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## **ALLEGRO CULTURE LIMITED**

### **律齊文化有限公司**

*(formerly known as 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) RESUMPTION GUIDANCE; (2) QUARTERLY UPDATE ON RESUMPTION PROGRESS; AND (3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to the announcements (the “**Previous Announcements**”) of the Company dated 21 February 2024, 23 February 2024, 18 March 2024, 28 March 2024, 18 April 2024, 6 May 2024 and 6 June 2024 in relation to, amongst others, the incident (the “**Mr. Tsang’s Incident**”) relating to the failure and/or refusal of Mr. Tsang Hing Bun (also known as Dickson Tsang) (“**Mr. Tsang**”), a former Director and the former company secretary of the Company, to conduct proper handover of documents, records, information and properties to the Group, the litigation by the Group against Mr. Tsang (the “**Litigation against Mr. Tsang**”), the Allegations set out in the Anonymous Complaint Email, the delays in the completion of the 2023 Audit, the publication of the 2023 Annual Results and the dispatch of the 2023 Annual Report, the suspension of trading in the Shares on the Stock Exchange, the resignation of the previous auditor and the appointment of the new auditor of the Company. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Previous Announcements.

## (1) RESUMPTION GUIDANCE

The Company received a letter (the “**Letter**”) from the Stock Exchange dated 20 June 2024 setting out the guidance for the resumption of trading in the Shares (the “**Resumption Guidance**”) as follows:

- (i) Conducting an independent investigation into the Allegations (the “**Investigation**”), assessing the impact on the Company’s business operation and financial position, announcing the findings and taking appropriate remedial actions;
- (ii) Demonstrating that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (iii) Conducting an independent internal control review and demonstrating that the Company has in place adequate internal controls and procedures to comply with the Listing Rules;
- (iv) Publishing all outstanding financial results required under the Listing Rules and addressing any audit modifications;
- (v) Demonstrating the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (vi) Informing the market of all material information for Shareholders and investors to appraise the Company’s position.

The Letter states that the Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its Shares is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange indicated in the Letter that it may modify or supplement the Resumption Guidance if the Company’s situation changes. The Letter states that the Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and Bermuda before resumption.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 October 2025. If the Company fails to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its Shares by 1 October 2025, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. The Letter states that the Stock Exchange reserves all its rights under the Listing Rules, including the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately under Rules 6.01 and 6.10 of the Listing Rules.

## (2) **QUARTERLY UPDATE ON RESUMPTION PROGRESS**

Pursuant to Rule 13.24A of the Listing Rules, the Company is required to announce quarterly updates on its developments including, among other relevant matters, its business operations, its resumption plan, the progress of implementing its resumption plan and satisfying the Resumption Guidance, and details of any material change to the resumption plan. The Letter states that the first quarterly update should be announced on or before 1 July 2024 and every three months from that date until resumption or cancellation of listing (whichever is earlier).

The Board hereby provides the following update to the Shareholders and investors on the development and progress of the Company's efforts to fulfill the Resumption Guidance up to the date of this announcement:

### **Resumption Guidance (i): Conducting an independent investigation into the Allegations, assessing the impact on the Company's business operation and financial position, announcing the findings and taking appropriate remedial actions**

As instructed by the audit committee of the Company (the "**Audit Committee**"), the Board has established a working team (the "**Investigation Team**") comprising Directors unrelated to the Person, Transactions and Entities under Complaint (as defined below) to investigate on the Allegations, including to engage an independent external consultant (the "**Independent Adviser**") to assist in the process. Prior to deciding the composition of the Investigation Team, the Company has made enquiries, received confirmations from all members of the Investigation Team that they have no involvement or contemporaneous knowledge of the subject transactions referred to in the Anonymous Complaint Email (the "**Transactions under Complaint**"), and has satisfied itself that they have no relationship with the person against whom the Anonymous Complaint Email was made (the "**Person under Complaint**") and/or the entities alleged to be involved in the Transactions under Complaint (the "**Entities under Complaint**").

The Company confirmed engagement with the Independent Adviser in around mid-June 2024, following which the Investigation works formally commenced. Based on the indicative working timetable (subject to many things including the availability of all necessary information, and barring unforeseen circumstances), the Investigation is expected to reach the stage of finalization of report by around mid-August 2024. Further announcement(s) will be made by the Company as to any significant findings of the Investigation, including the impact (if any) on the Company and where appropriate, any recommendation on the remedial actions and their implementation status in due course.

**Resumption Guidance (ii): Demonstrating that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence**

As disclosed in the Previous Announcements, following the receipt of the Anonymous Complaint Email, the Audit Committee promptly reviewed materials and discussed internally before making preliminary observations that most matters referred to in the Allegations seemed to refer to entities not belonging to the Group. On the basis of such internal fact-checking and preliminary observations, the Company has not noticed, thus far, any issues affecting the Company’s judgment on the integrity, competence and/or character of the Group’s management. The Company will make further assessment on this issue as and when the report on the findings of the Investigation is ready for finalization and issue by the Independent Adviser in due course.

**Resumption Guidance (iii): Conducting an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules**

When confirming engagement with the Independent Adviser in around mid-June 2024, the Company has obtained the understanding and consent of the Audit Committee for the same Independent Adviser to also perform a review on certain aspects of the Group’s internal control environment (the “**IC Review**”) and to give us recommendation on any aspects calling for the need of reinforcement or remedial actions. Based on the indicative working timetable (barring unforeseen circumstances), the IC Review is expected to reach the stage of finalization of report by around mid-August 2024. Further announcement(s) will be made by the Company as to any significant findings of the IC Review including, where necessary, any recommendation of reinforcement or remedial actions and their implementation status in due course.

**Resumption Guidance (iv): Publishing all outstanding financial results required under the Listing Rules and addressing any audit modifications**

As disclosed in the Previous Announcements, the Company has now engaged Confucius as our new auditor. In an effort to minimize the duration of trading suspension period in compliance with Rule 6.05 of the Listing Rules, the Company has set a target to resolve outstanding issues and complete the 2023 Audit by around August 2024. However, this timetable is indicative only as it ultimately depends on the procedures required to be performed, which may be in turn depend on the Investigation and the IC Review. Further announcement(s) will be made by the Company if there is any significant update on the progress and/or timetable of the 2023 Audit.

**Resumption Guidance (v): Demonstrating the Company's compliance with Rule 13.24 of the Listing Rules**

As disclosed in the Previous Announcements, (a) the Group's Advertising Segment, contributing 83.8% (or HK\$17.0 million) of the Group's revenue – external sales for the six months ended 30 June 2023 (“1H2023”) and representing 25.2% (or HK\$12.8 million) of the Group's total reportable segment assets as at 30 June 2023, is at all times under normal operation and the Company's control; and (b) despite Mr. Tsang's failure and/or refusal to provide assistance, the incumbent Board and Management nonetheless managed to gain access and control to the bank accounts of KKEC (i.e., the principal operating and asset-holding company of the Group's E-commerce Segment, contributing 14.3% (or HK\$2.9 million) of the Group's revenue – external sales for 1H2023 and representing 66.9% (or HK\$33.9 million) of the Group's total reportable segment assets as at 30 June 2023), and succeeded in recovering proceeds from various asset items resulting in cash and cash equivalents of HK\$27.8 million of the Group's E-commerce Segment as at 31 January 2024 being under control of the incumbent Board and Management.

Further to the making of the Previous Announcements:

- (1) Through the efforts of the incumbent Board and Management, the Group has now recovered the original share certificate for 115,740,000 KKFI Shares.
- (2) The Company has filed writ of summons with the High Court of Hong Kong (the “**Court**”) against Aurora HK to seek a declaration that the Aurora HK Subscription has been validly rescinded, and for the repayment of the entire subscription price paid by the Company in the amount of approximately HK\$16 million, plus damages, interest, costs and other reliefs.
- (3) The Company is actively exploring business opportunities for its various business segments, especially our E-commerce Segment, with the view to diversifying our income stream and improving our profitability in the long run.

**Resumption Guidance (vi): Informing the market of all material information for Shareholders and investors to appraise the Company's position**

The Company is working with its advisers to take steps to comply with the Resumption Guidance with the view to resuming trading in the Shares as soon as possible. Further announcement(s) will be made by the Company to comply with its continuing obligations under the Listing Rules and to update the Shareholders on the status of the Company's development and resumption progress as and when appropriate.

**(3) CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Company's 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 2023 Annual Results, and will remain suspended until further notice.

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

By order of the Board  
**Allegro Culture Limited**  
**Yiu Sze Wai**  
*Executive Director*

Hong Kong, 24 June 2024

*As at the date of this announcement, the Board comprises Ms. Yiu Sze Wai as executive Director; 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.*