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**LFG Investment Holdings Limited**

**LFG 投資控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3938)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of LFG Investment Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 (the “**Fiscal Year**”) together with the comparative figures for the year ended 31 March 2023 as set out below:

**FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>Year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total revenue	<b>94,173</b>	46,873
Loss before income tax	<b>(4,323)</b>	(21,551)
Loss for the year	<b>(4,229)</b>	(22,784)
Total comprehensive expense for the year	<b>(4,229)</b>	(22,784)
Basic and diluted loss per share	<b>(1.0 HK cents)</b>	(5.6 HK cents)
	<b>As at 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net assets	<b>133,754</b>	148,132
Total assets	<b>231,369</b>	261,583

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

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3		
Corporate finance advisory services		<b>60,275</b>	37,056
Securities and underwriting services		<b>8,531</b>	13,599
Interest income from margin financing services		<b>11,127</b>	15,404
Asset management services		<b>4,932</b>	420
Net gain/(loss) from financial assets at fair value through profit or loss		<b>9,308</b>	(19,606)
<b>Total revenue</b>		<b>94,173</b>	46,873
Other income and gains or losses, net	4	<b>(2,204)</b>	15,748
Staff costs	5	<b>(54,494)</b>	(43,047)
Other expenses		<b>(27,476)</b>	(28,294)
Bad debt expenses		<b>(18)</b>	(30)
Expected credit loss on accounts receivable		<b>(11,167)</b>	(2,583)
Expected credit loss on other receivables		<b>(1,188)</b>	(6,172)
Finance costs	6	<b>(1,949)</b>	(4,046)
<b>Loss before income tax</b>	5	<b>(4,323)</b>	(21,551)
Income tax credits/(expenses)	7	<b>94</b>	(1,233)
<b>Loss for the year</b>		<b>(4,229)</b>	(22,784)
<b>Other comprehensive expense for the year</b>		<b>–</b>	–
<b>Total comprehensive expense for the year</b>		<b>(4,229)</b>	(22,784)

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss for the year attributable to:</b>		
Owners of the Company	(3,987)	(22,684)
Non-controlling interests	<u>(242)</u>	<u>(100)</u>
	<b><u>(4,229)</u></b>	<b><u>(22,784)</u></b>
<b>Total comprehensive expense for the year attributable to:</b>		
Owners of the Company	(3,987)	(22,684)
Non-controlling interests	<u>(242)</u>	<u>(100)</u>
	<b><u>(4,229)</u></b>	<b><u>(22,784)</u></b>
<b>Loss per share from loss for the year attributable to owners of the Company:</b>		
Basic and diluted loss per share	9 <b><u>(1.0 HK cents)</u></b>	<b><u>(5.6 HK cents)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,240</b>	1,888
Intangible asset		<b>500</b>	500
Deposits and prepayments		<b>1,570</b>	1,134
Right-of-use assets		<b>880</b>	5,554
Investment in life insurance policy		<b>3,609</b>	3,467
Deferred tax asset	12	<b>147</b>	–
		<b>8,946</b>	12,543
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>39,863</b>	40,160
Accounts receivable	10	<b>100,280</b>	137,607
Other receivables, deposits and prepayments		<b>3,334</b>	3,591
Current tax recoverable		<b>1,733</b>	–
Pledged bank deposit		<b>10,000</b>	10,008
Cash and cash equivalents			
– held on behalf of customers		<b>25,940</b>	36,636
Cash and cash equivalents		<b>41,273</b>	21,038
		<b>222,423</b>	249,040
<b>Current liabilities</b>			
Accounts payable	11	<b>43,929</b>	57,101
Accruals and other payables		<b>9,128</b>	5,105
Other financial liabilities		<b>17,808</b>	17,523
Lease liabilities		<b>246</b>	5,108
Convertible bonds		<b>698</b>	1,170
Deferred revenue		<b>970</b>	2,021
Bank borrowings		<b>24,639</b>	24,788
Current tax payables		<b>–</b>	393
		<b>97,418</b>	113,209
<b>Net current assets</b>		<b>125,005</b>	135,831

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Total asset less current liabilities</b>	<b><u>133,951</u></b>	<u>148,374</u>
<b>Non-current liabilities</b>		
Lease liabilities	<u>197</u>	<u>242</u>
<b>Net assets</b>	<b><u><u>133,754</u></u></b>	<b><u><u>148,132</u></u></b>
<b>Equity</b>		
Share capital	<b>4,060</b>	4,060
Share premium	<b>110,371</b>	110,371
Reserves	<b><u>18,509</u></b>	<u>32,645</u>
Equity attributable to owners of the Company	<b>132,940</b>	147,076
Non-controlling interests	<u>814</u>	<u>1,056</u>
<b>Total equity</b>	<b><u><u>133,754</u></u></b>	<b><u><u>148,132</u></u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

LFG Investment Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands. Its issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong was located at Room 1601, 16th Floor, China Building, 29 Queen’s Road Central, Hong Kong. With effect from 2 April 2024, the principal place of business in Hong Kong has been relocated to Room 1505, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

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

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

## 2. CHANGE IN ACCOUNTING POLICIES

### (a) New standards, interpretations and amendments – effective on or after 1 April 2023

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

None of these new or amendments to HKFRSs has a material impact on the Group’s results and financial position for the current or prior period but affect the disclosure of accounting policies of the Group. The Group has not early applied any amendments to HKFRSs that is not yet effective for the current accounting period.

**(b) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA**

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“**MPF**”) scheme to offset severance payment (“**SP**”) and long service payments (“**LSP**”) (the “**Abolition**”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “**Transition Date**”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published ‘Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong’ (the “**Guidance**”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 March 2023 and 31 March 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

(c) **New standards, interpretations and amendments that have been issued but are not yet effective**

The following amendments to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

The Group is currently assessing the impact of these amendments. The Group does not expect these amendments issued by the HKICPA, but are yet to be effective, to have a material impact on the Group.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents consideration expected to be entitled by the Group in respect of service rendered.

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

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

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

#### **Geographical information**

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



## Information about major customers

During the years ended 31 March 2024 and 2023, revenue from major customers who contributed over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	17,248	N/A*
Customer B	N/A*	7,717

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

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

### (a) Nature of services

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

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

(b) **The Group's revenue recognised during the year is as follows:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Corporate finance advisory services		
Sponsor fee income	7,901	11,114
Advisory fee income		
– financial and independent financial advisory	51,515	23,613
– compliance advisory	859	2,329
	<u>60,275</u>	<u>37,056</u>
Securities and underwriting services	8,531	13,599
Interest income from margin financing services	11,127	15,404
Asset management services	4,932	420
Net gain/(loss) from financial assets at fair value through profit or loss	9,308	(19,606)
Total	<u><u>94,173</u></u>	<u><u>46,873</u></u>
<b>Revenue from contracts with customers:</b>		
Corporate finance advisory services	60,275	37,056
Securities and underwriting services	8,531	13,599
Asset management services	4,932	420
	<u>73,738</u>	<u>51,075</u>
<b>Revenue from other sources:</b>		
Interest income from margin financing services	11,127	15,404
Interest income from financial assets at fair value through profit or loss	75	219
Dividend income from financial assets at fair value through profit or loss	483	461
Net changes in fair value on financial assets at fair value through profit or loss	8,750	(20,286)
	<u>20,435</u>	<u>(4,202)</u>
	<u><u>94,173</u></u>	<u><u>46,873</u></u>
Services transferred at a point in time	25,779	13,599
Services transferred over time	47,959	37,476
Total	<u><u>73,738</u></u>	<u><u>51,075</u></u>

(c) **Contract balances**

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts receivable ( <i>note 10</i> )	100,280	137,607
Deferred revenue	<u>970</u>	<u>2,021</u>

*Movements in deferred revenue*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at beginning of the year	2,021	4,813
Decrease in deferred revenue as a result of recognising revenue during the year that was included in deferred revenue at the beginning of the year	(1,931)	(3,853)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	<u>880</u>	<u>1,061</u>
Balance as at end of the year	<u><u>970</u></u>	<u><u>2,021</u></u>

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

(d) **Transaction price allocated to the remaining performance obligations**

As at 31 March 2024 and 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately HK\$23,991,000 and HK\$40,915,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 13 months (2023: 1 to 28 months).

#### 4. OTHER INCOME AND GAINS OR LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	326	53
Exchange gain/(loss), net	400	(330)
Gain on fair value change of investment in life insurance policy	142	87
Loss on fair value change of convertible bonds	472	–
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(3,544)	15,938
	<u>(2,204)</u>	<u>15,748</u>

#### 5. LOSS BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	1,016	973
Depreciation of		
– property, plant and equipment	998	920
– right-of-use assets	6,526	5,306
Low value assets lease expenses	108	62
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	53,804	42,016
– Equity settled share-based payment expenses	–	404
– Contributions to retirement benefits schemes	690	627
	<u>54,494</u>	<u>43,047</u>

#### 6. FINANCE COSTS

The Group's finance costs are recognised as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	1,736	1,424
Interest on other borrowings	–	2,250
Interest on margin financing	170	266
Interest on lease liabilities	43	106
	<u>1,949</u>	<u>4,046</u>

## 7. INCOME TAX (CREDITS)/EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong profits tax – Charged for the year	–	1,175
Withholding tax on dividend income	53	58
Deferred tax – credited for the year ( <i>note 12</i> )	(147)	–
Income tax (credits)/expenses	<u>(94)</u>	<u>1,233</u>

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the years ended 31 March 2024 and 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

Dividend income received from listed equity investments in the United States is subject to withholding tax imposed in the country of origin. During the year ended 31 March 2024, the withholding tax rate was 21% to 30% (2023: 21% to 30%).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before income tax	<u>(4,323)</u>	<u>(21,551)</u>
Tax calculated at the applicable tax rates	(713)	(3,556)
Tax effect of non-taxable income	(1,703)	(3,112)
Tax effect of non-deductible expenses	1,560	5,654
Tax effect of deductible temporary differences not recognised	1,721	513
Tax effect of tax losses not recognised	288	1,847
Tax effect of utilisation of tax losses not recognised	(1,300)	–
Withholding tax on dividend income	53	58
Effect of tax concession	–	(6)
Effect of two-tier tax rate	–	(165)
Income tax (credits)/expenses	<u>(94)</u>	<u>1,233</u>

As at 31 March 2024, the Group has estimated unused tax losses of approximately HK\$12,889,000 (2023: HK\$19,021,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses as it is not probable that taxable profit will be available against which the tax losses can be utilised. The estimated tax losses have no expiry date.

As at 31 March 2024, the Group has deductible temporary differences of approximately HK\$32,460,000 (2023: HK\$22,026,000). No deferred tax asset has been recognised in relation to such deductible temporary difference because, in the opinion of the director, it is not probable that taxable profits will be available against which those deductible temporary differences can be utilised.

## 8. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend of HK\$0.025 per ordinary share paid during the year	<u>10,149</u>	<u>–</u>

## 9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(3,987)</u>	<u>(22,684)</u>
	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss per share	405,962,965	405,962,965
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes and convertible bonds issued by a subsidiary (notes (ii) and (iii))	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>405,962,965</u>	<u>405,962,965</u>

### Notes:

- (i) Basic loss per share is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the year.
- (ii) The calculation of diluted loss per share is based on loss for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option and share option scheme, and assuming the exercise is made at no consideration at the beginning of the year or the grant date, whichever is the later.

The Company's share options outstanding for the year ended 31 March 2024 do not have dilutive effect to the loss per share because the sum of exercise price and fair value of services yet to be rendered per option were higher than the average market price of the Company's shares during the year ended 31 March 2024 (2023: the same).

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

## 10. ACCOUNTS RECEIVABLE

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Accounts receivable arising from:			
– Securities margin financing services	(i)	<b>85,421</b>	127,712
– Securities dealing and brokerage services from the clearing house	(ii)	<b>6,788</b>	–
– Corporate advisory and other services	(iii)	<b>4,636</b>	9,470
– Asset management services	(iii)	–	420
Accounts receivable from brokers	(iv)	<b>3,435</b>	5
		<b>100,280</b>	137,607

### *Notes:*

- (i) Advances to margin clients in margin financing are repayable within one year or on demand and carry interest at Hong Kong Dollar Prime Rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 31 March 2024 and 2023 were approximately HK\$263,408,000 and HK\$536,950,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge securities in securities account in the absence of default by margin clients.

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

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 31 March 2024 and 2023, the Group has a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 58.5% of total accounts receivable from margin clients at 31 March 2024 (2023: 54.0%).

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

<b>Name of the director</b>	<b>Outstanding balance at the beginning of the year HK\$'000</b>	<b>Outstanding balance at the end of the year HK\$'000</b>	<b>Maximum outstanding balance during the year HK\$'000</b>	<b>Margin finance facilities approved HK\$'000</b>
<b>At 31 March 2024</b>				
Mr. Mui	<b>1,408</b>	<b>1,537</b>	<b>1,537</b>	<b>2,000</b>
<b>At 31 March 2023</b>				
Mr. Mui	1,297	1,408	1,408	3,000

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



- (ii) The settlement of accounts receivable from the clearing house are 2 days after the trade date. The balance is not yet past due at the reporting date.
- (iii) In respect of accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 30 days	648	4,186
31–90 days	2,109	242
91–365 days	1,879	5,290
Over 365 days	–	172
	<u>4,636</u>	<u>9,890</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Opening balance	10,605	15,308
Impairment losses recognised	11,167	2,583
Written off of impairment loss recognised	<u>(7,154)</u>	<u>(7,286)</u>
Closing balance	<u>14,618</u>	<u>10,605</u>

- (iv) The Group has no credit terms for the accounts receivable from broker. The balance is not yet past due at the reporting date.

## 11. ACCOUNTS PAYABLE

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts payable arising from securities dealing and brokerage services	(i)		
– Cash clients		22,790	32,160
– Margin clients		13,836	13,742
– Clearing house		–	1,788
Accounts payable to broker	(ii)	<u>7,303</u>	<u>9,411</u>
		<u>43,929</u>	<u>57,101</u>

*Notes:*

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

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

As at 31 March 2024, included in accounts payable arising from securities dealing and brokerage services was an amount of approximately HK\$25,940,000 (2023: HK\$36,636,000) payable to clients in respect of segregated account balances received and held for clients in the course of conducting the regulated activities.

- (ii) As at 31 March 2024, amounts payable to broker are secured by securities of the Group with amount of approximately HK\$34,065,000 (2023: HK\$28,902,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK\$19,629,000 from margin finance facilities as at 31 March 2024 (2023: HK\$9,118,000).

## 12. DEFERRED TAX ASSET

The deferred tax balances recognised by the Group and the movement therein during the year are as follows:

	<b>Tax losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 1 April 2022</b>	–	–
Credited to profit or loss for the year	–	–
	<hr/>	<hr/>
<b>At 31 March 2023 and 1 April 2023</b>	–	–
Credited to profit or loss for the year	147	147
	<hr/>	<hr/>
<b>At 31 March 2024</b>	<u>147</u>	<u>147</u>

## 13. SUBSEQUENT EVENTS

On 23 April 2024, a total of 6,800,000 share options under the Scheme to subscribe for shares of the Company were granted to 8 directors of the Company. Each option shall entitle the holder to subscribe for one share upon exercise of such option at an exercise price of HK\$0.136 per share with validity period of 10 years from the grant date.

Save as disclosed above, there is no significant subsequent event after the year ended 31 March 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

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

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

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Fiscal Year, the Group has completed seven underwriting and placing projects. Regarding the asset management services, the net assets of the funds under management and/or investment advisory decreased to approximately US\$4.5 million (equivalent to approximately HK\$34.7 million) as at 31 March 2024 (2023: approximately US\$32.1 million (equivalent to approximately HK\$250.7 million)).

### REVIEW

#### Market Review

During the Fiscal Year, economic environment remained difficult for businesses in Hong Kong in general, but showed resilience and began its recovery journey. The Hang Seng Index declined from 20,400.11 as of 31 March 2023 to 14,961.18 on 22 January 2024, reaching its low since October 2022, reflecting the prevailing cautious mood. However, the market subsequently exhibited resilience, rebounded 9.6% to 16,541.42 as of 28 March 2024.

In 2023, the global economy experienced multiple challenges, including the lingering impact of the pandemic, supply chain disruptions, rising inflationary pressures, and ongoing geopolitical uncertainties. Against this backdrop, the Hong Kong capital market has continued to face significant headwinds. Investor sentiment further dampened by the heightened geopolitical tensions and tempered expectations for US interest rate cuts. While there are some upsides in the recent market, the economic stimulus measures unveiled by the Central Government of Mainland China helped the market recoup some losses and regain positive momentum in Hong Kong and China market sentiment.

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

## **Business Review**

Looking back on the past financial year, the Group has been facing a challenging business environment hit by the uncertainties about the global economic outlook and deteriorating financial conditions of certain clients. The Group leverages its reputation and continues to diversify its income source and maintain a prudent cost and capital management strategy.

The Group continued to derive a majority of its revenue from its corporate finance advisory services during the Fiscal Year, which accounted for approximately 64.0% (2023: approximately 79.1%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; and (ii) asset management services and net gain/(loss) from financial assets at fair value through profit or loss, accounted for approximately 20.9% and 15.1% (2023: approximately 61.9% and negative 40.9%) of its total revenue during the Fiscal Year, respectively.

### ***Corporate Finance Advisory Services***

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

The Group's corporate finance advisory business recognised a significant increase in revenue of approximately 62.7%, from approximately HK\$37.1 million for the year ended 31 March 2023 to approximately HK\$60.3 million during the Fiscal Year.

During the Fiscal Year, the Group was engaged in a total of 94 corporate finance advisory projects, which included 7 IPO sponsorship projects, 83 financial and independent financial advisory projects and 4 compliance advisory projects, while the Group was engaged in a total of 140 corporate finance advisory projects, which included 10 IPO sponsorship projects, 119 financial and independent financial advisory projects and 11 compliance advisory projects during the year ended 31 March 2023.

*(i) IPO sponsorship services*

During the Fiscal Year, the Group was engaged in 7 IPO sponsorship projects (2023: 10 projects).

Revenue generated from IPO sponsorship services was approximately HK\$7.9 million during the Fiscal Year (2023: approximately HK\$11.1 million).

*(ii) Financial and independent financial advisory services*

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

Revenue generated from financial and independent financial advisory services was approximately HK\$51.5 million during the Fiscal Year (2023: approximately HK\$23.7 million). During the Fiscal Year, the Group was engaged in 49 financial advisory projects and 34 independent financial advisory projects (2023: 78 and 41, respectively).

*(iii) Compliance advisory services*

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

Revenue generated from compliance advisory services was approximately HK\$0.9 million during the Fiscal Year (2023: approximately HK\$2.3 million). During the Fiscal Year, the Group was engaged in 4 compliance advisory projects (2023: 11 projects).

## ***Securities and Financing Services***

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

During the Fiscal Year, the Group recorded revenue from placing and underwriting business of approximately HK\$1.9 million (2023: approximately HK\$5.9 million) which was mainly due to decrease in average deal size of placing and underwriting projects during the Fiscal Year. The Group completed one transaction as underwriter for IPOs and six transactions as underwriters and/or placing agents for secondary market fund raising exercise (2023: one and six, respectively).

The revenue generated from securities dealing and brokerage was approximately HK\$6.7 million during the Fiscal Year (2023: approximately HK\$7.7 million), which was mainly due to the securities trading activities by the clients decreased during the Fiscal Year.

As at 31 March 2024, the total outstanding balance of margin loans amounted to approximately HK\$85.4 million (31 March 2023: approximately HK\$127.7 million) and the interest income generated from securities financing services was approximately HK\$11.1 million during the Fiscal Year (2023: approximately HK\$15.4 million).

## ***Asset Management Services and Investment Fund***

The Group provides asset management services to its clients.

As at 31 March 2024, the net assets of the funds under management and/or investment advisory by the Group was approximately US\$4.5 million (equivalent to approximately HK\$34.7 million) (31 March 2023: approximately US\$32.1 million, or equivalent to approximately HK\$250.7 million). The revenue generated from asset management services was approximately HK\$4.9 million during the Fiscal Year (2023: HK\$0.4 million).

The investment fund generated revenue of approximately HK\$9.3 million during the Fiscal Year (2023: approximately negative HK\$19.6 million) arising from interest income from listed bonds, dividend income from listed securities and net change in financial assets at fair value through profit or loss. Such turnaround was mainly due to the improved performance of the investment fund during the Fiscal Year.

## **Financial Review**

### ***Revenue***

The total revenue of the Group increased from approximately HK\$46.9 million for the year ended 31 March 2023 to approximately HK\$94.2 million for the Fiscal Year, representing an increase of approximately 100.9%, mainly as a result of increase in revenue of the corporate finance advisory services and increase in gain from investment fund, which is partly offset by decrease in revenue from the securities and underwriting services and the margin financing services.

### ***Other income and gains or losses, net***

Other income and gains or losses, net decreased from approximately HK\$15.7 million for the year ended 31 March 2023 to approximately negative HK\$2.2 million for the Fiscal Year, representing a decrease of approximately HK\$17.9 million. Other income and gains or losses, net mainly includes interest income from bank deposits, foreign currency translation differences, gain or loss on fair value change of investment in life insurance policy and convertible bonds and share of results of consolidated investment fund attributable to other redeemable participating shareholders.

### ***Other expenses***

The Group's other expenses decreased by approximately 2.9% from approximately HK\$28.3 million for the year ended 31 March 2023 to approximately HK\$27.5 million for the Fiscal Year, primarily due to decrease in securities trading related expense as a result of reduction of the securities trading activities by the clients.

### ***Staff costs***

Staff costs increased by approximately 26.7% from approximately HK\$43.0 million for the year ended 31 March 2023 to approximately HK\$54.5 million for the Fiscal Year. Such increase was primarily due to increase in average headcount and discretionary bonus during the Fiscal Year.

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

During the Fiscal Year, the Group recorded expected credit loss on accounts receivable of approximately HK\$11.2 million (2023: approximately HK\$2.6 million) and expected credit loss on other receivables of approximately HK\$1.2 million (2023: approximately HK\$6.2 million). The Group also recorded bad debt expenses of approximately HK\$18,000 (2023: approximately HK\$30,000). The recognition of expected credit loss was mainly due to the continued weakening financial condition of the debts after the COVID-19 pandemic which resulted in prolonged ageing of the receivables from certain debtors arising from corporate advisory and other services and the decline in valuation of collateral due to market volatility held by certain debtors arising from securities margin financing services.

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

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



### ***Finance costs***

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for bank and other borrowings and margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK\$1.9 million during the Fiscal Year (2023: approximately HK\$4.0 million). The decrease in finance costs was mainly due to reduction in outstanding bank and other borrowings during the Fiscal Year.

### ***Loss attributable to the owners of the Company***

Loss for the Fiscal Year attributable to the owners of the Company was approximately HK\$4.0 million (2023: loss of approximately HK\$22.7 million) primarily due to increase in revenue from the corporate finance advisory services and improved performance of the investment fund, and decrease in finance costs, partially offset by decrease in other income and gains or losses, net and increase in recognition of expected credit loss on accounts receivable.

### **Liquidity, Financial Resources and Capital Structure**

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

As at 31 March 2024, the Group's net current assets amounted to approximately HK\$125.0 million (31 March 2023: approximately HK\$135.8 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.3 times (31 March 2023: approximately 2.2 times). Cash and bank balances and pledged bank deposit in aggregate amounted to approximately HK\$51.3 million (31 March 2023: approximately HK\$31.0 million). As at 31 March 2024, the Group has bank borrowings, accounts payable to broker, convertible bonds and lease liabilities of approximately HK\$24.6 million, HK\$7.3 million, HK\$0.7 million and HK\$0.4 million, respectively (31 March 2023: approximately HK\$24.8 million, HK\$9.4 million, HK\$1.2 million and HK\$5.3 million, respectively). As at 31 March 2024, the Group's total debt incurred (including bank borrowings, accounts payable to broker, convertible bonds and lease liabilities) were approximately HK\$33.0 million (31 March 2023: approximately HK\$40.7 million), representing a gearing ratio of approximately 24.7% (31 March 2023: approximately 27.5%).

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

### **Pledge of Assets**

As at 31 March 2024, the Group (i) had pledged bank deposit of HK\$10.0 million (31 March 2023: HK\$10.0 million); and (ii) assigned the life insurance policy valued at HK\$3.6 million to a bank as a security for a bank borrowing (31 March 2023: HK\$3.5 million).

## **Foreign Currency Exposure**

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

## **Capital Commitments and Contingent Liabilities**

As at 31 March 2024, the Group did not have any significant capital commitment and contingent liabilities (31 March 2023: nil).

## **Employees and Remuneration Policies**

As at 31 March 2024, the Group employed 42 staff (including executive Directors) (31 March 2023: 45). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive Directors and employees of the Group.

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

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

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

## **Significant Investments Held by the Group**

Up to 31 March 2024, the Group has invested US\$3.0 million (equivalent to approximately HK\$23.4 million) into Lego Vision Fund SP ("**LVF**"), a fund under management by the Group, as seed money. LVF focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth.

As at 31 March 2024, the Group held 28,807.172 non-voting shares in LVF (which represented approximately 48.73% of total non-voting shares of LVF) with aggregate value of approximately US\$2.2 million (equivalent to approximately HK\$16.9 million), which represented 7.4% of the total assets of the Group. The net asset value per share in respect of LVF was increased from US\$59.9 (equivalent to approximately HK\$467.3) on 31 March 2023, to approximately US\$75.3 (equivalent to approximately HK\$587.5) on 31 March 2024, representing an overall positive return of approximately 25.7%.

During the Fiscal Year, the global market was under pressure from macroeconomic conditions. The high interest rate and inflation in the US made businesses struggle. The property market in China even worsened, impacting the overall economy. At the beginning of this year, policy support for the property market provided little relief. However, the artificial intelligence (“AI”) revolution has emerged as the primary and important driver in the coming years. It is considered the 4th Industrial Revolution. The monetisation of AI is yet to be crystallised, but startups and major tech companies are actively building foundations, such as, large language models and data centers. The AI chip market is undoubtedly a big winner, along with certain infrastructure enterprises. The fund manager is seeing the kickoff of AI-powered inference, with Microsoft and Apple launching the Copilot+ PC and Apple Intelligent respectively. Once AI becomes integrated into daily lives, it will present a very promising investment opportunity.

### **Future Plans for Material Investments or Capital Assets**

The Group did not have any plan for material investments and capital assets as at 31 March 2024.

### **Risk Management**

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

### **Compliance with Laws and Regulations**

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

## **Outlook and Prospect**

Global and Asia economy continued to face challenges due to uncertainties of the global economic outlook. A number of factors, such as lingering impact of the pandemic, prolonged high interest rate environment, ongoing geopolitical tensions and liquidity concern about the Mainland China property developers will continue to hinder the recovery of the economic activities in Hong Kong. Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs and merger and acquisition plans, which may lead to lower demand for, delay to or termination of fund raising and merger and acquisition activities and the Group's services.

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

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

## USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer of the Company (the “**Share Offer**”) amounted to approximately HK\$99.1 million. The Group adjusted the use of proceeds in the same manner as stated in the Prospectus and the announcement of the Company dated 29 December 2023 (the “**Revision**”). The details of application of net proceeds from the Share Offer are set out as follows:

Item	Approximate % of total net proceeds (after Revision)	Net proceeds from Share Offer (after Revision) (HK\$ million)	Unutilised as at 31 March 2023 (after Revision) (HK\$ million)	Utilised during the Fiscal Year (HK\$ million)	Utilised up to 31 March 2024 (HK\$ million)	Unutilised as at 31 March 2024 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	–	–	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	–	–	4.1	–	Fully utilised
Invest seed money for new fund under the asset management business	11.8%	11.7	–	–	11.7	–	Fully utilised
Increase capital base for the securities financing business	9.1%	9.0	–	–	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	–	–	6.3	–	Fully utilised
Working capital and general corporate purposes	11.8%	11.7	1.8	1.8	11.7	–	Fully utilised
<b>Total</b>	<b>100.0%</b>	<b>99.1</b>	<b>1.8</b>	<b>1.8</b>	<b>99.1</b>	<b>–</b>	

## **FINAL DIVIDEND**

The Board has resolved not to declare any final dividend for the year ended 31 March 2024 (2023: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Tuesday, 13 August 2024. The register of members of the Company will be closed from Thursday, 8 August 2024 to Tuesday, 13 August 2024, both days inclusive, in order to determine the identity of the shareholders of the Company (the “**Shareholder(s)**”) who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 7 August 2024.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

As of 31 March 2024, the Company has complied with all applicable code provisions under the CG Code except for the following provision.

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

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

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

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

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

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

As at 31 March 2024, the Company did not hold any treasury shares.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2024.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.legogroup.hk](http://www.legogroup.hk). The annual report of the Company for the year ended 31 March 2024 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

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

Hong Kong, 25 June 2024

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