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**KINGKEY INTELLIGENCE CULTURE HOLDINGS LIMITED**  
**京基智慧文化控股有限公司**  
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock code: 550)**

**INSIDE INFORMATION –**  
**(1) LITIGATION AGAINST FORMER DIRECTOR**  
**AND**  
**(2) PROFIT WARNING**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kingkey Intelligence Culture Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**LITIGATION AGAINST FORMER DIRECTOR**

On 9 February 2024, the Company and certain of its subsidiaries (the “**Plaintiffs**”) filed writ of summons with the High Court of Hong Kong (the “**Court**”) under HCA 281/2024 (the “**Litigation**”) against Mr. Tsang Hing Bun (also known as Dickson Tsang) (“**Mr. Tsang**”) and his controlled company, Rambler Corporate Consultancy Limited (collectively, the “**Defendants**”), for, among other things, (1) breaches of fiduciary duties and/or knowing receipt of benefits from such breaches; (2) procurement of payments to entities without consent and/or authorization; (3) failure to properly keep the books, accounts and records rendering the Plaintiffs unable to locate certain assets, documents, records and accounting evidence, thereby causing hindrance and/or inability to complete compilation of financial information and the audit process; and (4) damages, equitable compensation and such further and/or other reliefs as the Court thinks fit.

Mr. Tsang was an executive Director and the company secretary of the Company between 8 September 2015 and 25 September 2023. As the only executive Director between 23 January 2019 and 31 August 2023 (the “**Relevant Period**”), Mr. Tsang was the highest-ranked officer of the Group’s management (the “**Management**”), being the person-in-charge of the Group’s management, administration and human resources functions at all material times during the Relevant Period if not longer. As the company secretary and the only executive Director holding the qualification of chartered secretary, Mr. Tsang was charged with the duties of monitoring compliance of the laws, rules, regulations, Board policies and procedures, and

advising the Board on governance matters at all material times during the Relevant Period if not longer. As the only executive Director holding the qualification of certified public accountant, Mr. Tsang was the person-in-charge of the Group's financial reporting functions at all material times during the Relevant Period if not longer, being responsible for reporting all financial, business and compliance matters (including any related party or connected transactions) to the Board and the audit committee of the Company (the "**Audit Committee**") and coordinating with the Group's external auditor on audit and other matters. In addition, pursuant to the authority previously conferred by the Board and the terms and conditions of his service contract with the Company, Mr. Tsang was appointed by the Company to take up directorships and other executive positions in various subsidiaries of the Group, directly answerable to the Board for all the assets, operations, transactions and affairs of each such subsidiary.

Since the resignation of Mr. Tsang on 25 September 2023, the incumbent Board and Management have used their best efforts to make requests to Mr. Tsang for his proper handover of documents, records, information and properties. It is the Plaintiffs' case that Mr. Tsang has failed and/or refused to do so, forcing the incumbent Board and Management to take extra time, effort and money to retrieve its past records to maintain and compile its document records.

The Company has instructed its legal advisers to uphold all our legitimate rights by legal action(s). The Company expressly reserves its right in taking action(s) and/or further action(s) against other former management or officer(s) of the Company ("**Other Ex-officer(s)**") if and when necessary. Further announcement(s) will be made if and when there is any material development on these matters which warrant status update or further disclosure.

## **IMPACT ON THE GROUP**

The Group's business operations, assets and liabilities can be largely divided into: (1) the advertising segment of Recruit Magazine (the "**Advertising Segment**"); (2) the e-commerce segment (the "**E-commerce Segment**"); (3) the medical and health products segment (the "**Medical and Health Segment**"), principally operated through the Group's 51%-owned subsidiary, KK Wecheck Medical Technology Limited ("**KK Wecheck**") ; and (4) the Group's other income and expenses, and assets and liabilities not included in the aforementioned segments (the "**Other Businesses and Assets**") including: (a) certain equity instruments at fair value through other comprehensive income ("**FVTOCI**"), principally financial investments in listed securities, of which the most significant item being 115,740,000 shares (the "**KKFI Shares**") of Kingkey Financial International (Holdings) Limited ("**KKFI**"), representing 1.52% of its issued share capital; (b) an investment in associate, being 45% equity interest in Aurora Medical Technology (HK) Corp. Limited ("**Aurora HK**") subscribed by the Company during the year 2023; (c) investments in entertainment projects during the year 2023, namely, pop singer concerts in Hong Kong and Macau; and (d) investments in relation to certain custom integrated circuit chip design project, made principally through a wholly-owned subsidiary of the Group, Hopeful Top Limited ("**Hopeful Top**").

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Tsang and Other Ex-officer(s) had been involved in the daily operations and record compilation and keeping of the E-commerce Segment, Medical and Health Segment and Other Businesses and Assets. Based on the current assessment of the incumbent Board and Management by reference to information and documents presently available to us, Mr. Tsang's incident should have varying degree of impact on different segments. Since September 2023, the incumbent Board and Management: (a) have acquired relevant documents and thorough understanding and knowledge of the business operations and financial positions of the Advertising Segment; (b) managed to acquire some relevant documents and some understanding and knowledge of the business operations and financial positions of the E-commerce Segment and Other Businesses and Assets (except Aurora HK and Hopeful Top); and (c) did not manage to retrieve sufficient documentary evidence and therefore have yet to acquire any meaningful understanding of the business operations and financial positions of KK Wecheck, Aurora HK and Hopeful Top. The incumbent Board and Management will continue to try their best to retrieve additional and outstanding documents.

According to the Company's 2023 interim report, as at 30 June 2023, the carrying value of the reportable segment assets and liabilities of the Medical and Health Segment amounted to approximately HK\$4,017,000 and HK\$81,000, respectively. For the six months ended 30 June 2023, the revenue – external sales and reportable segment loss of the Medical and Health Segment amounted to HK\$373,000 and HK\$619,000, respectively. The Medical and Health Segment contributed insignificant revenue and incurred losses following the end of the COVID-19 epidemic, and appeared to have operated independently from the other segments of the Group.

Based on the documentary records available to the Incumbent Board and Management, as of 30 June 2023, the Group had invested HK\$7.9 million in Hopeful Top since September 2022, but Hopeful Top had not contributed any revenue to the Group so far. Hopeful Top appeared to have operated independently from the other segments of the Group.

Although no fraud, management override or asset misappropriation was identified by the incumbent Board and Management from the document records retrieved as of the date of this announcement, as a matter of prudence, the Audit Committee has communicated with the Board to exercise caution in the document and information gathering exercise when dealing with any former management or officer(s) of the Company. Any unlawful activities revealed by the Management during this process shall be promptly reported to the Audit Committee and the Board, such that appropriate action(s), including the conducting of internal investigation(s) and/or the filing of criminal report(s) to enforcement body(ies), can be promptly taken if and when necessary.

After September 2023, the incumbent Board and Management have taken steps to reinforce the Group's control and governance environment. Pending further revelation of factual circumstances, the Board presently considers Mr. Tsang's incident as a standalone event due to personal reasons rather than any systemic failing(s) of control/governance system(s). In any event, as a matter of prudence, the Audit Committee has communicated with the Board to take steps to further strengthen the Group's control and governance environment, including the tightening of the Group's internal control policies as regards (inter alia) handover process upon resignation and connected/related party transactions.

Since September 2023, the Company has requested the Company's former management and/or officer(s) to ask for their delivery of the Group's assets, documents and records, including those in relation to KK Wecheck and Hopeful Top, but in vain. If the Company suffers any loss as a result of the failure and/or refusal of the Company's former management and/or officer(s) in conducting proper handover to the Incumbent Board and Management, it will take all necessary actions to hold the Company's former management and/or officer(s) liable for their breaches of fiduciary duties and/or other wrongdoings, if discovered.

## **LABOUR COMPLAINTS**

Three motor vehicles believed to belong to the Group (the "**Relevant Motor Vehicles**") could not be found by the incumbent Board and Management since the end of September 2023. In mid-December 2023, a person who alleged himself to be the driver of these Relevant Motor Vehicles (the "**Alleged Driver**") contacted the Company to claim certain alleged outstanding wages for up to December 2023. Based on the information provided by the Alleged Driver, he took instructions and drove the Relevant Motor Vehicles for certain former management and/or officer(s) of the Company who have already resigned from office(s). When the Company enquired with the Alleged Driver why he never reported duties to the incumbent Board and Management and as to the whereabouts of the Relevant Motor Vehicles, the Alleged Driver refused to provide any useful information to the Company.

The Company wants to emphasize that it has every intention to comply with the laws of Hong Kong, but the Company is not prepared to just pay any alleged sum to anyone for no good reason, as the Directors are charged with the duties to safeguard the Company's assets. If necessary, the Company will explain the situation to the relevant governmental authorities on this case and if any other similar cases arise.

Since September 2023, the Company has written numerous letters to the Company's former management and/or officer(s) to ask for their delivery of the Group's assets, documents and records, including those in relation to human resources, but in vain. It is the Company's view that the Incumbent Board and Management would not be put in the position of potential labour dispute if the Company's former management and/or officer(s) had conducted proper handover to the Incumbent Board and Management. The Company will take all necessary actions to

hold them liable for their breaches of fiduciary duties and/or other wrongdoings, if discovered. Further, in view of the allegations now made by certain alleged staff, the incumbent Board and Management are concerned if any former management and/or officer(s) had utilized the Company's properties and resources for their own personal uses and/or after their resignations and/or revocation of powers and authorities by the Group, and will take all necessary actions to make them account for their own spending and responsible for their own consequences, if it is indeed the case.

On 6 February 2024, the Company filed a criminal complaint about the Relevant Motor Vehicles with Hong Kong Police. On 16 February 2024, the Company received a letter from the legal adviser of the Alleged Driver admitting he is in possession of the Relevant Motor Vehicles, the car keys and registration documents, acknowledging that the Group is the owner of the Relevant Motor Vehicles, and promising to return the Relevant Motor Vehicles, the car keys and registration documents to the Group. The Incumbent Board and Management are in the process of repossessing these properties.

## **PROFIT WARNING**

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the Group's latest available unaudited management accounts for the year ended 31 December 2023 (“**FY 2023**”) and the information currently available to the Board, it is anticipated that: (a) the net loss would be widened from approximately HK\$8.7 million for the year ended 31 December 2022 (“**FY 2022**”) to over HK\$21 million for FY 2023; and (b) the fair value change on equity instruments at FVTOCI is anticipated to change from a gain of approximately HK\$27.8 million for FY 2022 to a loss of approximately HK\$48.8 million for FY 2023. The significant increase in net loss was largely due to, among other things: (i) the decrease in turnover contributed from the Medical and Health Segment as a result of the end of COVID-19 pandemic; (ii) the increase in administrative expenses; and (iii) the share of loss of the Group's associate, Aurora HK, which was acquired during FY 2023. The change from fair value gain to loss on equity instruments at FVTOCI was due to the significant drop in share price of KKFII during FY 2023.

As the Company is still in the process of preparing its results announcement for FY 2023, the information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available and the latest available unaudited management accounts of the Group for FY 2023, which have neither been confirmed nor audited by the Company's auditor and is therefore subject to possible adjustment(s). In particular, the Company's present estimates above have not taken into account the losses (where applicable) incurred by the Medical and Health Segment and Hopeful Top, and any impairment losses which can only be ascertained after the finalization of fair value assessments in due course. The incumbent Board and Management will use its best efforts to seek to finalize its annual results for FY 2023 by the end of March 2024.

**Shareholders and potential investors of the Company should exercise caution when dealing in shares of the Company.**

By order of the Board  
**Kingkey Intelligence Culture Holdings Limited**  
**Chen Jiajun**  
*Chairman*

Hong Kong, 21 February 2024

*As at the date of this announcement, the Board comprises Mr. Chen Jiajun (Chairman) and Ms. Yiu Sze Wai as executive Directors; Mr. Ma Fei and Mr. Ng Wai Hung as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. Chan Chiu Hung Alex and Mr. Chai Chung Wai as independent non-executive Directors.*