LFG Investment Holdings Limited
LFG 投資控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3938)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of LFG Investment Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2023 (the "**Fiscal Year**") together with the comparative figures for the year ended 31 March 2022 as set out below:

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Total revenue	**46,873**	78,145
Loss before income tax expenses	**(21,551)**	(698)
Loss for the year	**(22,784)**	(3,534)
Total comprehensive expense for the year	**(22,784)**	(4,105)
Basic and diluted loss per share	**(5.6 HK cents)**	(0.8 HK cents)

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Net assets	**148,132**	170,512
Total assets	**261,583**	314,017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	3		
Corporate finance advisory services		**37,056**	70,940
Securities and underwriting services		**13,599**	14,748
Interest income from margin financing services		**15,404**	9,125
Asset management services		**420**	–
Investment fund		**(19,606)**	(16,668)
Total revenue		**46,873**	78,145
Other income and gains or losses, net	4	**15,748**	13,511
Staff costs	5	**(43,047)**	(48,046)
Other expenses		**(28,294)**	(32,210)
Bad debt expenses		**(30)**	(781)
Expected credit loss on accounts receivable		**(2,583)**	(10,200)
Expected credit loss on other receivables		**(6,172)**	(212)
Finance costs	6	**(4,046)**	(905)
Loss before income tax expenses	5	**(21,551)**	(698)
Income tax expenses	7	**(1,233)**	(2,836)
Loss for the year		**(22,784)**	(3,534)
Other comprehensive expense for the year:			
Item that will not be reclassified subsequently to profit or loss:			
Net change in financial assets at fair value through other comprehensive income		**–**	(571)
Other comprehensive expense for the year		**–**	(571)
Total comprehensive expense for the year		**(22,784)**	(4,105)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(22,684)**	(3,294)
Non-controlling interests		**(100)**	(240)
		(22,784)	(3,534)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(22,684)**	(3,865)
Non-controlling interests		**(100)**	(240)
		(22,784)	(4,105)
Loss per share from loss for the year attributable to owners of the Company:	*9*		
Basic and diluted loss per share		**(5.6 HK cents)**	(0.8 HK cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**1,888**	2,808
Intangible asset		**500**	500
Deposits and prepayments		**1,134**	1,149
Right-of-use assets		**5,554**	10,860
Investment in life insurance policy		**3,467**	3,380
		12,543	18,697
Current assets			
Financial assets at fair value through profit or loss		**40,160**	80,567
Accounts receivable	*10*	**137,607**	128,925
Other receivables, deposits and prepayments		**3,591**	4,651
Pledged bank deposit		**10,008**	10,000
Cash and cash equivalents — held on behalf of customers		**36,636**	24,146
Cash and cash equivalents		**21,038**	47,031
		249,040	295,320
Current liabilities			
Accounts payable	*11*	**57,101**	55,038
Accruals and other payables		**5,105**	9,192
Other financial liabilities		**17,523**	32,765
Lease liabilities		**5,108**	5,038
Convertible bonds		**1,170**	1,170
Deferred revenue		**2,021**	4,813
Bank borrowings		**24,788**	29,938
Tax payables		**393**	53
		113,209	138,007
Net current assets		**135,831**	157,313

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Total asset less current liabilities		**148,374**	176,010
Non-current liabilities			
Lease liabilities		**242**	5,498
Net assets		**148,132**	170,512
Equity			
Share capital		**4,060**	4,060
Share premium		**110,371**	110,371
Reserves		**32,645**	54,925
Equity attributable to owners of the Company		**147,076**	169,356
Non-controlling interests		**1,056**	1,156
Total equity		**148,132**	170,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

LFG Investment Holdings Limited (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands. Its issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen's Road Central, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the "**Group**"), are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

In the opinion of the directors, the Company's ultimate parent is Lego Financial Group Limited ("**LFGL**"), a company incorporated in the British Virgin Islands (the "**BVI**").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective on or after 1 April 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5,6]
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Except for the impact mentioned below, the directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 April 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HKFRS 17, Insurance Contracts

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

HKFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17.

The standard is not expected to have any impact on the Group.

Amendments to HKFRS 17, Insurance Contracts

The amendments include changes to simplify certain requirements in the standard and make financial performance easier to explain. The amendments also provide additional reliefs to reduce the effort required for the transition to HKFRS 17. In addition, the amendments defer the effective date of HKFRS 17 to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. As a result of the deferral, the HKICPA issued the amendments to HKFRS 4 to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023.

The amendments are not expected to have any impact on the Group.

Amendment to HKFRS 17, Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The amendment is a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17, which helps to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and improve the usefulness of comparative information for users of financial statements. An entity that chooses to apply the transition option set out in this amendment shall apply it on initial application of HKFRS 17.

The amendment is not expected to have any impact on the Group.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby the performance of the segment is assessed based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole which engaged in financial services. Therefore, the management of the Group considers that the Group only has one single operating segment.

As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

(a) Nature of services

Services	**Nature, timing of satisfaction of performance obligation and significant payment terms**
(i) Corporate finance advisory services	Acting as a sponsor to companies seeking to list in Hong Kong, advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering ("**IPO**") process;
	Acting as a financial adviser to listed companies in Hong Kong as well as their shareholders and investors and advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;
	Acting as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong and rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and
	Acting as a compliance adviser to listed companies in Hong Kong and advising them on post-listing matter. Compliance advisory fee income are recognised over time during the compliance service period.

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(ii) Securities and underwriting services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed when the service obligation is completed (e.g. when the listing approval is obtained and the shares are listed on the Stock Exchange).
(2) Securities dealing and brokerage services	Providing securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed when the service obligation is completed (e.g. when the trading of securities is executed).
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account.

(b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
By major services type:		
Corporate finance advisory services		
Sponsor fee income	**11,114**	15,438
Advisory fee income		
— financial and independent financial advisory	**23,613**	50,529
— compliance advisory	**2,329**	4,973
	37,056	70,940
Securities and underwriting services	**13,599**	14,748
Interest income from margin financing services	**15,404**	9,125
Asset management services	**420**	–
Investment fund	**(19,606)**	(16,668)
Total	**46,873**	78,145

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Corporate finance advisory services	**37,056**	70,940
Securities and underwriting services	**13,599**	14,748
Asset management services	**420**	–
	51,075	85,688
Revenue from other sources:		
Interest income from margin financing services	**15,404**	9,125
Interest income from listed bonds	**219**	4,652
Dividend income from listed securities	**461**	581
Net changes in financial assets at fair value through profit or loss	**(20,286)**	(21,901)
	(4,202)	(7,543)
	46,873	78,145

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition from contracts with customers:		
Services transferred at a point in time	**13,599**	14,748
Services transferred over time	**37,476**	70,940
Total	**51,075**	85,688

(c) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the year.

	2023	2022
	HK$'000	*HK$'000*
Accounts receivable *(note 10)*	**137,607**	128,925
Deferred revenue	**2,021**	4,813

Movements in deferred revenue

	2023	2022
	HK$'000	*HK$'000*
Balance as at beginning of the year	**4,813**	5,629
Decrease in deferred revenue as a result of recognising revenue during the year that was included in deferred revenue at the beginning of the year	**(3,853)**	(5,244)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	**1,061**	4,428
Balance as at end of the year	**2,021**	4,813

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

The deferred revenue mainly relates to the advance consideration received from customers. Approximately HK$3,853,000 and HK$5,244,000 of deferred revenue as of 1 April 2022 and 2021 had been recognised as revenue for the years ended 31 March 2023 and 2022.

(d) Transaction price allocated to the remaining performance obligations

As at 31 March 2023 and 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately HK$40,915,000 and HK$53,278,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 28 months (2022: 1 to 28 months).

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

Information about major customers

During the years ended 31 March 2023 and 2022, revenue from major customers who contributed over 10% of the total revenue of the Group is as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**N/A***	22,518
Customer B	**7,717**	N/A*

* The corresponding revenue did not contribute over 10% of total revenue of the Group

Revenue contributed from customer A and B is derived from corporate finance advisory services and securities and underwriting services.

4. OTHER INCOME AND GAINS OR LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Interest income	**53**	13
Exchange loss, net	**(330)**	(43)
Loss on write-off of property, plant and equipment	**–**	(3)
Gain/(loss) on fair value change of investment in life insurance policy	**87**	(543)
Gain on disposal of financial assets at FVOCI	**–**	540
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	**15,938**	13,544
Other income	**–**	3
	15,748	13,511

5. LOSS BEFORE INCOME TAX EXPENSES

The Group's loss before income tax expenses is arrived at after charging:

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**973**	943
Depreciation of		
— property, plant and equipment	**920**	965
— right-of-use assets	**5,306**	5,306
Low value assets lease expenses	**62**	91
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	**42,016**	46,392
— Equity settled share-based payment expenses	**404**	966
— Contributions to retirement benefits schemes	**627**	688
Total staff costs	**43,047**	48,046

6. FINANCE COSTS

The Group's finance costs are recognised as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**1,424**	484
Interest on other borrowings	**2,250**	–
Interest on margin financing	**266**	248
Interest on lease liabilities	**106**	173
	4,046	905

7. INCOME TAX EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
— Charge for the year	**1,175**	2,802
— Over-provision in respect of prior years	**–**	(6)
	1,175	2,796
Withholding tax on dividend income	**58**	40
Income tax expenses	**1,233**	2,836

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the years ended 31 March 2023 and 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2 million are taxed at 16.5%.

Dividend income received from listed equity investments in the United States is subject to withholding tax imposed in the country of origin. During the year ended 31 March 2023, the withholding tax rate was 21% to 30% (2022: 21% to 30%).

The income tax expenses for the year can be reconciled to the loss before income tax expenses in the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before income tax expenses	**(21,551)**	(698)
Tax calculated expenses at the applicable tax rates	**(3,556)**	(115)
Tax effect of non-taxable income	**(3,112)**	(3,443)
Tax effect of non-deductible expenses	**5,654**	5,116
Tax effect of deductible temporary differences not recognised	**513**	1,105
Tax effect of tax losses not recognised	**1,847**	324
Over-provision in respect of prior years	**–**	(6)
Withholding tax on dividend income	**58**	40
Effect of tax concession	**(6)**	(20)
Effect of two-tier tax rate	**(165)**	(165)
Income tax expenses	**1,233**	2,836

As at 31 March 2023, the Group has estimated unused tax losses of approximately HK$19,021,000 (2022: HK$7,830,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. The estimated tax losses have no expiry date.

The deductible temporary differences of approximately HK$22,026,000 (2022: HK$18,920,000) can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference because, in the opinion of the director, it is not probable that taxable profits will be available against which those deductible temporary differences can be utilised.

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of reporting period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(22,684)**	(3,294)

	2023	2022
Weighted average number of ordinary shares for the purpose of basic loss per share	**405,962,965**	405,962,965
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes and convertible bonds issued by a subsidiary *(notes (ii) and (iii))*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**405,962,965**	405,962,965

Notes:

(i) Basic loss per share is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the year.

(ii) The calculation of diluted loss per share is based on loss for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option and share option scheme, and assuming the exercise is made at no consideration at the beginning of the year.

The Company's share options outstanding for the year ended 31 March 2023 do not have dilutive effect to the loss per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares during the year ended 31 March 2023 (2022: do not have dilutive effect to the loss per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares).

(iii) The effect of convertible bonds issued by a subsidiary is not considered for the calculation of diluted loss per share as it increases loss for the year attributable to owners of the Company.

10. ACCOUNTS RECEIVABLE

	Notes	**2023** **HK$'000**	2022 HK$'000
Accounts receivable arising from:			
— Securities margin financing services	*(i)*	**127,712**	112,336
— Corporate advisory and other services	*(ii)*	**9,470**	14,315
— Asset management services	*(ii)*	**420**	–
Accounts receivable from brokers		**5**	2,274
		137,607	128,925

Notes:

(i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 31 March 2023 and 2022 were approximately HK$536,950,000 and HK$547,350,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge securities in securities account in the absence of default by margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of these financial statements in view of the business nature of securities margin financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 31 March 2023 and 2022, the Group has a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 54.0% of total accounts receivable from margin clients at 31 March 2023 (2022: 46.5%).

The Group has no credit terms for its margin clients.

Details of margin loan granted to Mr. Mui, a director of the Company, are as follows:

Name of the director	**Outstanding balance at the beginning of the year** *HK$'000*	**Outstanding balance at the end of the year** *HK$'000*	**Maximum outstanding balance during the year** *HK$'000*	**Margin finance facilities approved** *HK$'000*
At 31 March 2023				
Mr. Mui	**1,297**	**1,408**	**1,408**	**3,000**
At 31 March 2022				
Mr. Mui	1,197	1,297	1,297	3,000

The margin finance facilities granted to Mr. Mui were secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(ii) In respect of accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Less than 30 days	**4,186**	6,102
31–90 days	**242**	1,745
91–365 days	**5,290**	3,526
Over 365 days	**172**	2,942
	9,890	14,315

Movements in the provision for impairment of accounts receivable are as follows:

	2023 *HK$'000*	2022 *HK$'000*
Opening balance	**15,308**	5,108
Impairment losses recognised	**2,583**	10,200
Written off of impairment loss recognised	**(7,286)**	–
Closing balance	**10,605**	15,308

11. ACCOUNTS PAYABLE

	Notes	2023 HK$'000	2022 HK$'000
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services	*(i)*		
— Cash clients		**32,160**	12,842
— Margin clients		**13,742**	16,037
— Clearing house		**1,788**	391
Accounts payable to broker	*(ii)*	**9,411**	25,768
		57,101	55,038

Notes:

(i) The settlement terms of accounts payable attributable to securities dealing and brokerage services are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of these financial statements in view of the business nature of securities dealing and brokerage services.

As at 31 March 2023, included in accounts payable arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK$36,636,000 (2022: HK$24,146,000) payable to clients in respect of segregated account balances received and held for clients in the course of conducting the regulated activities.

(ii) As at 31 March 2023, amounts payable to broker are secured by securities of the Group with amount of approximately HK$28,902,000 (2022: HK$58,148,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK$9,118,000 from margin financing facilities as at 31 March 2023 (2022: HK$17,720,000).

12. SUBSEQUENT EVENTS

There is no significant subsequent event after 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, margin financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the Fiscal Year, the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Fiscal Year, the Group has completed seven underwriting and placing projects. Regarding the fund management services, the Group was engaged as investment adviser of a fund in March 2023, and the net assets of the funds under management and/or investment advisory increased to approximately US$32.1 million (equivalent to approximately HK$250.7 million) as at 31 March 2023 (2022: approximately US$7.5 million (equivalent to approximately HK$58.6 million)).

REVIEW

Market Review

During the Fiscal Year, economic environment remained difficult for businesses in Hong Kong in general but showed resilience and began its recovery journey. The closing price of the Hang Seng Index has suffered a long stretch of downtrend from 23,397.67 as at 31 March 2022 to 14,687.02 as at 31 October 2022. It has since then rebounded to 20,400.11 as at 31 March 2023, representing an increase of approximately 39% during the five-months period.

2022 presented a unique set of circumstances for the Hong Kong capital market, as the COVID-19 pandemic and associated measures significantly impacted the business environment and market recovery. The government implemented various restrictions and safety protocols to control the spread of the virus, which had a profound effect on businesses, particularly those in the retail, tourism, and hospitality sectors. These industries heavily relied on domestic and international visitors, making it challenging for them to operate under the social distancing restrictions and travelling limitations.

While most parts of the world have relaxed travel restrictions, Hong Kong also followed their footsteps to introduce "0+3" quarantine measures in September 2022. This measure allowed Hong Kong to host various international sports and conventional events and encouraged travellers to visit Hong Kong for business and leisure purposes. However, the overall pace of recovery remained uncertain. The Hong Kong market was generally affected by uncertainties caused by the Sino-US tension, the Russo-Ukrainian war and the credit crisis of certain property developers of the People's Republic of China (the "**PRC**") and residual impact of COVID-19, in particular to the PRC. Market volatility emerged as a notable challenge during the recovery process. The pandemic-induced uncertainties, coupled with geopolitical tensions and trade disruptions, increased risks for investors.

The Group adopts prudent risk management and cost control under this challenging business environment. The Group maintains a strong reputable team of professionals to provide one-stop services to recurring clients and auxiliary business to tackle their needs. The Group maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations. The Group has adopted conservative credit control approach to monitor the outstanding receivable in order to control potential credit risks and effectively manage liquidity risks. While the demand for corporate finance advisory and underwriting services in the industry and its business, which is dependable on market conditions, was impacted by the uncertainties described above, the Group's project pipeline remains solid.

Business Review

Looking back on the past financial year, the Group has been facing a challenging business environment hit by the volatile stock market and deteriorating financial conditions of certain clients. The Group leveraged its reputation and continue to diversify its income source and maintain a prudence cost and capital management strategy.

The Group continued to derive a majority of its revenue from its corporate finance advisory services during the Fiscal Year, which accounted for approximately 79.1% (2022: approximately 90.8%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; and (ii) asset management services and investment fund, accounted for approximately 61.9% and negative 40.9% (2022: approximately 30.6% and negative 21.3%) of its total revenue during the Fiscal Year, respectively.

Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a significant decrease in revenue of approximately 47.8%, from approximately HK$70.9 million for the year ended 31 March 2022 to approximately HK$37.1 million during the Fiscal Year.

During the Fiscal Year, the Group was engaged in a total of 140 corporate finance advisory projects, which included 10 IPO sponsorship projects, 119 financial and independent financial advisory projects and 11 compliance advisory projects, while the Group was engaged in a total of 152 corporate finance advisory projects, which included 14 IPO sponsorship projects, 125 financial and independent financial advisory projects and 13 compliance advisory projects during the year ended 31 March 2022.

(i) IPO sponsorship services

During the Fiscal Year, the Group was engaged in 10 IPO sponsorship projects (2022: 14 projects).

Revenue generated from IPO sponsorship services was approximately HK$11.1 million during the Fiscal Year (2022: approximately HK$15.4 million).

(ii) Financial and independent financial advisory services

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (the "**Takeovers Code**"); or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK$23.7 million during the Fiscal Year (2022: approximately HK$50.5 million). During the Fiscal Year, the Group was engaged in 78 financial advisory projects and 41 independent financial advisory projects (2022: 79 and 46, respectively).

(iii) Compliance advisory services

The Group acts as compliance advisers to listed companies in Hong Kong advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK$2.3 million during the Fiscal Year (2022: approximately HK$5.0 million). During the Fiscal Year, the Group was engaged in 11 compliance advisory projects (2022: 13 projects).

Securities and Financing Services

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Fiscal Year, the Group recorded revenue from placing and underwriting business of approximately HK$5.9 million (2022: approximately HK$1.6 million) which was mainly due to increase in number of placing and underwriting projects during the Fiscal Year. The Group completed one transaction as underwriter for IPOs and six transactions as underwriters and/or placing agents for secondary market fund raising exercise (2022: nil and five, respectively).

The revenue generated from securities dealing and brokerage was approximately HK$7.7 million during the Fiscal Year (2022: approximately HK$13.1 million) as the securities trading activities by the clients decreased during the Fiscal Year.

As at 31 March 2023, the total outstanding balance of margin loans amounted to approximately HK$127.7 million (31 March 2022: approximately HK$112.3 million) and the interest income generated from securities financing services was approximately HK$15.4 million during the Fiscal Year (2022: approximately HK$9.1 million).

Asset Management Services and Investment Fund Income

The Group provides fund management services to its clients.

As at 31 March 2023, the net assets of the funds under management and/or investment advisory by the Group was approximately US$32.1 million (equivalent to approximately HK$250.7 million) (31 March 2022: approximately US$7.5 million, or equivalent to approximately HK$58.6 million). The revenue generated from asset management services was approximately HK$0.4 million during the Fiscal Year (2022: nil).

The investment fund generated revenue of approximately negative HK$19.6 million during the Fiscal Year (2022: approximately negative HK$16.7 million) arising from interest income from listed bonds, dividend income from listed securities and net change in financial assets at fair value through profit or loss. Such decrease was mainly due to the unsatisfactory performance of the investment fund during the Fiscal Year.

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK$78.1 million for the year ended 31 March 2022 to approximately HK$46.9 million for the Fiscal Year, representing a decrease of approximately 40.0%, mainly as a result of decrease in revenue of the corporate finance advisory services and increase in losses from investment fund, which is partly offset by increase in revenue from margin financing services.

Other income and gains or losses, net

Other income and gains or loss, net increased from approximately HK$13.5 million for the year ended 31 March 2022 to approximately HK$15.7 million for the Fiscal Year, representing an increase of approximately HK$2.2 million. Other income and gains or losses, net mainly includes interest income from bank deposits, foreign currency translation differences, gain or loss on fair value change of investment in life insurance policy and share of results of consolidated investment fund attributable to other redeemable participating shareholders.

Other expenses

The Group's other expenses decreased by approximately 12.2% from approximately HK$32.2 million for the year ended 31 March 2022 to approximately HK$28.3 million for the Fiscal Year, primarily due to decrease in securities trading related expense as a result of reduction of the securities trading activities by the clients.

Staff costs

Staff costs decreased by approximately 10.4% from approximately HK$48.0 million for the year ended 31 March 2022 to approximately HK$43.0 million for the Fiscal Year. Such decrease was primarily due to the reduction in total salaries and recognised equity settled share-based payment expenses during the Fiscal Year.

Expected credit loss on accounts and other receivables and bad debt expenses

During the Fiscal Year, the Group recorded expected credit loss on accounts receivable of approximately HK$2.6 million (2022: approximately HK$10.2 million) and expected credit loss on other receivable of approximately HK$6.2 million (2022: approximately HK$0.2 million). The Group also recorded bad debt expenses of approximately HK$30,000 (2022: approximately HK$0.8 million). The recognition of expected credit loss was mainly due to the continued weakening financial condition of the debts in 2022 after the COVID-19 pandemic which resulted in prolonged ageing of the receivables from certain debtors arising from corporate advisory and other services and the decline in valuation of collateral due to market volatility held by certain debtors arising from securities margin financing services.

The Group applies the simplified approach to providing expected credit loss prescribed by HKFRS 9 for accounts receivable arising from corporate advisory services. The Group performs impairment assessment by applying the HKFRS 9 general approach for all accounts receivable arising from securities margin financing services on the basis of allowance of 12-month expected credit losses ("**ECL**") for items without significant increase in credit risk and lifetime ECL for items with increase in credit risk with reference to ECL valuation prepared by Vincorn Consulting and Appraisal Limited. Certain accounts receivable arising from securities margin financing service were considered as significant increase in credit risk due to the decline in market value of securities collateral during the Fiscal Year. As a result, the assessment of the expected credit losses of these accounts receivable were based on lifetime ECL. The credit rating of each of these debtors is estimated with reference to the following factors: (1) gross credit exposure; (2) overdue dates; (3) repayment schedule and repayment track record; and (4) capability of settlement. The expected credit loss rates are calculated by assigning the credit rating based on factors above and adjusted with forward-looking economic adjustment, proxied by the real growth domestic product (GDP) percentage change in Hong Kong. The calculation reflects the probability-weighted outcome, the time value of money and the best available forward looking information. Details of the expected credit loss on accounts and other receivables are set out in note 10 to the consolidated financial statements of this announcement.

The Group performed periodic assessment on the recoverability of the accounts and other receivable and the sufficiency of impairment based on information including credit profile of difference customers, historical settlement records, expected timing and amount realisation of outstanding balances. The Group has also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit loss.

Finance costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for bank and other borrowings and margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK$4.0 million during the Fiscal Year (2022: approximately HK$0.9 million). The increase in finance costs was mainly due to additional drawdown of bank and other borrowings during the Fiscal Year.

Loss attributable to the owners of the Company

Loss for the Fiscal Year attributable to the owners of the Company was approximately HK$22.7 million (2022: loss of approximately HK$3.3 million) primarily due to decrease in revenue from the corporate finance advisory services and increase in losses from the investment fund, recognition of expected credit loss on accounts and other receivables and increase in finance costs, partially offset by increase in other income and gains or losses, net.

Liquidity, Financial Resources and Capital Structure

During the Fiscal Year, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations, bank borrowings, margin financing and capital.

As at 31 March 2023, the Group's net current assets amounted to approximately HK$135.8 million (31 March 2022: approximately HK$157.3 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.2 times (31 March 2022: approximately 2.1 times). Cash and bank balances and pledged bank deposit in aggregate amounted to approximately HK$31.0 million (31 March 2022: approximately HK$57.0 million). As at 31 March 2023, the Group has bank borrowings, accounts payable to broker, convertible bonds and lease liabilities of approximately HK$24.8 million, HK$9.4 million, HK$1.2 million and HK$5.3 million, respectively (31 March 2022: approximately HK$29.9 million, HK$25.8 million, HK$1.2 million and HK$10.5 million, respectively). As at 31 March 2023, the Group's total debt incurred (including bank borrowings, accounts payable to broker, convertible bonds and lease liabilities) were approximately HK$40.7 million (31 March 2022: approximately HK$67.4 million), representing a gearing ratio of approximately 27.5% (31 March 2022: approximately 39.5%).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Fiscal Year.

Pledge of Assets

As at 31 March 2023, the Group (i) had pledged bank deposit of HK$10.0 million (31 March 2022: HK$10.0 million); and (ii) assigned the life insurance policy valued at HK$3.5 million to a bank as a security for a bank borrowing (31 March 2022: HK$3.4 million).

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and US dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

Capital Commitments and Contingent Liabilities

As at 31 March 2023, the Group did not have any significant capital commitment and contingent liabilities (31 March 2022: nil).

Employees and Remuneration Policies

As at 31 March 2023, the Group employed 45 staff (including executive Directors) (31 March 2022: 46). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "**Prospectus**"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Material Acquisitions and Disposals of Subsidiaries, Associates, Joint Ventures and Capital Assets

The Group did not have any material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the Fiscal Year.

Significant Investments Held by the Group

Up to 31 March 2023, the Group has invested US$3 million (equivalent to approximately HK$23.4 million) into Lego Vision Fund SP ("**LVF**"), a fund under management by the Group, as seed money. LVF focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth.

As at 31 March 2023, the Group held 28,807.172 non-voting shares in LVF (which represented approximately 43.45% of total non-voting shares of LVF) with aggregate value of approximately US$1.73 million (equivalent to approximately HK$13.5 million), which represented 5.15% of the total assets of the Group. The net asset value per share in respect of LVF was decreased from US$114.9 (equivalent to approximately HK$896.0) on 31 March 2022, to approximately US$59.9 (equivalent to approximately HK$467.3) on 31 March 2023, representing an overall negative return of approximately 47.8%.

In face of high inflation, US continue to increase the interest rate. Both fixed income and equity had substantial setback. Fixed income was directly and negatively impacted and stock market suffered from poor financial performance and outlook. As a result, most funds performed unsatisfactorily in 2022. Under this unfavourable market conditions, LVF turned conservative by keeping more cash and restructuring the investment strategies. Although the pandemic restriction in the PRC was generally released since December 2022, the weak economic confidence and poor demand in manufacturing sectors resulted in limited rebound. LVF has taken account of the above concerns in its portfolio by focusing more on sectors which were less affected such as luxury and artificial intelligence (AI) sectors. Accordingly, LVF is confident that its performance will be improved.

Future Plans for Material Investments or Capital Assets

Save for the investments of LVF, the Group did not have any plan for material investments and capital assets as at 31 March 2023.

Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

Compliance with Laws and Regulations

During the Fiscal Year, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Outlook and Prospect

Global and Asia economy continued to face uncertainties due to the global pandemic. A number of factor, such as the condition of the pandemic, the situation of the Russo-Ukrainian war and the resolution of the credit crisis of the China property developers will continue to hinder the recovery of the economic activities in Hong Kong. Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs and merger and acquisition plans, which may lead to lower demand for, delay to or termination of fund raising and merger and acquisition activities and the Group's services.

With the Group's diversified business portfolio which creates synergies between its business lines and the Group's experiences to advise on broad spectrum of corporate transactions which covers not only fund raising activities, but also resumption, restructuring and other corporate actions, the Group remains capable to secure new mandates and maintaining a healthy project pipeline. In particular, the Group has actively sought business opportunities for resumption and restructuring projects in view of the prevailing market and regulatory environment. However, the Group's business and revenue may likely be adversely affected if the uncertainties continue to dampen the outlook of the market.

Looking ahead, it is expected that the economy will resume gradually but maybe in a bumpy manner. The Company will continue to adhere to its strict and prudent risk management and compliance strategy, and take a prudent approach on its business development. The Group will also enhance its marketing efforts to solicit new opportunities targeting not only Hong Kong, but also the PRC, Singapore and elsewhere in the world. Following Hong Kong's directions to develop as virtual asset hub and enhancement of development in ESG sector, the Group will further evaluate these new opportunities and formulate business strategies in compliance with the latest regulations. The Group will aim to cement its strong reputation as an integrated platform for providing financial and securities services, and leverage its market position to diversify income stream and expand its client base.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer of the Company (the "**Share Offer**") amounted to approximately HK$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of application of net proceeds from the Share Offer are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from Share Offer *(HK$ million)*	Unutilised as at 31 March 2022 *(HK$ million)*	Utilised during the Fiscal Year *(HK$ million)*	Utilised up to 31 March 2023 *(HK$ million)*	Unutilised as at 31 March 2023 *(HK$ million)*	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	–	–	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	0.8	0.8	4.1	–	Fully utilised
Invest seed money for new fund under the asset management business	13.6%	13.5	1.8	–	11.7	1.8	By the end of financial year ending 31 March 2024 *(Note)*
Increase capital base for the securities financing business	9.1%	9.0	–	–	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	2.7	2.7	6.3	–	Fully utilised
Working capital and general corporate purposes	10.0%	9.9	–	–	9.9	–	Fully utilised
Total	100.0%	99.1	5.3	3.5	97.3	1.8	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 31 March 2023.

Note: The delay of timeline in full utilisation of this item was mainly attributable to the struggling global economy and the deteriorating global investment conditions. The Company will continue to observe the market conditions and critically evaluate whether it is in the interests of the Company and its shareholders to invest the unutilised proceeds as seed money for new fund under the asset management business during the financial year ending 31 March 2024.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 March 2023 (2022: nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 11 August 2023. The register of members of the Company will be closed from Tuesday, 8 August 2023 to Friday, 11 August 2023, both days inclusive, in order to determine the identity of the shareholders of the Company (the "**Shareholder(s)**") who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 7 August 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance.

As of 31 March 2023, the Company has complied with all applicable code provisions under the CG Code except for the following provision.

Under code provision C.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling Shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the Fiscal Year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Fiscal Year.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina (Chairlady), Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2023.

SCOPE OF WORK OF AUDITOR

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 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.legogroup.hk. The annual report of the Company for the year ended 31 March 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By order of the Board
LFG Investment Holdings Limited
Mui Ho Cheung Gary
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 23 June 2023

As at the date of this announcement, the executive Directors are Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley, Ms. Ho Sze Man Kristie and Mr. Tang Chun Fai Billy; and the independent non-executive Directors are Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki.