京基金融國際
KINGKEY FINANCIAL INTERNATIONAL

# KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED
# 京基金融國際（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 2023

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 2023 together with comparative figures for the corresponding year in 2022, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2023*

| | Notes | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|---|
| Revenue | 3 | **331,313** | 127,041 |
| Cost of sales | | **(208,621)** | (41,055) |
| Gross profit | | **122,692** | 85,986 |
| Other income | | **36,281** | 34,097 |
| Other gains and losses, net | 5 | **(9,051)** | (69,867) |
| Fair value change in contingent consideration payables | | **(1,009,876)** | – |
| Impairment loss on goodwill | | **(106,814)** | – |
| Provision for impairment of loan receivables, net | | **(3,373)** | (1,935) |
| Provision for impairment of trade and other receivables, net | | **(9,689)** | (6,611) |
| Selling and distribution expenses | | **(530)** | – |
| Administrative expenses | | **(162,942)** | (99,595) |
| Finance costs | | **(14,637)** | (13,460) |
| Share of result of associates | | **(6,333)** | (30) |

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Loss before tax | 6 | **(1,164,272)** | (71,415) |
| Income tax credit/(expense) | 7 | **1,283** | (1,714) |
| Loss for the year | | **(1,162,989)** | (73,129) |
| Other comprehensive expense: | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of financial statements of overseas operation | | **(1,916)** | (3,528) |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Fair value changes of financial assets at fair value through other comprehensive income | | **(1,475)** | (1,650) |
| Other comprehensive expense for the year, net of tax | | **(3,391)** | (5,178) |
| Total comprehensive expense for the year | | **(1,166,380)** | (78,307) |
| Loss for the year attributable to: | | | |
| Owners of the Company | | **(1,158,455)** | (73,129) |
| Non-controlling interests | | **(4,534)** | – |
| | | **(1,162,989)** | (73,129) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | **(1,161,781)** | (78,307) |
| Non-controlling interests | | **(4,599)** | – |
| | | **(1,166,380)** | (78,307) |
| Loss per share for loss attributable to owners of the Company | 9 | | |
| Basic | | **(17.16) cents** | (1.14) cents |
| Diluted | | **(17.16) cents** | (1.14) cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2023*

| | Notes | 2023<br>*HK$'000* | 2022<br>*HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **12,199** | 14,863 |
| Right-of-use assets | | **8,578** | 68 |
| Goodwill | | **235,750** | 106,814 |
| Intangible asset | | **580,241** | 500 |
| Investment in associates | | **74,055** | 15,648 |
| Financial assets at fair value through profit or loss | | **66,082** | 77,129 |
| Financial assets at fair value through other comprehensive income | | **1,775** | 3,250 |
| Loan receivables | 11 | **90** | 18,249 |
| Deposits | 10 | **1,192** | 12,968 |
| | | **979,962** | 249,489 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | | **–** | 49,591 |
| Inventories | | **46,290** | 66,892 |
| Trade and other receivables, prepayments and deposits | 10 | **367,263** | 320,767 |
| Loan receivables | 11 | **86,817** | 230,223 |
| Amounts due from related companies | | **3,177** | 3,056 |
| Tax recoverable | | **1,773** | 1,954 |
| Pledged bank deposits | | **35,000** | 35,000 |
| Bank balances held on behalf of clients | | **152,974** | 234,840 |
| Bank balances and cash | | **111,051** | 124,448 |
| | | **804,345** | 1,066,771 |

| | Notes | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | 12 | **236,298** | 253,519 |
| Contingent consideration payables | | **819,327** | – |
| Tax payables | | **11,882** | 6,676 |
| Bank and other borrowings | | **86,775** | 95,330 |
| Lease liabilities | | **3,561** | 71 |
| Amount due to a related company | | **50** | – |
| Amount due to a former director | | **977** | 3,765 |
| Amount due to a shareholder | | **6,500** | 11,000 |
| Corporate bonds | | **73,434** | 96,717 |
| | | **1,238,804** | 467,078 |
| **Net current (liabilities)/assets** | | **(434,459)** | 599,693 |
| **Total assets less current liabilities** | | **545,503** | 849,182 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **5,439** | – |
| Corporate bonds | | **34,599** | 58,891 |
| Deferred tax liabilities | | **131,627** | – |
| | | **171,665** | 58,891 |
| **Net assets** | | **373,838** | 790,291 |
| **Capital and reserve** | | | |
| Share capital | 13 | **71,773** | 67,246 |
| Reserves | | **168,764** | 723,045 |
| Equity attributable to owners of the Company | | **240,537** | 790,291 |
| Non-controlling interests | | **133,301** | – |
| Total equity | | **373,838** | 790,291 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2023*

### 1. GENERAL

Kingkey Financial International (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. In the opinion of the Directors of the Company, the ultimate holding company of the Company is Kingkey Holdings (International) Limited ("**Kingkey Holdings**") which is a private limited company incorporated in the British Virgin Islands. Its controlling shareholder is Mr. Chen Jiajun, who is also the controlling shareholder and executive director of the Company ("**Mr. Chen Jiajun**").

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 located at 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of securities brokerage, insurance brokerage, assets management services and money lending services in Hong Kong, fur skin brokerage and sale of pelted skin in Denmark, network and licensing business, membership and event business and insurance technology business in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. In addition, the functional currencies of group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

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

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contract – Cost of fulfilling a contract |
| Amendments to HKFRS 3 | Conceptual Framework |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2018–2020 |

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

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

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

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and the related Amendments[1] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1] |
| 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] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Lease Back[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |

1 Effective for annual periods beginning on or after 1 January 2023, earlier application is permitted

2 Effective for annual periods beginning on or after 1 January 2024, earlier application is permitted

3 Effective date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 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:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue from contracts with customers** | | |
| Insurance brokerage services income | **47,237** | 47,670 |
| Commission income from | | |
| – securities brokerage | **1,803** | 3,208 |
| – underwriting, sub-underwriting, placing and sub-placing | **908** | 4,183 |
| Brokerage of fur skin | **74** | 77 |
| Sale of pelted skin | **11,154** | 7,123 |
| Fund management services income | **1,200** | 807 |
| Assets management services income | **4,423** | 7,315 |
| Membership business income | **56,161** | – |
| Insurance technology service income | **70,109** | – |
| Network and licensing business income | **85,600** | – |
| **Revenue from other sources** | | |
| Interest income from margin financing services | **26,979** | 26,552 |
| Interest income from money lending services | **25,665** | 30,106 |
| | **331,313** | 127,041 |

*Note:* Commission and services income from insurance brokerage, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, brokerage of fur skin, sale of pelted skin and insurance technology are recognised at point in time. Service income from asset management and membership business income are recognised at point over time.

## 4. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource 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 | – | Provision of securities brokerage, margin financing, underwriting, sub-underwriting, placing, sub-placing and consultancy services |
| Insurance brokerage | – | Provision of insurance brokerage services |
| Fur | – | Sale of pelted skin and fur skin brokerage |
| Assets management | – | Provision and arrangement of fund management services and assets management services |
| Money lending | – | Provision and arrangement of money lending services |
| Membership and event | – | Carrying out membership business and event hosting business |
| Insurance technology | – | Development and operations of intelligent digital sales platforms and information technology services related to insurance business |
| Network and licensing | – | Provision of multi channel network and licensing service |

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

**For the year ended 31 March 2023**

| | Securities *HK$'000* | Insurance brokerage *HK$'000* | Fur *HK$'000* | Assets management *HK$'000* | Money lending *HK$'000* | Membership and event *HK$'000* | Insurance technology *HK$'000* | Network and licensing *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 29,690 | 47,237 | 11,228 | 5,623 | 25,665 | 56,161 | 70,109 | 85,600 | 331,313 |
| RESULTS | | | | | | | | | |
| Segment operating results | 19,469 | 907 | (3,040) | 3,753 | 19,543 | 43,854 | (747) | 1,400 | 85,139 |
| Bad debts | – | – | – | – | – | (1,224) | – | – | (1,224) |
| Amortisation of intangible assets | – | – | – | – | – | (37,523) | (3,292) | – | (40,815) |
| Impairment loss on goodwill | (106,814) | – | – | – | – | – | – | – | (106,814) |
| Provision of impairment of trade and other receivables, net | (9,635) | – | – | – | – | (54) | – | – | (9,689) |
| Provision for impairment of loan receivables, net | – | – | – | – | (3,373) | – | – | – | (3,373) |
| Segment results | (96,980) | 907 | (3,040) | 3,753 | 16,170 | 5,053 | (4,039) | 1,400 | (76,776) |
| Other gains and losses, net | | | | | | | | | (9,051) |
| Fair value change of contingent consideration payables | | | | | | | | | (1,009,876) |
| Finance costs | | | | | | | | | (14,637) |
| Share result of associates | | | | | | | | | (6,333) |
| Unallocated corporate income | | | | | | | | | 4,320 |
| Unallocated corporate expenses | | | | | | | | | (51,919) |
| Loss before tax | | | | | | | | | (1,164,272) |
| Income tax credit | | | | | | | | | 1,283 |
| Loss for the year | | | | | | | | | (1,162,989) |

| | Securities *HK$'000* | Insurance brokerage *HK$'000* | Fur *HK$'000* | Assets management *HK$'000* | Money lending *HK$'000* | Membership and event *HK$'000* | Insurance technology *HK$'000* | Network and licensing *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| Segment assets | 429,654 | 6,092 | 57,185 | 1,066 | 86,907 | 812,587 | 23,097 | 25,600 | 1,442,188 |
| Unallocated corporate assets | | | | | | | | | 342,119 |
| Total assets | | | | | | | | | 1,784,307 |
| LIABILITIES | | | | | | | | | |
| Segment liabilities | 225,088 | 8,436 | 12,523 | – | 2,500 | 135,941 | 458 | 34,000 | 418,946 |
| Unallocated corporate liabilities | | | | | | | | | 991,523 |
| Total liabilities | | | | | | | | | 1,410,469 |

## Other information

| | Securities *HK$'000* | Insurance brokerage *HK$'000* | Fur *HK$'000* | Assets management *HK$'000* | Money lending *HK$'000* | Membership and event *HK$'000* | Insurance technology *HK$'000* | Network and licensing *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|---|
| Additions of property, plant and equipment | – | – | – | – | – | 3 | – | – | 9 | 12 |
| Write down of inventories | – | – | 4,992 | – | – | – | – | – | – | 4,992 |
| Provision for impairment of trade and other receivables, net | 9,635 | – | – | – | – | 54 | – | – | – | 9,689 |
| Provision for impairment of loan receivables, net | – | – | – | – | 3,373 | – | – | – | – | 3,373 |
| Amortisation of intangible asset | – | – | – | – | – | 37,523 | 3,292 | – | – | 40,815 |
| Depreciation of property, plant and equipment | 1,057 | 1,262 | – | 16 | – | 211 | 25 | – | 248 | 2,819 |
| Depreciation of right-of-use assets | – | 1,836 | 68 | – | – | 1,628 | – | – | – | 3,532 |

For the year ended 31 March 2022

| | Securities<br>*HK$'000* | Insurance brokerage<br>*HK$'000* | Fur<br>*HK$'000* | Assets management<br>*HK$'000* | Money lending<br>*HK$'000* | Total<br>*HK$'000* |
|---|---|---|---|---|---|---|
| Revenue | 33,943 | 47,670 | 7,200 | 8,122 | 30,106 | 127,041 |
| RESULTS | | | | | | |
| Segment operating results | 21,111 | (5,587) | 10,392 | 5,710 | 30,008 | 61,634 |
| Impairment of property, plant and equipment | – | – | (59,439) | – | – | (59,439) |
| Provision of impairment of trade and other receivables, net | (6,611) | – | – | – | – | (6,611) |
| Provision for impairment of loan receivables, net | – | – | – | – | (1,935) | (1,935) |
| Segment results | 14,500 | (5,587) | (49,047) | 5,710 | 28,073 | (6,351) |
| Other gains and losses, net | | | | | | (10,428) |
| Finance costs | | | | | | (13,460) |
| Share result of an associate | | | | | | (30) |
| Unallocated corporate income | | | | | | 2,957 |
| Unallocated corporate expenses | | | | | | (44,103) |
| Loss before tax | | | | | | (71,415) |
| Income tax expense | | | | | | (1,714) |
| Loss for the year | | | | | | (73,129) |

| | Securities<br>*HK$'000* | Insurance brokerage<br>*HK$'000* | Fur<br>*HK$'000* | Assets management<br>*HK$'000* | Money lending<br>*HK$'000* | Total<br>*HK$'000* |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Segment assets | 651,050 | 1,847 | 78,129 | 2,302 | 248,472 | 981,800 |
| Unallocated corporate assets | | | | | | 334,460 |
| Total assets | | | | | | 1,316,260 |
| LIABILITIES | | | | | | |
| Segment liabilities | 311,884 | 5,699 | 24,402 | – | 1,005 | 342,990 |
| Unallocated corporate liabilities | | | | | | 182,979 |
| Total liabilities | | | | | | 525,969 |

**Other information**

| | Securities *HK$'000* | Insurance brokerage *HK$'000* | Fur *HK$'000* | Assets management *HK$'000* | Money lending *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|
| Additions of property, plant and equipment | 36 | 196 | – | 43 | – | 741 | 1,016 |
| Impairment of property, plant and equipment | – | – | 59,439 | – | – | – | 59,439 |
| Provision for impairment of trade and other receivables, net | 6,611 | – | – | – | – | – | 6,611 |
| Provision for impairment of loan receivables, net | – | – | – | – | 1,935 | – | 1,935 |
| Depreciation of property, plant and equipment | 1,456 | 1,257 | 6,148 | 9 | – | 140 | 9,010 |
| Depreciation of right-of-use assets | – | 2,393 | 410 | – | – | – | 2,803 |

Segment results represent the result from each segment without allocation of central administration costs including directors' remuneration, other gains and losses excluded impairment of property, plant and equipment, net, share result of associates, fair value change of contingent consideration payables, unallocated other income, finance costs, provision for impairment of unallocated other receivables and income tax expense, which are reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

- all assets other than other receivables, prepayments and deposits, financial assets at FVTPL, financial assets at FVTOCI, certain property, plant and equipment, goodwill, intangible assets, amounts due from related companies, pledged bank deposit, bank balances and cash and tax recoverable are allocated to reportable segments. Assets used jointly by reportable segment are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities other than accruals and other payables, amount due to a director/a shareholder/a related company, contingent consideration payables, corporate bonds and tax payables are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

**Geographical information**

The Group mainly operates in Hong Kong, the PRC and Denmark.

The Group's revenue from external customers based on the location of operations and information about its non-current assets by geographical location of the assets are analysed as follows:

| | **Revenue from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2023** ***HK$'000*** | 2022 *HK$'000* | **2023** ***HK$'000*** | 2022 *HK$'000* |
| The PRC | **211,870** | 77 | **818,685** | – |
| Hong Kong | **108,215** | 119,841 | **81,243** | 138,484 |
| Denmark | **11,228** | 7,123 | **10,895** | 11,109 |
| | **331,313** | 127,041 | **910,823** | 149,593 |

*Note:* Non-current assets excluded financial instruments.

**Information about major customers**

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A (Segment: Insurance brokerage) *(Note a)* | **–** | 18,214 |
| Customer B (Segment: Network and licensing) *(Note b)* | **40,000** | – |
| Customer C (Segment: Insurance technology) *(Note b)* | **51,250** | – |

*Note a:* Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2023.

*Note b:* No revenue contributed from this customer for the year ended 31 March 2022.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2023 and 2022.

## 5. OTHER GAINS AND LOSSES, NET

An analysis of the Group's other gains and losses, net is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Foreign exchange gain, net | **42** | 99 |
| Impairment of property, plant and equipment | **–** | (59,439) |
| Change in fair value of financial assets at FVTPL | **(9,200)** | (16,824) |
| Gain/(loss) on disposal of financial assets at FVTPL | **107** | (20) |
| Gain on termination of lease | **–** | 739 |
| Gain on bargain purchase of acquisition of an associate | **–** | 5,578 |
| | **(9,051)** | (69,867) |

## 6. LOSS BEFORE TAX

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditor's remuneration | **1,379** | 1,242 |
| Provision for impairment of trade and other receivables, net | **9,689** | 6,611 |
| Provision for impairment of loan receivables, net | **3,373** | 1,935 |
| Cost of inventories recognised as expenses | **97,512** | 5,695 |
| Amortisation of intangible assets | **40,815** | – |
| Depreciation of property, plant and equipment | **2,819** | 9,010 |
| Depreciation of right-of-use assets | **3,532** | 2,803 |
| Impairment of property, plant and equipment | **–** | 59,439 |
| Write down of inventories | **4,992** | – |
| Bad debts | **1,224** | – |
| Net foreign exchange gain, net | **(42)** | (99) |
| Operating lease rental for short-term leases and low value assets | **7,625** | 6,245 |
| Staff costs (including directors' remuneration) | | |
| – salaries and benefits in kind | **42,519** | 43,278 |
| – discretionary bonus | **–** | 45 |
| – retirement benefits scheme contributions | **1,035** | 1,087 |

## 7. INCOME TAX (CREDIT)/EXPENSE

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong Profits Tax | | |
| Current year provision | **4,873** | 1,899 |
| Over-provision in prior year | **–** | (185) |
| | **4,873** | 1,714 |
| Deferred tax | | |
| In respect of current year | **(6,156)** | – |
| Tax (credit) expense for the year | **(1,283)** | 1,714 |

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Subsidiary in Denmark is subject to Denmark Corporation Tax at 22% for the year (2022: 22%). No provision has been made for Denmark corporate tax as the tax losses brought forward from previous year exceed the estimated assessable profits for the years.

Subsidiary in PRC is subject to PRC enterprise income tax at the statutory rate of 25%.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

## 9. 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 2023 of HK$1,158,455,000 (2022: HK$73,129,000) and the weighted average number of 6,749,366,420 ordinary shares (2022: number of 6,395,650,694 ordinary shares) in issue during the year.

**Diluted loss per share**

No adjustment was made in calculating the diluted loss per share for both years ended 31 March 2023 and 2022 as there was no potential ordinary shares in issue outstanding.

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | **2023** | 2022 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Trade receivables from: | | |
| Securities brokerage business *(Note a)* | | |
| – Cash clients | **116** | 197 |
| – Margin clients | **270,146** | 316,990 |
| – Clearing house | **27** | 9,767 |
| – Brokers | **6** | 359 |
| | **270,295** | 327,313 |
| Fur skins brokerage business *(Note b)* | **–** | 60 |
| Assets management business *(Note c)* | **1,018** | 2,239 |
| Network and licensing business *(Note d)* | **25,600** | – |
| Membership and event business *(Note e)* | **17,053** | – |
| | **313,966** | 329,612 |
| Less: Provision for impairment of trade receivables | **(29,346)** | (19,657) |
| | **284,620** | 309,955 |
| Prepayments | **22,347** | 2,317 |
| Deposits *(Note f)* | **20,937** | 13,373 |
| Bond interest receivable | **1,021** | 1,750 |
| Other receivables *(Note g)* | **39,530** | 6,340 |
| | **368,455** | 333,735 |
| Analysis for reporting purpose as: | | |
| Current assets | **367,263** | 320,767 |
| Non-current assets – deposits | **1,192** | 12,968 |
| | **368,455** | 333,735 |

*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

Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. For overdue receivables, the management ensures that the listed securities belonging to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

Margin clients

The Group maintains a list of approved securities held as 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 Group'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 2023, the fair value of the pledged securities held by the Group amounted to HK$1,091,043,000 (2022: HK$822,175,000).

Clearing house

Trade receivables from a clearing house 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 fur skin brokerage.

(c) The Group allows a credit period ranging from 0 day to 90 days to its customers from the business of assets management.

(d) The Group allows a credit period ranging from 0 day to 90 days to the customers from network and licensing business and all the balance was fully settled subsequent to the end of the financial period.

(e) No credit period for the customers from membership and event business.

(f) As at 31 March 2022, included in the deposit was HK$11,700,000 for the acquisition of a subsidiary, which has been completed on 6 June 2022.

(g) The other receivables included HK$30,000,000 which is the balance of the disposal of the convertible bond receivable. All the amount has been settled before the reporting date. No provision for impairment on other receivables as at 31 March 2023 and 2022.

The aging analysis of the Group's trade receivables from the business of securities, net of allowance for ECL, are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Margin clients balances: | | |
| No due date | **240,854** | 297,333 |
| Cash clients balances: | | |
| Neither past due nor impaired | **–** | – |
| Past due but not impaired | **116** | 197 |
| | **116** | 197 |
| Other balances: | | |
| Neither past due nor impaired | **27** | 9,767 |
| Past due but not impaired | **6** | 359 |
| | **33** | 10,126 |
| | **241,003** | 307,656 |

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at beginning of the year | **19,657** | 13,046 |
| Provision for impairment under ECL | **9,688** | 16,986 |
| Recovery during the year | **(53)** | (10,375) |
| Balance at end of the year | **29,292** | 19,657 |

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 after 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 aging analysis of the Group's trade receivables from the business of fur skin brokerage, net of allowance for ECL, based on invoice dates are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **–** | 60 |

Trade receivables from the business of fur skin brokerage that were neither past due nor impaired related to customers for whom there is no recent history of default.

The aging analysis of the Group's trade receivables from the business of assets management, net of allowance for ECL, based on invoice dates are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **1,017** | 1,478 |
| 61–90 days | **–** | – |
| Over 90 days | **1** | 761 |
| | **1,018** | 2,239 |

The aging analysis of the Group's trade receivables from the business of assets management which are past due but not impaired are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Overdue by: | | |
| 1–30 days | **–** | – |
| 31–90 days | **–** | – |
| Over 90 days | **1** | 761 |
| | **1** | 761 |

Receivables were related to customers for whom there was no recent history of default. As at 31 March 2023, the Group has assessed the recoverability of the receivables that were past due and considered any change in the credit quality of the trade receivables from the date when credit was initially granted and subsequent settlement after the end of the reporting period. In the opinion of the directors of the Company, no allowance for ECL has been recognised because there has not been a significant change in credit quality of these debtors and the amounts are still considered recoverable based on the good payment record of the customers and subsequent settlement after the end of the reporting period.

The aging analysis of the Group's trade receivables from the business of membership and event, net of allowance for ECL, based on invoice dates are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **10,020** | – |
| 61–90 days | **2,372** | – |
| Over 90 days | **4,607** | – |
| | **16,999** | – |

The aging analysis of the Group's trade receivables from the business of membership and event which are past due but not impaired are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Overdue by: | | |
| 1–30 days | **10,020** | – |
| 31–90 days | **2,372** | – |
| Over 90 days | **4,607** | – |
| | **16,999** | – |

Provision of ECL allowance of trade receivables from the business of membership and event is as follow:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at beginning of the year | **–** | – |
| Provision for impairment under ECL | **54** | – |
| Balance at end of the year | **54** | – |

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 after 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 aging analysis of the Group's trade receivables from the business of network and licensing, net of allowance for ECL, based on invoice dates are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **25,600** | – |

The aging analysis of the Group's trade receivables from the business of assets management which are past due but not impaired are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Overdue by: | | |
| 1–30 days | **25,600** | – |

The receivable was settled before the reporting date, no allowance for ECL has been recognised.

## 11. LOAN RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loans from money lending business – unsecured | **51,311** | 69,621 |
| Loans from money lending business – secured | **38,100** | 176,762 |
| Interest receivables | **3,023** | 4,243 |
| | **92,434** | 250,626 |
| Less: Provision for impairment | **(5,527)** | (2,154) |
| | **86,907** | 248,472 |
| Analysed as | | |
| Current | **86,817** | 230,223 |
| Non-current | **90** | 18,249 |
| | **86,907** | 248,472 |

The Group offered a credit period ranging from 1 month to 3 years for the loans to its customers in money lending business with fixed interest rate ranging from 10% p.a. to 48% p.a. (2022: from 10% p.a. to 48% p.a.). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance are reviewed regularly by the management.

The following is an aging analysis of the Group's loan receivables by age, presented based on the due date and net of allowance for ECL at 31 March 2023 and 2022:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| No past due | **85,690** | 226,961 |
| Overdue by: | | |
| 1–30 days | **312** | 645 |
| 31–60 days | **–** | 157 |
| 61–90 days | **–** | 3 |
| Over 90 days | **905** | 20,706 |
| | **86,907** | 248,472 |

Analysis of the ECL allowance of loan receivables is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at beginning of the year | **2,154** | 219 |
| Recovered during the year | **(389)** | (140) |
| Provision for the year | **3,762** | 2,075 |
| Balance at end of the year | **5,527** | 2,154 |

## 12. TRADE AND OTHER PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables from: | | |
| Securities brokerage business *(Note a)* | | |
| – Cash clients | **29,135** | 38,146 |
| – Margin clients | **124,453** | 203,731 |
| – Clearing house | **1,500** | – |
| | **155,088** | 241,877 |
| Membership and event business *(Note b)* | **1,701** | – |
| Network and licensing business *(Note b)* | **34,000** | – |
| Insurance brokerage business *(Note b)* | **2,507** | 5,699 |
| | **193,296** | 247,576 |
| Other payables: | | |
| Accruals | **3,160** | 3,835 |
| Corporate bonds interest payable | **1,692** | 1,658 |
| Other loan interest payable | **109** | 8 |
| Amount due from a former shareholder of a subsidiary *(Note c)* | **12,404** | – |
| Received in advance | **13,737** | – |
| Other operating expenses payable | **11,417** | 421 |
| Others | **483** | 21 |
| | **236,298** | 253,519 |

*Notes:*

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

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% (2022: 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.

Included in trade payables from margin clients, five of the margin clients claimed against for the cash balances with total sum of approximately HK$47.3 million in five margin accounts. Details refer to Note 14.

(b) Based on the invoice dates, aging analysis of trade payables from membership and event business, network and licensing business and insurance brokerage business are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **1,889** | 5,561 |
| 61–90 days | **49** | 40 |
| 91–120 days | **34,569** | – |
| Over 120 days | **1,701** | 98 |
| | **38,208** | 5,699 |

(c) Amount due from a former shareholder of a subsidiary is unsecured, non-interest bearing and repayable on demand.

## 13. SHARE CAPITAL

| | Note | Number of ordinary shares of HK$0.01 each | HK$'000 |
|---|---|---|---|
| Authorised: | | | |
| At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023 | | 10,000,000,000 | 100,000 |
| Issued and fully paid: | | | |
| At 1 April 2021 | | 4,849,629,735 | 48,496 |
| Placing of shares | (a) | 1,875,000,000 | 18,750 |
| At 31 March 2022 and 1 April 2022 | | 6,724,629,735 | 67,246 |
| Issue of consideration shares | (b) | 452,666,666 | 4,527 |
| At 31 March 2023 | | 7,177,296,401 | 71,773 |

During the years ended 31 March 2023 and 2022, the movements in the Company's share capital are as follows:

(a) On 4 June 2021, a total of 1,875,000,000 ordinary shares were issued upon placing at an aggregate consideration of HK$447,750,000 of which HK$18,750,000 was credited to share capital and the remaining balance of HK$429,000,000 was credited to the share premium account.

(b) On 21 February 2023, 452,666,666 new ordinary shares of HK$1.46 each of the Company were issued as the first tranche consideration shares for the acquisition of 70% equity interest in FGA Holdings Limited. Share capital and share premium of approximately HK$4,527,000 and HK$656,367,000 respectively were recorded.

## 14. LITIGATION

During the period from 22 January 2022 to 29 January 2022, Kingkey Securities Group Limited ("**KKSG**"), a wholly-owned subsidiary of the Company received five writs of summons issued in High Courts of Hong Kong by five different margin clients of KKSG, which claimed against KKSG for the cash balances with total sum of approximately HK$54.3 million in the five margin accounts (which approximately HK$47.3 million were frozen and restricted from securities trading under the restriction notice issued by the regulator) and equity securities held as collateral of the respective five margin clients (the "**Claims**"), maintained with KKSG. The directors of the Company are of the view that the Claims have no merit.

The directors of the Company consider that no provision for the Claims is required as these margin clients had withdrawn approximately HK$7 million during the year ended 31 March 2022 and the remaining amounts of the Claims of approximately HK$47.3 million have already been recorded as liabilities in Note 12 to this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the previous financial year, Hong Kong has experienced one of the most serious pandemics. The COVID-19, which started to ravage Hong Kong in early 2020, might not have caused the highest toll of deaths, but the effect is absolutely the most long lasting. The havoc on the city's economy was devastating, which was evidenced by poor atmosphere in the stock market. The war between Russia and Ukraine has led to an unexpected high inflation around the globe as a result of the supply shock of, among all, natural gas, food, etc., forcing the Federal Reserve to raise interest rate in a very aggressive fashion that further impacts Hong Kong's monetary environment. Although not fully following the pace of the interest rate hike in the US, Hong Kong was forced to increase to a lesser extent which has further posed an additional negative effect on its stock market and consumption confidence. The long-awaited re-opening of borders with the PRC and the rest of the world came into reality in the fourth quarter of 2022. This news stimulated the stock market somehow; however, the momentum did not last long and it did not seem to benefit Hong Kong conspicuously or, at least, to the extent many people anticipated.

### Securities

Kingkey Securities Group 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). During the year, the business was getting more difficult to run which was attributable to the following reasons:

1. The aftermath of the pandemic: The heavy impact on the economy was severe and long lasting: many listed companies were striving to survive as their foundations were shattered by the pandemic over the past three years. The weak economy made companies difficult to raise fund from the stock market that our securities brokerage could earn very little commission income arisen from this kind of corporate transactions, let alone those as underwriter of IPOs. In fact, there is news reported that the market share of IPO in 2023 first quarter in Indonesia took over Hong Kong to become the fourth largest and Hong Kong ranked on the sixth.

2. Poor performance of Hong Kong stocks performance: Many shares slumped in the past year when the epidemic stroke Hong Kong again last year but they failed rebound in the last quarter of 2022. The overall performance of Hang Send Index is disappointing until now in 2023. There is a news reported in May that Hong Kong's stock market performed the worst among the major global markets and was the only one rendering negative return. The business even failed to benefit from the short-term rebound largely due to the fact that the market share of the securities brokerage industry has been skewed to a handful of large-scale brokerages.

3. Credit issue: Based on the above points, the quality of margin income has deteriorated at a faster pace than we imagined. At a result, we have provided approximately HK$29.3 million for expected credit loss, accounting for 10.8% of our total outstanding margin.

As a result, the total revenue recorded for the year ended 31 March 2023 was approximately HK$29.7 million (2022: approximately HK$33.9 million). After due consideration, we do see the hope that the Hong Kong stock market will turnaround in a foreseeable future is considerably remote. Having engaged an independent valuer and forecast the probable future cashflow of this business, we believed that it is reasonable to write off all the goodwill amounting to approximately HK$106.8 million. Therefore, this business segment incurred a loss of approximately HK$103.0 million (2022: profit of approximately HK$10.1 million).

**Insurance Brokerage**

Kingkey Privilege Wealth Management Limited ("**KKWM**") is our wealth management and insurance brokerage arm. As at 31 March 2023, it is registered with the Insurance Authority ("**IA**") and Mandatory Provident Fund Schemes Authority ("**MPFA**") and is operating a team of experienced insurance professionals with 151 licensed representatives under IA and 74 licensed representatives under MPFA, representing a 4.9% increase in salesforce compared with last financial year. They act as individual financial advisers to provide quality service to their clients by adopting IFA 3.0 strategy to formulate detailed and tailor-made wealth management solutions based on the clients' needs and source appropriate investment tools with an aim to achieving desired return, our platform providing 30 major life and general insurance providers for different types of clients. Moreover, they assist their clients to grasp the most updated market information and analyse the risk and opportunities therefrom and assess their clients' portfolio regularly. KKWM has generated over 465 new clients and issued over 1,485 number of policies during this financial year, and our platform are managing near 9,190 insurance policies for over 4,520 clients and has Annualised First Year Premium ("**AFYP**") amount of over HK$78 million; with total Annualised First Year Commission ("**AFYC**") amount of over HK$37 million.

As at 31 March 2023, the business of insurance brokerage was steady. The total revenue earned amounted to approximately HK$47.2 million, representing a slight decrease around 1% compared with last year's approximately HK$47.7 million.

**Fur**

In the year 2023, the Kopenhagen Fur auction started strong in February followed by strong Saga Furs March auction. It is all because of a strong demand of mink garments in China which opened up the whole country in January after the pandemic. Also, we negotiated with the Danish government very hard last year. In result, we got an advance payment of DKK6.12 million for forbidding our farming of the 12 mink farms.

**Assets Management**

We commenced this business line since early 2020. The main objective of this business is to serve our clients who are looking for fund managers to look after their assets and we earn service fee in return. All of our fund managers are qualified with Type 9 (Asset Management) regulated activities license under the Securities and Futures Ordinance and some of them had worked for reputable investment banks before joining us. During the year, our assets management business shrank largely due to the decrease in income from external asset management (EAM) service as a result of market downturn leading to decrease in market prices, which can directly affect the EAM revenue; since most of the revenue is typically earned as a percentage of asset under management. As at 31 March 2023, revenue from provision of fund and asset management services recorded HK$5.6 million (2022: HK$8.1 million).

**Money Lending**

The needs for borrowing is still keen. However, having considered the overall deteriorated market condition, we have become more cautious when granting a loan to minimize the risk of becoming a non-performing debt. As a result, the total interest income earned from money lending business for the year ended 31 March 2023 decreased by around 15% from last year's approximately HK$30.1 million to this year's approximately HK$25.7 million.

**Membership and Events**

The membership and event segment is principally engaged in the Forbes Global Alliance ("**FGA**") membership business and the events hosting business. The membership and event segment is operated by FGA Holdings Limited and its subsidiaries ("**FGA Group**"). FGA Group leverages the Forbes brand to congregate and promote exchange among professionals, entrepreneurs, and high net worth individuals through paid membership programs. The FGA Group also organises events together with Forbes China Group, in which FGA Group is responsible for seeking out sponsorships and ticket sales in return for a share of the event profit. The purpose of these events is also to provide opportunities for FGA members to connect, network and exchange ideas amongst each other, other attendees and guest speakers of the events. During the year ended 31 March 2023, since acquisition on 6 June 2022, the membership and event segment recorded revenue of approximately HK$56.2 million and earnings before interest, taxes, depreciation and amortization ("**EBITDA**") of HK$27.8 million.

**Multi-Channel Network and Licensing**

The multi-channel network and licensing segment is principally engaged in the business of licensing and sale of movie and television content such as broadcasting rights. The multi-channel network and licensing segment will also be expanding into the licensing and sales of art and branded intellectual property and the management of webcast celebrities. During the year ended 31 March 2023, the multi-channel network and licensing segment recorded revenue of approximately HK$85.6 million and loss after taxes of approximately HK$0.1 million.

**Insurance Technology**

The insurance technology segment is in the business of providing marketing and information solutions to insurance brokerages through our insurance premium calculation platform. During the year ended 31 March 2023, since acquisition on 6 June 2022, the insurance technology segment recorded revenue of approximately HK$70.1 million and loss after taxes of approximately HK$3.9 million.

## PROSPECTS

The economic prospect of Hong Kong seems to have much less uncertainty compared with last year: the interest rate in the US has been raised almost to the peak, the effect on war between Russia and Ukraine is now known and western countries have found ways to mitigate it, and COVID-19 no longer posts threat on Hong Kong's public health.

However, there are still some issues left to be handled. The Hong Kong stock market atmosphere remains bearish, the overall consumption confidence being conservative and the business confidence is falling as well which is evidence by the increasing vacancy in Grace A private office. Hong Kong is in urgent need a series of systemic measures to find some way out by developing new promising industries and fostering its traditional four pillar industries such that it can restore its glory.

However, in order to achieve this, we expect that it will a considerable amount of time even though those measures are on hand and ready to kick start. As a result, our financial businesses, which are heavily dependent on the climate of the Hong Kong economy and its financial market, namely, assuming everything constant, our assets management and insurance brokerage businesses are not expected to have any remarkable growth in the coming year. In particular, the prospect of the securities brokerage business is believed to be gloomy in the coming few years. The management will monitor and consider different viable options toward it.

While in the past two decades that many people in the PRC have created considerable wealth, FGA can provide them with a gateway to get to know people at their similar level and facilitate them to further develop their business or career to a higher level. Therefore, we expect the demand for memberships and multi-channel networking services will be keen. Meanwhile, the increasing popularity in the use of artificial intelligence application is believed to help incubate our insurance technology segment. Given non-event of aversive factors, we are optimistic about its prospect.

## FINANCIAL REVIEW

### Revenue and segment results

Revenue of the Group for financial year ended 31 March 2023 ("**FY2023**") was approximately HK$331.3 million (FY2022: approximately HK$127.0 million). The HK$204.3 increase in revenue was mainly due to HK$56.1 million and HK$70.1 contributed from new acquired membership and events business, and insurance technology business respectively, also HK$85.6 million contributed by the start-up multi-channel network and licensing 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 FY2023, 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$29.7 million (FY2022: approximately HK$33.9 million), which mainly due to decrease in above-mentioned commission income.

The securities brokerage commission decreased from last year's approximately HK$3.2 million to this year approximately HK$1.8 million mainly due to sluggish stock market, which was partly offset by the slightly increase in interest income from margin financing services.

After due consideration, we do see the hope that the Hong Kong stock market will turnaround in a foreseeable future is considerably remote. Having engaged an independent valuer and forecast the probable future cashflow of this business, we believed that it is reasonable to write off all the goodwill amounting to approximately HK$106.8 million. Therefore, this business segment incurred a loss of approximately HK$103.0 million (2022: profit of approximately HK$10.1 million).

### Insurance brokerage

Insurance brokerage represented the provision of insurance brokerage and wealth management services.

Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Insurance Authority ("**IA**"). As at 31 March 2023, it is registered with IA and is operating a team of 151 licensed representatives under IA and 74 licensed representatives under Mandatory Provident Fund Schemes Authority, and is representing 30 major life and general insurance providers.

During FY2023, revenue from insurance brokerage, which represented commission income received from broking and dealing in insurance products amounted to approximately HK$47.2 million (FY2022: approximately HK$47.7 million). It reported a segment profit of approximately HK$1.2 million for FY2023 (FY2022: loss of approximately HK$5.4 million).

**Fur**

For FY2023, the Group's fur business raised and the revenue amounted to approximately HK$11.2 million (FY2022: approximately HK$7.2 million). The increase was due to Kopenhagen fur auctions resume to normal this year. However, approximately HK$5.0 million impairment of inventory incurred as the female fur skin price was dropped in accordance with latest auction result. Thus, the fur business reported a segment loss of approximately HK$4.0 million for FY2023 (FY2022: approximately HK$51.5 million). The remarkable dropped in segment loss was mainly due to the fully fixed asset impairment of approximately HK$59.4 million taken place in last year did not recur.

**Assets management**

Kingkey Asset Management Limited was licensed to conduct type 1 (Dealing in Securities), type 4 (Advising on Securities) and type 9 (Asset Management) regulated activities under SFO. It provides investment portfolio management services to its clients. For FY2023, the business recorded revenue from provision of fund and assets management services of HK$5.6 million (FY2022: approximately HK$8.1 million).

**Money lending**

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 HK$0.5 million to HK$50 million.

The money lending business contributed interest income of approximately HK$25.7 million to the revenue of the Group for FY2023 (FY2022: approximately HK$30.1 million) and reported a loss of approximately HK$12.8 million (FY2022: approximately HK$4.0 million). Loss was mainly due to approximately HK$22.3 million (2022: approximately HK$25.5 million) interest payment to the Company for fund raising to supporting the business. The interest rate charged to borrowers was ranging from 10% to 48%, depending on the credit worthiness of the borrowers and the timeframe of the borrowing. During the FY2023, 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 and none of the loans to a particular creditor and to its associates in aggregate would be a notifiable transaction that requires the Company to disclose by way of announcement and/or circular.

**Cost of sales**

The cost of sales of the Group amounted to approximately HK$208.6 million for FY2023 (FY2022: approximately HK$41.1 million, which is over five times higher than last year. The increase was mainly due to the cost of sales from two new acquired business and the newly start-up multi-channel network and licensing business during the year.

**Gross profit and gross profit margin**

As a result of the above situations, the Group recorded a consolidated gross profit of approximately HK$122.7 million or gross profit margin of 37.0% for FY2023, compared with that of approximately HK$86.0 million or 67.7% for FY2022.

**Other income**

Other income was increased by approximately HK$2.2 million to HK$36.3 million for FY2023. It was mainly contributed by approximately HK$11.0 million referral income and approximately HK$6.8 million compensation received from Danish government for subsidising mainly for the loss of the minks culled.

**Impairment of trade receivables, net**

The Group recognised an additional impairment of approximately of HK$9.6 million in relation to the expected credit loss of HK$270.1 margin loan client in securities business and HK$0.1 million in event and membership business for FY2023.

**Provision for impairment of loan receivables, net**

The Group recognised a loss of approximately HK$3.4 million from an adjustment in the expected credit loss of loan receivables in money lending business for FY2023 (FY2022: HK$1.9 million).

**Administrative expenses**

The administrative expenses of the Group increased by approximately 63.6% from approximately HK$99.6 million for FY2022 to approximately HK$162.9 million for FY2023. The increase in the administrative expenses was mainly due to two new acquired businesses during the year.

**Other gains or losses, net**

Other gains or losses, net, recorded a loss of approximately HK$9.1 million (FY2022: approximately HK$69.9 million), which was mainly contributed by the fair value loss on fund portfolios investments.

During the year, the Group has three investments in fund portfolios. For the FY2023, the investment recorded a net investment losses of approximately HK$9.2 million (FY2022: approximately HK$16.8 million) which was mainly due to the global investment markets being volatile as a result of factors such as the recurring of COVID-19 pandemic and war between Russia and Ukraine and its related effects.

The drop in the losses was primarily due to the approximately HK$59.4 million non-cash one off impairment of property, plant and equipment for fur business in last year did not recur.

**Impairment of Goodwill**

1. ***Details of the reason, events and circumstances leading to the recognition of impairment of goodwill***

The goodwill of Kingkey Securities Group Limited ("**KKSG**") arose from the acquisition of KKSG during year ended 31 March 2017.

Kingkey Securities is a licensed corporation to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance ("**SFO**"). Kingkey Securities is also the participant of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and is currently holding the trading rights on the Stock Exchange.

The financial services offered by Kingkey Securities include the provision of securities brokerage, the provision of margin financing and acting as underwriter or placing agent in fund raising activities such as initial public offerings ("**IPOs**") and shares placing for corporate clients. Its revenue comprises (i) commission income from securities brokerage services; (ii) commission income from placing and underwriting services; and (iii) interest income from margin financing.

The pandemic has severely impacted the economy, leading to weak corporate transactions and little commission income for securities brokerages. Hong Kong's stock market has suffered poor performance, with shares failing to rebound in the last quarter of 2022 and the Hang Seng Index disappointing in 2023. The securities brokerage industry has been dominated by a few large-scale brokerages, limiting benefits from any short-term market rebound. The deterioration of margin income has resulted in a provision for expected credit loss, accounting for a percentage of total outstanding margin.

All of the above, together with the significant drop in revenue in securities business during the year ended 31 March 2023 which is an impairment indicator for impairment testing for its Cash Generating Unit ("**CGU**").

During the year ended 31 March 2023, the Group's management has engaged an independent valuer (the Valuer) to perform valuations for the purpose to assess the recoverable amounts of the CGU, which are determined by value in use (VIU) calculations. With reference to the valuation, the management of the Group has reviewed the recoverable amount of the CGU the goodwill is allocated to, impairment loss of approximately HK$106.8 million was recognised for the year ended 31 March 2023.

## 2. *The valuation method and the reasons*

The recoverable amount of the CGU is based on the higher of its fair value less costs of disposal and VIU. The Valuer have solely relied on discounted cash flow method under the income approach in determining the opinion of value. Since the recoverable amount of the CGU of HK$198.5 million is lower than its carrying amount of HK$345.7 million, HK$106.8 million impairment loss of goodwill been recognized.

## 3. *Value of inputs used in the valuation together with the basis and assumptions adopted*

### *3.1. Methodology*

Based on the aforesaid valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business will continue to maintain stable economic benefits and growth rate.

### *3.2. Discount Rate*

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of an ownership interests in an asset given the level of risk inherent in that ownership interests. In this valuation, the discount rate applied to the cash flow streams attributable to the CGU is the weighted average cost of capital ("**WACC**").

To derive the discount rate concerning the investment risks involved in the future cash flows of the CGU, the Valuer have considered a number of aspects or characteristics of the valuation subject to select comparable companies. The selected comparable companies are engaging in the similar business segment(s), as the CGU.

The analysis suggested the use of a pre-tax discount rate of approximately 13.3% to reflect specific risks relating to the CGU.

### *3.3 Tax*

The CGU is subject to corporate income tax rates of 8.3% and 16.5%.

*3.4 Long-term Growth Rate*

The terminal growth rate adopted is 3.0%, which is based on historical GDP and inflation rate.

### *4. Valuation assumptions*

(i) The CGU is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognized or valued attributable to the CGU;

(ii) To continue as a going concern, the CGU will successfully carry out all necessary activities for the development of its business;

(iii) The contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

(iv) The audited/unaudited financial information relating to the CGU as supplied to us have been prepared in a manner which truly and accurately reflect the financial position relating to the CGU as at the respective balance sheet dates;

(v) The availability of financing will not be a constraint on the forecast growth of the CGU's operations;

(vi) Market trends and conditions where the CGU operates will not deviate significantly from the economic forecasts in general;

(vii) Key management, competent personnel and technical staff will all be retained to support ongoing operations of the CGU;

(viii) There will be no material changes in the business strategy of the CGU and its expected operating structure;

(ix) Interest rates and exchange rates in the localities for the operations of the CGU will not differ materially from those presently prevailing;

(x) All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the CGU operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(xi) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the CGU operates or intends to operate, which would adversely affect the revenues and profits attributable to the CGU.

**Fair Value Change in Contingent Consideration Payable**

There was a fair value loss of HK$1,009.9 million (FY2022: HK$Nil) during the year. (i) a loss of approximately HK$429.8 million arising from the difference between the fair value of the first tranche consideration shares (i.e. 452,666,666 shares of the Company) pursuant to the sale and purchase agreement dated 4 June 2021 entered into between the Company and Great Return Group Limited (as amended, modified or supplemented from time to time) (the "**Agreement**") as at the date of issue (i.e 21 February 2023) and the locked-in price of the consideration shares on the completion date; and (ii) a fair value loss of contingent consideration payables of the Group, which represented the second tranche consideration shares arrangement pursuant to the Agreement, of approximately HK$580.1 million based on the valuation results conducted by an independent professional valuer.

**Finance costs**

Finance costs, which mainly represented interest expenses for corporate bonds interest and bank borrowings, were approximately HK$14.6 million for FY2023 (FY2022: approximately HK$13.5 million). The approximately HK$1.1 million increase in finance costs was mainly due to the increase in both interest from corporate bonds and bank and other borrowings.

**Loss for the year**

Combined with the above factors, the Group reported a loss for the year to approximately HK$1,163.0 million for FY2023 (FY2022: approximately HK$73.1 million), that the non-cash goodwill impairment of the securities business and fair value loss of contingent consideration payable for acquiring the event and membership business not taken place, the net loss would have been narrowed down to approximately HK$46.3 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$111.1 million as at 31 March 2023 (31 March 2022: approximately HK$124.4 million) mainly in Hong Kong Dollar, Renminbi and United States Dollar. The net assets of the Group as at 31 March 2023 were approximately HK$373.8 million (31 March 2022: approximately HK$790.3 million).

As at 31 March 2023, the outstanding principal of the short and medium-term bonds was approximately HK$108.0 million (31 March 2022: approximately HK$155.6 million), which were denominated in Hong Kong Dollar and US Dollar at fixed coupon rates ranging from 0% to 6%, of which approximately HK$32,308,600 as at 31 March 2023 (31 March 2022: approximately HK$104,526,000) were guaranteed by Mr. Chen Jiajun, Executive Director and substantial shareholder of the Company, and all the proceeds were planned and in actual utilised for supporting business development as at 31 March 2023.

On 21 February 2021, the Company entered into the placing agreement with BaoQiao Partners Securities (HK) Limited (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 1,875,000,000 shares (the "**Placing Shares**") to not less than six placees (the "**Placing**") at a price of HK$0.24 per share (the "**Placing Price**"). The Placing Price represented (i) a discount of approximately 48.39% to the closing price of HK$0.465 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the last trading day immediately prior to the date of the agreement for the Placing; (ii) a discount of approximately 25.93% to the average closing price of HK$0.324 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the agreement of the Placing; (iii) a discount of approximately 16.96% to the average closing price of approximately HK$0.289 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the agreement of the Placing; and (iv) a discount of approximately 14.59% to the average closing price of approximately HK$0.281 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the date of the agreement of the Placing. The Placing represented approximately 38.66% of the issued share capital of the Company as at the date of the signing the agreement and approximately 27.88% of the enlarged share capital of the Company. The gross and net proceeds raised from the Placing was approximately HK$450 million and HK$447.2 million respectively. Of the net proceeds raised, approximately HK$125.0 million or 27.95% of the net proceeds would be applied for establishing and seeding multiple investment funds and approximately HK$322.2 million or 72.05% of the net proceeds for the development of existing securities brokerage and financial services business and as working capital and general corporate purposes for the Group. An extraordinary general meeting was required to be convened to obtain the approval from the shareholders of the Company (the "**Shareholders**") to issue the Placing Shares and such general meeting was duly held on 24 May 2021 and the resolution to issue the Placing Shares was duly approved by the Shareholders. The Placing was completed on 4 June 2021 with all 1,875,000,000 Placing Shares were successfully placed.

For more details of the Placing, please refer to the announcement dated 21 February 2021 and the circular dated 30 April 2021. Up to 31 March 2023, the details of the intended and actual use of proceeds are as below:

| | **Intended Use** | **Actual Use** | **Unutilised** |
|---|---|---|---|
| | *HK$* | *HK$* | *HK$* |
| (1) Establishing and seeding multiple investment funds | 125 million | 70.6 million | – |
| (2) Expanding the Group's securities brokerage and other financial services business | 200 million | 200 million | – |
| (3) Developing corporate image and expanding sales and marketing activities of the Group's financial services businesses | 20 million | 4.4 million | – |
| (4) Enhancing the IT system | 10 million | 2.9 million | – |
| (5) Group's general working capital and other general corporate purpose as well as investments in financial projects with high potential | 92.2 million | 92.2 million | – |

The industry of the fund focuses on biological technology. Since the investments mentioned above did not exceed 5% of any applicable ratios under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, no disclosure by way of announcement was required.

As at 31 March 2023, the total number of issued shares of the Company was 7,177,296,401.

## FINANCIAL KEY PERFORMANCE

The above financial data were chosen to present in this annual results announcement 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 2023.

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 Dollar 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 Renminbi, 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

As at 31 March 2023, the Group charged other plant and equipment before impairment and inventories of approximately DKK46,016,000 (approximately HK$52,719,000) (2022: DKK62,873,000, approximately HK$73,448,000) for bank borrowings.

As at 31 March 2023, the Group has pledged HK$35,000,000 bank deposits as security given to a bank for a facility (31 March 2022: HK$35,000,000).

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

## MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

On 4 June 2021 (after trading hours), the Company (the "**Purchaser**") and Great Return Group Limited (the "**Vendor**") entered into a sale and purchase agreement, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, 70 shares or 70% of issued equity of FGA Holdings Limited (the "**Target Company**"), at the total consideration of US$35 million (equivalent to approximately HK$271.6 million), which shall be satisfied by the issue and allotment of up to 1,131,666,666 new shares of the Company at HK$0.24 each (the "**Consideration Shares**") by the Purchaser to the Vendor in four (4) instalments subject to certain adjustments on valuation of the Target Company and profit guarantee provided by the Vendor.

On 13 January 2022, the Purchaser and the Vendor entered into the Supplemental Agreement, pursuant to which, the Company and the Vendor agreed to restructure and revise certain terms of the Agreement in respect of, among others, the consideration, the conditions precedent, the completion accounts, the post completion accounts and the guarantee provided by the Guarantor. The total consideration payable by the Company to the Vendor for the sale and purchase of the Sale Shares shall remain at US$35.0 million, which shall be subject to adjustment in accordance with the adjustment mechanisms and shall be payable and/or settled in three instalments in accordance with the revised settlement terms.

The Company and the Vendor originally agreed that the total consideration of US$35.0 million shall be satisfied by the issue and allotment of up to 1,131,666,666 Consideration Shares at the Issue Price of HK$0.24 per Consideration Share for full settlement of the Total Consideration. Pursuant to the Supplemental Agreement, up to 905,333,332 Consideration Shares (or the adjusted number of the Consideration Shares in accordance with the Adjustment Mechanisms) shall be issued and allotted at the same issue price as set out in the Agreement of HK$0.24 per Consideration Share as part payment of the total consideration. To better manage the financial risks associated with the businesses of the Target Group, the Company has agreed to settle the maximum amount of the Total Consideration of US$35.0 million in accordance with the deferred and earn out structure which is based on the actual EBITDA of the Target Group for the period of 12 months commencing from 1 January 2022 and ending on 31 December 2022 and the period of 12 months commencing from 1 July 2022 and ending on 30 June 2023 respectively.

An extraordinary general meeting was held on 31 March 2022 that the specific mandate, and other matters, for issuing consideration shares was approved by the shareholders of the Company. The transaction was completed subsequently on 6 June 2022.

For more details of the acquisition, please refer to the announcements of the Company dated 4 June 2021 and 13 January 2022 and the circular dated 28 February 2022.

The first profit guarantee period ended on 31 December 2022 where the business recorded HK$37,305,034 (equivalent to US$4,781,759), i.e., more than US$4.6 million which was the guaranteed profit level. The amount was confirmed by the Company's auditor and, accordingly, the Company has, on 21 February 2023, allotted and issued 452,666,666 new shares of the Company as partial payment of the total consideration. For more details, please refer to the announcement of the Company dated 21 February 2023.

Save as disclosed, during FY2023, the Company did not have any material acquisitions or disposals and significant investments.

## FINAL DIVIDEND

The directors do not recommend any final dividend for FY2023 (FY2022: Nil).

## EMPLOYEE INFORMATION

As at 31 March 2023, the Group had a total of 83 staff members including Directors (31 March 2022: 69). Staff costs including Director's remuneration amounted to approximately HK$43.4 million for FY2023 (FY2022: approximately HK$44.4 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 may be 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.

## 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 Hong Kong Dollar, Renminbi, 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 Dollar and the United States Dollar 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 2023 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 Mr. Mong Cheuk Wai, 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 2023, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## 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 2023, 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. Leung Siu Kee, Mr. Hung Wai Che and Mr. Chan Ting Fung, with Ms. Mak Yun Chu being the chairperson of the committee.

The Group's annual results for the year ended 31 March 2023 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 ELITE PARTNERS 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 2023 as set out in this announcement have been agreed by the Group's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners 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 Elite Partners Limited in this announcement.

## PUBLICATION OF ANNUAL REPORT

The annual report for FY2023 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.kkgroup.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**
**Chen Jiajun**
*Executive Director*

Hong Kong, 27 June 2023

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

*Executive Directors:*
Mr. Chen Jiajun
Mr. Mong Cheuk Wai

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