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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)

(1) RESIGNATION OF AUDITOR;
AND
(2) CONTINUED SUSPENSION OF TRADING

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 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the Company’s announcements dated 21 February, 23 February and 18 March 2024 (the “**Previous Announcements**”) setting out the background and reasons for the delay in the publication of the 2023 Annual Results and the dispatch of the 2023 Annual Report. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Previous Announcements.

RESIGNATION OF AUDITOR

The Board announces that BDO Limited (“**BDO**”) resigned as the auditor of the Company and certain of its Hong Kong incorporated subsidiaries with effect from 6 May 2024, after taking into account of:

- (a) the non-acceptance by the Company of the proposed increase in audit fee submitted by BDO for the audit of the consolidated financial statements of the Group and its Hong Kong subsidiaries for the year ended 31 December 2023 (the “**2023 Audit**”); and
- (b) the slow response of the Company in providing the information and explanations as requested by BDO relating to the Relevant Matters (as defined below) which might have impacts on the 2023 Audit. The impacts of the Relevant Matters would result in the proposed increase in the audit fee of the 2023 Audit.

As referred to in BDO’s resignation letter dated 6 May 2024, BDO stated that it had communicated certain matters (the “**Relevant Matters**”) to the Audit Committee of the Company (the “**AC**”), which included:

- (1) During the course of the 2023 Audit, the Group’s management indicated to BDO that as a result of the failure and/or refusal of Mr. Tsang Hing Bun (also known as Dickson Tsang) (“**Mr. Tsang**”), a former Director of the Company, to conduct proper handover of documents, records, information and properties to the Group, the Group’s management did not manage to retrieve sufficient documentary evidence on the business operation and financial position of certain entities, which include but not limited to: (a) KK Wecheck (a 51%-owned subsidiary of the Company); (b) Hopeful Top (a wholly-owned subsidiary of the Company); (c) Aurora HK (a company in which the Company agreed to subscribe for 45% shareholding interest in April 2023); and (d) the Relevant Payment of approximately HK\$2.8 million by KKEC (a wholly-owned subsidiary of the Company) to a wholly-owned subsidiary of Another Listco of which Mr. Tsang is an executive director. Details of the above situation are already set out in the Previous Announcements.
- (2) On 18 January 2024, BDO received an anonymous email (the “**Anonymous Complaint Email**”) setting out certain allegations against an executive Director and a substantial shareholder of the Company (the “**Allegations**”) and reported it to the AC. BDO requested the Company to investigate whether the Allegations related to any transactions undertaken by the Group and confirmed the final findings to BDO in writing. In response to BDO’s request, the AC reviewed materials and discussed internally, conducted meetings and communicated the AC’s preliminary observations with BDO that most matters referred to in the Allegations seemed to refer to entities not belonging to the Group. The AC was prepared to perform more fact-checking work on this. However, since then, BDO had not received any further updates from the AC on this matter so far.
- (3) On 9 February 2024, the Plaintiffs filed writ of summons with the Court under HCA 281/2024 against Mr. Tsang and his controlled company, Rambler Corporate Consultancy Limited, details of which are already set out in the Previous Announcements. In respect of the transactions relating to the Plaintiffs’ claims against the Defendants in the Litigation (the “**Transactions under Litigation**”), BDO had requested the Company’s management to provide further information and evidence for them to assess the impact on the 2023 Audit, but BDO had not received any such requested information or evidence so far.
- (4) On 1 March 2024, BDO was advised by the Company’s management that there was a plan to dispose of the Company’s entire equity interest in KK Wecheck and Hopeful Top with an effective date of the disposals on 30 June 2023 and the disposals will be recognised in the year ended 31 December 2023. BDO requested the Company’s management to provide them with the relevant agreements for the disposals but BDO had not been provided with the relevant agreements so far.

BDO confirmed in its resignation letter that, from their perspectives, save as the foregoing and except for the Relevant Matters, there are no other matters in connection with BDO's resignation that need to be brought to the attention of the shareholders of the Company (the "Shareholders"). BDO also stated in its resignation letter that as they have not completed the 2023 Audit due to the above outstanding information not being provided to them, there may be other matters that may need to be brought to the attention of the Shareholders of which they are not currently aware.

THE VIEWS OF THE AUDIT COMMITTEE AND THE BOARD

The AC is primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors. After considering and on balance of the relevant factors (including time and resources commitment), the AC made the recommendation to the Board with which the Board concurred, and the Board communicated with BDO regarding the Company's decision not to agree on the proposed increase in audit fee submitted by them for the 2023 Audit.

The AC and the Board disagreed with BDO as regards their comments that the Company has been slow in providing BDO with requested information and explanations. In particular:

- (1) As regards the information and documents relating to KK Wecheck, Hopeful Top, Aurora HK, the Relevant Payment and the Transactions under Litigation, the AC noticed that the incumbent Board and Management did not have sufficient information and documents in the first place, for the reasons already explained in the Previous Announcements.
- (2) As regards the Allegations contained in the Anonymous Complaint Email, the AC had performed fact-checking works internally. Further, the AC has resolved to engage an independent external consultant to assist in the process before arriving at its final findings and is presently in the process of identifying and selecting candidates of such consultant.
- (3) As regards the planned disposals of KK Wecheck and Hopeful Top, the Management only discussed the possibility of such disposals which are, if materialize, to take place in the future. As such disposals have not materialized up to now, the Company has no relevant agreements to provide to BDO, and does not agree with BDO's comments about the disposals taken effect or been recognized in the past.

The Directors confirmed that to the best of their knowledge, information and belief having made all reasonable enquiries, save and except the matters already disclosed in this announcement (including the Relevant Matters), there are no other matters in connection with BDO's resignation that need to be brought to the attention of the Shareholders.

PROGRESS ON AUDIT

Under the Bye-laws of the Company, the Directors are empowered to fill any casual vacancy in the office of auditor and to fix the remuneration of any auditor so appointed, and an auditor appointed to fill casual vacancy shall hold office until, and be subject to appointment by the Shareholders at, the next following annual general meeting of the Company.

The Company is in the process of identifying suitable candidate to fill the casual vacancy created by BDO's resignation. Once the replacement is identified, announcement will be made by the Company. At present, the audit works are entirely put on hold. Once the new auditor is appointed, the Company will continue to do its best to complete the audit procedures as soon as possible, but the expected date of the publication of the 2023 Annual Results can only be determined when the audit is closer to completion. Further announcement(s) will be made as and when appropriate as regards any material development in the audit process, including the date of the expected completion of audit and the expected date of publication of the 2023 Annual Results as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024, pending the publication of the Company's announcement of its annual results for the year ended 31 December 2023.

By order of the Board
Kingkey Intelligence Culture Holdings Limited
Yiu Sze Wai
Executive Director

Hong Kong, 6 May 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, Mr. Chai Chung Wai, Mr. Wong Kwok Kuen and Mr. Li Chaobo as independent non-executive Directors.