impairment of loan receivables	**—**	**—**	**—**	**(96)**	**—**	**(96)**
Depreciation of property, plant and equipment	**1,312**	**746**	**10,378**	**—**	**6**	**12,442**
Depreciation of right-of-use assets	**—**	**1,919**	**642**	**—**	**6,744**	**9,305**

For the year ended 31 March 2019

	Securities *HK$'000*	Insurance brokerage *HK$'000*	Fur *HK$'000*	Other segments *HK$'000*	Total *HK$'000*
Revenue	28,536	40,918	36,385	7,707	113,546
RESULTS					
Segment results	(14,001)	(8,528)	(31,389)	7,163	(46,755)
Loss on early redemption of promissory note					(7,099)
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")					353
Unallocated corporate income					65
Unallocated corporate expenses					(24,570)
Finance costs					(10,802)
Loss before tax					(88,808)
Income tax expense					(397)
Loss for the year					(89,205)

	Securities *HK$'000*	Insurance brokerage *HK$'000*	Fur *HK$'000*	Other segments *HK$'000*	Total *HK$'000*
ASSETS					
Segment assets	419,322	1,949	168,749	36,004	626,024
Unallocated corporate assets					131,229
Total assets					757,253
LIABILITIES					
Segment liabilities	101,025	3,137	60,621	20,000	184,783
Unallocated corporate liabilities					114,491
Total liabilities					299,274

Other information

	Securities *HK$'000*	Insurance brokerage *HK$'000*	Fur *HK$'000*	Other segments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions of property, plant and equipment	2,238	901	203	—	—	3,342
Change in fair value of biological assets	—	—	7,565	—	—	7,565
Change in fair value of FVTPL	—	—	—	—	(353)	(353)
Loss on early redemption of promissory note	—	—	—	—	7,099	7,099
Write-off of property, plant and equipment	349	—	—	—	—	349
Impairment of goodwill	19,112	1,424	—	—	—	20,536
Provision for impairment of trade receivables, net	1,632	—	—	—	—	1,632
Provision for impairment of loan receivables	—	—	—	96	—	96
Depreciation	2,451	693	11,682	—	5	14,831

Segment results represent the result from each segment without allocation of central administration costs including directors' salaries, other gains and losses, net, other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets other than prepayments and deposits, financial assets at FVTPL, financial assets at fair value through other comprehensive income, right-of-use assets, amounts due from related companies, property, plant and equipment, bank balances and cash, tax recoverable and deferred tax asset are allocated to reportable segments. Goodwill is allocated to segment of securities. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities are allocated to reportable segments other than accrued expenses and other payables, amounts due to a director/shareholder, lease liabilities/obligations under finance leases, corporate bonds, tax payables and promissory notes. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group's operations are located in Hong Kong and Denmark.

The Group's revenue from external customers based on the locations of operations and information about its non-current assets other than deferred tax assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")	**609**	1,158	**—**	—
Hong Kong	**123,026**	77,161	**117,484**	125,382
Denmark	**1,406**	35,227	**78,549**	101,127
	125,041	113,546	**196,033**	226,509

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A (Segment: Fur) *(Note a)*	**N/A**	35,227
Customer B (Segment: Insurance brokerage) *(Note b)*	**46,098**	27,550
Customer C (Segment: Insurance brokerage) *(Note a, b)*	**12,267**	N/A

Note a: Revenue from this customer contributed less than 10% of the Group's total revenue for the year.

Note b: The customer is a product issuer.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2020 and 2019.

5. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**927**	1,198
Provision for impairment of trade receivables, net	**11,934**	1,632
(Reversal of) provision for impairment of loan receivables	**(96)**	96
Cost of inventories recognised as expenses	**5,382**	34,717
Depreciation of property, plant and equipment	**12,442**	14,831
Depreciation of right-of-use assets	**9,305**	—
Gain on disposal of property, plant and equipment	**—**	(170)
Impairment of property, plant and equipment	**9,162**	—
Impairment of inventory	**3,497**	—
Impairment of goodwill	**—**	20,536
Net foreign exchange loss	**17**	44
Operating lease payments in respect of rented premises	**937**	8,216
Share-based payment	**—**	4,723
Staff costs (including directors' remuneration)		
— salaries and allowance	**38,415**	39,204
— retirements benefits scheme contributions	**1,576**	1,783
Write-off of property, plant and equipment	**—**	349

6. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**208**	397
Over provision in prior years		
Hong Kong Profits Tax	**(57)**	—
Total income tax expense for the year	**151**	397

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK$70,314,000 (2019: approximately HK$85,782,000) and the weighted average number of ordinary shares of 4,709,145,735 (2019: 4,593,667,615 shares).

Diluted loss per share

No adjustment was made in calculating diluted loss per share for both years as the exercise of share options would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from:		
Securities brokerage business *(Note a)*		
— Cash clients	**36,596**	4,639
— Margin clients	**258,574**	246,864
— Clearing house	**773**	10,921
— Brokers	**—**	719
	295,943	263,143
Mink farming business *(Note b)*	**—**	4,310
Fur skins brokerage business *(Note b)*	**—**	164
	295,943	267,617
Less: Provision for impairment of trade receivables	**(14,496)**	(2,562)
	281,447	265,055
Prepayments	**1,827**	1,574
Deposits:		
Deposits with auction houses and suppliers	**4,518**	4,355
Rental, utilities and other deposits	**1,946**	1,977
Statutory deposit	**230**	275
Other receivables	**8,732**	3,070
	298,700	276,306
Analysis for reporting purpose as:		
Current assets	**298,296**	274,185
Non-current assets — Deposits	**404**	2,121
	298,700	276,306

Notes:

(a) The settlement terms of trade receivables arising from the business of dealing in securities are two days after the trade date.

Cash clients

Trade receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on assessment, management believes that impairment allowance is necessary in respect of these balances as there are changes in credit quality and approximately HK$224,000 were impaired.

Margin clients

The Company maintains a list of approved securities collaterals for margin lending at a specified loan-to-collateral ratio. The credit facility limits granted to margin clients are determined by the discounted value of the securities collaterals accepted by the Company's management. A margin call may occur when the balances of the outstanding receivables from margin clients exceed the permitted margin loan limit, or when the discounted value of the collateral securities is less than the balances due from margin clients.

As at 31 March 2020, the fair values of the pledged securities amounted to approximately HK$521,336,000 (2019: approximately HK$680,833,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or securities collaterals are required if the amount of trade receivables outstanding from margin clients exceeds the eligible margin value of securities deposited. If any significant margin call was overdue from the clients, the Company is allowed to dispose of the securities collaterals in settlements of the obligations of margin clients to maintain the agreed level of margins and any other liabilities of the margin clients due to the Company.

Clearing house and brokers

Trade receivables from a clearing house and brokers represents outstanding balance pending to be settled arising from the business of dealing in securities, which are normally due within two trading days after the trade date.

(b) The Group allows a credit period ranging from 0 day to 120 days to its customers from the business of trading in fur skin, mink farming and fur skin brokerage.

The aging analysis of the Group's trade receivables from the business of securities, net of allowance for expected credit loss ("ECL"), are as follows:

	2020	2019
	HK$'000	*HK$'000*
Margin clients balances:		
No due date	**244,302**	244,302
Cash clients balances:		
Neither past due nor impaired	**32,816**	—
Past due	**3,556**	4,639
	36,372	4,639
Other balances:		
Neither past due nor impaired	**773**	11,640
	281,447	260,581

Provision of ECL allowance of trade receivables from the business of securities is as follow:

	2020	2019
	HK$'000	*HK$'000*
Balance at beginning of the year	**2,562**	930
Provision for impairment under ECL	**13,030**	1,828
Recovery of the year	**(1,096)**	(196)
	14,496	2,562

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement up to the end of the reporting period. In the opinion of the directors of the Company, there is no further credit provision required in excess of the allowance for ECL. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables from:		
Securities brokerage business *(Note a)*		
— Cash clients	**13,135**	26,865
— Margin clients	**9,714**	19,523
— Clearing house	**3,349**	16,645
— Brokers	**—**	2,993
	26,198	66,026
Mink farming business *(Note b)*	**1,609**	6,438
Insurance brokerage business *(Note c)*	**5,246**	3,137
	33,053	75,601
Other payables:		
Accruals	**3,307**	5,204
Value-added tax payable	**—**	139
Other operating expenses payables	**268**	2,176
Others	**21**	20
	36,649	83,140

Notes:

(a) Trade payables to securities clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with those balances received.

The trade payables from the securities business are normally settled within two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which is repayable on demand. The money held on behalf of clients at the segregated bank accounts carries interest at prevailing interest rate of 0.01% (2019: 0.01%) per annum.

No aging analysis is disclosed as, in the opinion of directors, an aging analysis does not give additional value in view of the nature of the business.

(b) Based on the invoice dates, aging analysis of trade payables from mink farming business are as follows:

	2020	2019
	HK$'000	*HK$'000*
0 — 60 days	**1,199**	246
61 — 90 days	**—**	4,264
91 — 120 days	**410**	1,928
	1,609	6,438

(c) The Group normally settles the trade payables from insurance brokerage business within 15 days of the credit term.

Based on the invoice dates, aging analysis of trade payables from insurance brokerage business are as follows:

	2020	2019
	HK$'000	*HK$'000*
0 — 60 days	**4,593**	3,137
61 — 90 days	**—**	—
91 — 120 days	**—**	—
Over 120 days	**653**	—
	5,246	3,137

11. SHARE CAPITAL

	Note	Number of ordinary shares of HK$0.01 each	HK$'000
Authorised:			
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2018		4,556,923,015	45,569
Exercise of share options		58,566,720	586
At 31 March 2019 and 1 April 2019		4,615,489,735	46,155
Placing of shares	*(a)*	234,140,000	2,341
At 31 March 2020		4,849,629,735	48,496

During the year ended 31 March 2020, the movements in the Company's share capital are as follows:

(a) During the year ended 31 March 2020, a total of 234,140,000 shares were issued upon placing at an aggregate consideration of approximately HK$47,758,000 of which approximately HK$2,341,000 was credited to share capital and the remaining balance of approximately HK$45,417,000 was credited to the share premium account.

12. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

13. EVENT AFTER REPORTING PERIOD

The outbreak of novel coronavirus (COVID-19) continues to spread throughout China and to countries across the world. The COVID-19 has certain impact on the business operations of the Group. The Group has taken prompt preventive and protective measures to mitigate the adverse impact of the outbreak on its business. The Group will keep paying attention to the change of the situation and make timely response and adjustments in the future, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the report, the assessment is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2019 is a difficult year to most, if not all, companies in the world. The Company is no exception.

With our business being diversified since last year, we managed to outperform in the first half of 2019/20 financial year as compared with the corresponding period of last financial year. In the second half, however, the ongoing trade dispute between China and the United States, and the continuing weakening of the China economic condition have drastically affected the psychology of the market investors in a negative way; and most importantly, the outbreak of the coronavirus ("COVID-19") since the first quarter of 2020 has shattered every economic sector on a global scale. Businesses have been put to halt as a result of the exercise of isolating measures such as quarantine after traveling from other places and lockdown of a region or even a country. The market sentiment was in despair as evidenced by the plummet of global stock markets (including the Hang Seng Index) and cross border business activities were stopped. These have materialy impacted all our businesses.

SECURITIES

Kingkey Securities Group Limited (formerly "Great Roc Capital Securities Limited") is the flagship company of the Group for the securities business, which has the permitted licences to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong). For the year ended 31 March 2020, the business contributed approximately HK$37.3 million revenue (2019: approximately HK$28.5 million) and approximately HK$2.8 million profit (2019: approximately HK$3.2 million). Although the overall revenue increased, the securities brokerage income dropped significantly due to the poor stock market sentiment. Fortunately, as a result of the shift of business focus from brokerage income to underwriting and placing business, we managed to mitigate the impact from the shrink of market turnover and even outperformed last year.

INSURANCE BROKERAGE

In the financial year 2017/18, the Group acquired 51% equity interest of King Privilege Wealth Management Limited (now known as Kingkey Privilege Wealth Management Limited ("KKWM")), which has been actively expanding its product categories and extending its scope of service. In early 2020, the Group acquired the remaining 49% equity interest and KKWM has now become a wholly owned subsidiary of the Company. As at 31 March 2020, it was staffed by a team of over 75 experienced insurance professionals, and representing over 25 major life and general insurance providers. As at 31 March 2020, KKWM has been managing over 1,700 insurance policies for over 1,290 clients and has accumulated total Annualised First Year Premium ("AFYP") amount of over HK$271 million; with total Annualised First Year Commission ("AFYC") amount of over HK$79 million.

In order to better utilise the resources, the family office business has been combined to KKWM. During the financial year, it has earned commission of approximately HK$2.0 million.

FUR

During the year, the business model of the fur business remained as mink farming and fur skin brokerage and financing. The fur business has been difficult in recent years due to weak demand as a result of dim economic outlook, global warming leading to continuous temperature rising worldwide and the decrease in use of mink as materials in some international designers' collections. The dire situation has been exacerbated by the outbreak of COVID-19 in China one week before Chinese New Year which is the peak of retail sales in fur garments. The lockdown measures taken by many countries included our main markets, i.e., China, Europe and America that have put all commercial activities to stop.

In light of the pandemic, apart from tightening our cost control, we have also changed our business strategy from originally increasing the breeding quantity of mink to reducing the quantity before the end of February this year in order to minimise our operating cost.

OTHER SEGMENT

For the financial year ended 31 March 2020, the Company's money lending and assets management business had shown improvement as the demand for fund became more keen. In the meantime, the Company exercised tight credit review procedures on the creditworthiness of creditors to ensure the credit quality of the loans.

CHANGE OF COMPANY NAME

In order to better reflect the business nature and strategic direction of future development of the Group, the Company proposed to change its name from UKF (Holdings) Limited to Kingkey Financial International (Holdings) Limited and adopt a Chinese name "京基金融國際(控股)有限公司" as the secondary name of the Company to replace the Chinese name "英裘(控股)有限公司" (the "Proposed Change of Company Name"). The Proposed Change of Company Name was approved by shareholders of the Company as a special resolution at an extraordinary general meeting on 5 November 2019 and became effective from 6 November 2019 as the Certificate of Incorporation on Change of Name by the Registry of Companies in the Cayman Islands on 6 November 2019. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 November 2019. The Company's new stock short name has been changed from "UKF" to "KINGKEY FIN INT" in English and from "英裘控股" to "京基金融國際" in Chinese with effect from 9:00 a.m. on 13 December 2019 while the Company's stock code of "1468" remains unchanged.

PROSPECTS

Hong Kong has been under siege by the trade dispute of China and the United States and the slowdown of China's economy. Although a first deal has already been sought to resolve the trade dispute, it is widely believed that it still has a long way to go before a full resolution is achieved, if any. In addition to the unexpected outbreak of the pandemic which has driven the world economy down the swirl, it is hard to have any company completely immuned from the impact. The only question is how serious it is affected. While the major source of income of the Group is from financial industry which is a highly sensitive to political and economic changes, we never underestimate the possible effect that these factors can threaten us. The sooner the pandemic dies down, the lesser the extent the Group is under threat. In this light, to prepare for the worst, we will fine tune our business strategy and leverage on our expertise to increase our market share in the midst of the trough of our competitors. Meanwhile, we will place more effort in broadening our clientele and diversifying our business geographically where possible to cushion the similar shock in the future.

The pandemic has hit hard the fur business, further shattering the foundation of this sector. As it drags most economies into recession, we expect this business will continue to suffer and do not expect that fur garments, which are luxury goods, will have good sales this winter. Given that the COVID-19 virus will not return this winter and no more international designers discontinue the use of fur in their collections, recovery is not impossible as our Danish mink is the highest quality of mink in the industry and demand will come back to us one day. Meanwhile, we have resumed sales in April 2020 auctions and will continue to keep the business to run at minimal cost to pull through this very difficult time.

FINANCIAL REVIEW

Revenue and Segment Results

Revenue of the Group for financial year ended 31 March 2020 ("FY 2020") was approximately HK$125.0 million (FY2019: approximately HK$113.5 million). The increase in revenue was mainly due to the growth in insurance brokerage business.

Securities

Kingkey Securities Group Limited was licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under SFO. For FY2020, the Group's commission income from securities brokerage, underwriting and placing, plus interest income from securities margin financing, cash clients and IPO loans amounted to approximately HK$37.3 million (FY2019: approximately HK$28.5 million), representing an increase of approximately 30.9% as compared to the last corresponding year.

The increase in revenue was mainly contributed by the triple increase in revenue from underwriting, sub-underwriting, placing and sub-placing to totaling approximately HK$12.8 million, which outweighed the decrease in brokerage commission, showing positive feedback of the Group's business strategy.

The securities brokerage commission decreased from last year's approximately HK$5.4 million to this year approximately HK$2.3 million is mainly due to the declining market trend as shown by the movement of Hang Seng Index during the year and the deterioration of market sentiment during the COVID-19 outbreak 2020.

The securities business reported profit of approximately HK$2.8 million for FY2020 (FY2019: approximately HK$3.2 million).

Insurance brokerage

Insurance brokerage represented the provision of insurance brokerage and wealth management services which commenced during the last financial year.

Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Insurance Authority and it is staffed by a team of over 75 experienced insurance professionals and is representing over 25 major life and general insurance providers.

The business remained on track, albeit from the adverse effect of the coronavirus outbreak in early 2020. During FY2020, revenue from insurance brokerage, which represented commission income received from broking and dealing in insurance products amounted to approximately HK$82.0 million (FY2019: approximately HK$40.9 million), more than a double of last year's revenue of the same kind. It reported a profit of approximately HK$0.07 million for FY2020 (FY2019: loss of approximately HK$8.5 million).

Fur

For FY2020, the Group's fur business remained difficult and revenue of the fur business amounted to approximately HK$2.0 million (FY2019: approximately HK$36.4 million). Due to the weak demand and expected low price of fur, the Company suspended trading during the year. As a result, the trading volume of fur sales shrank. As the pandemic increased in both magnitude and duration of the outbreak of COVID-19, fur business is experiencing conditions often associated with a general economic downturn. The fur business reported a loss of approximately HK$41.8 million for FY2020 (FY2019: approximately HK$33.2 million).

As disclosed in the interim report of the Company for the six months ended 30 September 2019, in anticipation of the prolonged slowdown, the management further tightened cost control by operating fewer farms in order to incur less overheads and retained the inventory during the year.

Other segment

Other segment represented the provision of money lending and asset management services in Hong Kong.

Kingkey Finance Limited holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year, the Group conducted several money lending transactions and the individual loan size ranged from approximately HK$0.5 million to approximately HK$10 million.

The money lending business contributed interest income of approximately HK$3.6 million to the revenue of the Group for FY2020 (FY2019: approximately HK$7.7 million) and reported a loss of approximately HK$3.8 million (FY2019: profit of approximately HK$0.6 million). The range of interest rate charged was ranging from 12% to 48%. During the FY2020, none of the creditors together with their associates (if any), had borrowed the amount more than 8% of the total assets of the Group in aggregate at any time.

Kingkey Asset Management Limited was licensed to conduct type 9 (asset management) regulated activities under SFO. It provides portfolio management services to its clients. The business is in the starting stage, which reported contributed an asset management service income of approximately HK$0.05 million (FY2019: Nil).

Cost of sales

The cost of sales of the Group amounted to approximately HK$84.1 million for FY2020, representing an increase of approximately 6.6% from approximately HK$78.9 million for the last corresponding period. The increase in cost of sales was mainly due to the increase in commission paid out, being in line with the growth in insurance brokerage business.

Gross profit and gross profit margin

As a result of the above situations, the Group recorded a consolidated gross profit of approximately HK$40.9 million or gross profit margin of 32.7% for FY2020, compared with that of approximately HK$34.7 million or 30.5% for FY2019.

Other income

Other income increased by approximately HK$3.4 million for FY2020, mainly due to annual award from insurance company for insurance brokerage business on sales target achieved.

Provision for allowance for expected credit loss

The Group recognised a loss of approximately HK$11.9 million from an adjustment in the expected credit loss of margin and cash loan client in securities business for FY2020, compared to a loss of approximately HK$1.6 million last year. In the first quarter of 2020, the coronavirus ignited global panic as hundreds of thousands of people were infected, share prices tumbled. Together with the deterioration of market sentiment, the continuation of these circumstances posed a significant impact on the relevant provision for expected credit loss as at 31 March 2020.

Administrative expenses

The administrative expenses of the Group decreased by approximately 3.5% from approximately HK$95.4 million for FY2019 to approximately HK$92.1 million for FY2020. The decrease in the administrative expenses was primarily due to absence of share based payment in FY2020.

Finance costs

Finance costs, which mainly represented interest expenses for bank borrowings, were approximately HK$8.4 million for FY2020 (FY2019: approximately HK$10.8 million). The decrease in finance costs was mainly due to absence of the imputed interest on the promissory note in current year which was fully redeemed in July 2018, amounted to approximately HK$2.5 million.

Loss for the year

Combined with the above factors, the Group reported a decrease in loss for the year to approximately HK$70.9 million (FY2019: approximately HK$89.2 million).

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and equity/debt financings. The Group maintained bank balances and cash of approximately HK$42.1 million as at 31 March 2020 (31 March 2019: approximately HK$100.8 million) in Hong Kong Dollar and United States Dollar. The net assets of the Group as at 31 March 2020 were approximately HK$427 million (31 March 2019: approximately HK$458 million).

As at 31 March 2020, the outstanding principal of the short and medium-term bonds was approximately HK$48.2 million (31 March 2019: approximately HK$10.0 million), which were denominated in Hong Kong Dollar and US Dollar at fixed rates ranging from 5.5% to 9%. Those bonds were guaranteed by Mr. Chen Jiajun, the substantial shareholder of the Company, and the proceeds were planned to be utilised for supporting business development. As at 31 March 2020, approximately HK$48.2 million had been used for the same purpose.

On 21 October 2019, the Company and Differ Financial and Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement") pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best-effort basis, a maximum of 250,000,000 new shares of the Company (the "Placing Shares") to not less than six Placees who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its Connected Persons at a price of HK$0.205 (the "Placing Price") per Placing Share. The Placing Price of HK$0.205 per Placing Share represented (i) a discount of approximately 16.33% to the closing price of HK$0.245 per Share as quoted on the Stock Exchange on 21 October 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 18% to the average closing price of HK$0.25 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 18 October 2019. The maximum number of 250,000,000 Placing Shares represents (i) approximately 5.42% of the existing issued share capital of the Company of 4,615,489,735 Shares as at the date of this announcement; and (ii) approximately 5.14% of the issued share capital of the Company as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK$2,500,000.

The placing completed on 7 November 2019 and an aggregate of 234,140,000 shares had been placed, representing (i) approximately 5.07% of the existing issued share capital of the Company immediately before the completion of the placing (the "Completion"); and (ii) approximately 4.83% of the issued share capital of the Company immediately after Completion, had been successfully placed to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at the Placing Price of HK$0.205 per Placing Share. The gross and net proceeds from the placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) were approximately HK$48.0 million and HK$47.7 million respectively. The Company intends to apply the net proceeds from the Placing for (i) repayment of shareholder's loan; (ii) development of Company's existing business; and (iii) general working capital of the Company and potential investments to be identified.

The net placing price under the Placing is approximately HK$0.204 per Placing Share.

As at 31 March 2020, approximately HK$40 million had been utilised to repay shareholder's loan; approximately HK$7 million had been utilised for developing the Company's business and approximately HK$1 million had been utilised as general working capital and investments.

As at 31 March 2020, the Company had 4,849,629,735 shares in issue.

FINANCIAL KEY PERFORMANCE

The above financial data were chosen to present in this annual report as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2019.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollars and the United States Dollar to be insignificant.

FOREIGN CURRENCY MANAGEMENT

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group carries out its business in Hong Kong and worldwide and its assets and liabilities as well as the income and expenses are exposed to foreign currency risk primarily arising from sales and purchases transactions, investments and borrowings denominated in United States Dollar and Danish Krone.

The Group has certain investments and operations in Denmark which are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered manageable as such impact will be offset by borrowings denominated in Danish Krone.

During the year, the Group had not engaged in any financial instruments for hedging or speculative activities.

CHARGE OF ASSETS

During FY2020, the Group discharged the key management insurance contract which is classified as a financial assets at fair value through profit and loss. As at 31 March 2020, the Group charged other plant and equipment, trade receivables, biological assets and inventories of approximately DKK76,978,000 (equivalent to approximately HK$88,132,000) (2019: approximately DKK80,418,000, equivalent to approximately HK$94,982,000) for bank borrowings.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant capital commitments and contingent liabilities (2019: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

On 9 January 2020 (after trading hours of the Stock Exchange), Noble Zenith International Limited, the wholly owned subsidiary of the Company (the "Purchaser"), entered into (i) the first agreement (the "First Agreement") with Jade Capital Investments Limited ("Jade Capital"), Innovest Group Limited ("Innovest") and Bright Skill Investments Limited ("Bright Skill") (collectively the "Vendors"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell 1,764,000 shares in King Privilege ("First Sale Shares"), representing 49% of the total issued share capital of King Privilege, at a total consideration of HK$3,430,000; and (ii) second agreement (the "Second Agreement") with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell 654,150 shares in Affluent Range (the "Second Sale Shares"), representing 49% of the total issued share capital of Affluent Range, at the total consideration of HK$3.

As at the date of signing the First Agreement, King Privilege was owned as to (i) 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest. Therefore, each of Jade Capital and Bright Skill was the substantial shareholder of King Privilege. Hence, each of Jade Capital and Bright Skill was a connected person of the Company at subsidiary level under the Listing Rules. Pursuant to the First Agreement, the total consideration payable for the First Sale Shares was the amount of HK$3,430,000 which was satisfied by the Purchaser's issue of promissory notes.

As at the date of signing the Second Agreement, King Privilege was owned as to (i) 24% by Jade Capital; (ii) 20% by Bright Skill; and (iii) 5% by Innovest. Therefore, each of Jade Capital and Bright Skill was the substantial shareholder of Affluent Range. Hence, each of Jade Capital and Bright Skill was a connected person of the Company at subsidiary level under the Listing Rules. Pursuant to the Second Agreement, the total consideration payable for the Second Sale Shares was the amount of HK$3 which was satisfied by the Purchaser in cash.

The Board believed that the abovementioned acquisitions would (i) allow the Company to gain full ownership in King Privilege and Affluent Range; (ii) ensure effective implementation of the Company's growth strategies in its principal activities (i.e. wealth management and investment products consultancy); (iii) enable full consolidation of King Privilege and Affluent Range at the group level; (iv) enhance financial transparency to the Shareholders; and (v) eliminate any value leakage associated with a sizable minority interest otherwise held by the Vendors. Accordingly, the Board was of the view that the terms of each of the First Agreement and the Second Agreement were all on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Saved as disclosed, during FY2020, the Company did not have any material acquisitions or disposals and significant investments.

FINAL DIVIDEND

The directors do not recommend any final dividend for FY2020 (FY2019: Nil).

EMPLOYEE INFORMATION

As at 31 March 2020, the Group had a total of 80 staff members including Directors (2019: 74). Staff costs including Director's remuneration amounted to approximately HK$38.4 million for the year ended 31 March 2020 (2019: approximately HK$39.2 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that were granted or may be granted under the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme of the Company (the "Share Option Scheme"), together with the Pre-IPO Share Option Scheme (the "Share Option Schemes"), both of which were approved by the then sole shareholder on 1 August 2012.

During FY2020, no share options were granted, exercised, lapsed or cancelled.

RISK MANAGEMENT

Credit Risk

Credit risk exposure represents trade receivables and loan receivables from customers principally arising from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in United States Dollar and Danish Krone. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollars and the United States Dollars to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in Danish Krone.

CORPORATE GOVERNANCE

The Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2020 with the following exception:

Under Code Provision F.1.1, the company secretary should be an employee of the Company and have the day-to-day knowledge of the Company's affairs.

Mr. Tsang Hing Bun ("Mr. Tsang") was appointed as company secretary of the Company (the "Company Secretary") with effect from 25 January 2019. Although Mr. Tsang is not an employee of the Company as required under code provision F.1.1 of the Code, the Company has assigned Ms. Kwok Yin Ning, the executive director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all directors are still considered to have access to the advice and services of the Company Secretary in light of the above arrangement in accordance with code provision F.1.4 of the Code. Having in place a mechanism that Mr. Tsang will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations. For the year ended 31 March 2020, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group adopted the code of conduct for securities transactions by Directors ("Securities Dealings Code") on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2020, they had fully complied with the Securities Dealings Code.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") which comprises all three independent non-executive Directors, namely, Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Leung Siu Kee, with Ms. Mak Yun Chu being the chairperson of the committee.

The Group's annual results for the year ended 31 March 2020 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's auditors, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Confucius International CPA Limited in this respect did not constitute any assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited in this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report for FY2020 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the shareholders and available on the Company's website (www.ukf.com.hk) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

On behalf of the Board
Kingkey Financial International (Holdings) Limited
Wong Chun Chau
Chairman

Hong Kong, 24 June 2020

As at the date of this announcement, the Directors are as follows:

Executive Directors:
Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning

Independent Non-executive Directors:
Ms. Mak Yun Chu
Mr. Leung Siu Kee
Mr. Hung Wai Che