

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED**  
**京基金融國際(控股)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 01468)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

The board of Directors (the “**Board**”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2022 together with comparative figures for the corresponding year in 2021, as follows:

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

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	<b>127,041</b>	148,642
Cost of sales		<b>(41,055)</b>	(52,731)
Gross profit		<b>85,986</b>	95,911
Other income		<b>34,097</b>	11,768
Other gains and losses, net	5	<b>(69,867)</b>	(3,098)
Provision for impairment of loan receivables, net		<b>(1,935)</b>	(219)
Provision for impairment of trade and other receivables, net		<b>(6,611)</b>	(3,652)
Administrative expenses		<b>(99,595)</b>	(96,428)
Finance costs		<b>(13,460)</b>	(9,181)
Share of result of an associate		<b>(30)</b>	–

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	6	<b>(71,415)</b>	(4,899)
Income tax expense	7	<b>(1,714)</b>	(3,541)
Loss for the year		<b><u>(73,129)</u></b>	<u>(8,440)</u>
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas operation		<b>(3,528)</b>	7,178
Item that will not be reclassified subsequently to profit or loss:			
Fair value changes of financial assets at fair value through other comprehensive income		<b><u>(1,650)</u></b>	<u>(50)</u>
Other comprehensive (expense) income for the year, net of tax		<b><u>(5,178)</u></b>	<u>7,128</u>
Total comprehensive expense for the year		<b><u><u>(78,307)</u></u></b>	<u><u>(1,312)</u></u>
Loss for the year attributable to:			
Owners of the Company		<b><u><u>(73,129)</u></u></b>	<u><u>(8,440)</u></u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b><u><u>(78,307)</u></u></b>	<u><u>(1,312)</u></u>
Loss per share	9		
Basic		<b><u><u>(1.14) cents</u></u></b>	<u><u>(0.17) cents</u></u>
Diluted		<b><u><u>(1.14) cents</u></u></b>	<u><u>(0.17) cents</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,863</b>	83,534
Right-of-use assets		<b>68</b>	6,461
Goodwill		<b>106,814</b>	106,814
Intangible asset		<b>500</b>	500
Investment in an associate		<b>15,648</b>	–
Financial assets at fair value through profit or loss		<b>77,129</b>	19,819
Financial assets at fair value through other comprehensive income		<b>3,250</b>	4,900
Loan receivables	11	<b>18,249</b>	–
Deposits	10	<b>12,968</b>	1,278
		<b>249,489</b>	223,306
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>49,591</b>	2,459
Inventories		<b>66,892</b>	76,041
Trade and other receivables	10	<b>320,767</b>	258,282
Loan receivables	11	<b>230,223</b>	91,017
Amounts due from related companies		<b>3,056</b>	2,352
Tax recoverable		<b>1,954</b>	–
Pledged bank deposits		<b>35,000</b>	17,500
Bank balances held on behalf of clients		<b>234,840</b>	198,992
Bank balances and cash		<b>124,448</b>	45,626
		<b>1,066,771</b>	692,269

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	12	<b>253,519</b>	207,424
Tax payables		<b>6,676</b>	9,983
Bank and other borrowings		<b>95,330</b>	78,901
Lease liabilities		<b>71</b>	2,944
Amount due to a related company		–	1,107
Amount due to a director		<b>3,765</b>	24,864
Amount due to a shareholder		<b>11,000</b>	11,000
Corporate bonds		<b>96,717</b>	37,200
		<u><b>467,078</b></u>	<u>373,423</u>
<b>Net current assets</b>		<u><b>599,693</b></u>	<u>318,846</u>
<b>Total assets less current liabilities</b>		<u><b>849,182</b></u>	<u>542,152</u>
<b>Non-current liabilities</b>			
Lease liabilities		–	4,400
Corporate bonds		<b>58,891</b>	111,926
		<u><b>58,891</b></u>	<u>116,326</u>
<b>Net assets</b>		<u><b>790,291</b></u>	<u>425,826</u>
<b>Capital and reserve</b>			
Share capital	13	<b>67,246</b>	48,496
Reserves		<b>723,045</b>	377,330
<b>Total equity</b>		<u><b>790,291</b></u>	<u>425,826</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 1. GENERAL

Kingkey Financial International (Holdings) Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 March 2015. In the opinion of the Directors of the Company, the ultimate holding company of the Company is Kingkey Holdings (International) Limited (“**Kingkey Holdings**”) which is a private limited company incorporated in the British Virgin Islands. Its controlling shareholder is Mr. Chen Jiajun, who is also the controlling shareholder and executive director of the Company (“**Mr. Chen Jiajun**”).

The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of securities brokerage, insurance brokerage, assets management services, fur skin brokerage and money lending services in Hong Kong and mink farming in Denmark.

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

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions

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

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

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimate <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021 <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021, earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022, earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023, earlier application permitted

<sup>4</sup> Effective date to be determined

<sup>5</sup> Effective for business combinations/common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

### 3. REVENUE

During the year, the Group's revenue representing the amount received and receivable from its operating businesses, net of discount, are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Insurance brokerage services income	47,670	65,902
Commission income from		
– securities brokerage	3,208	5,095
– underwriting, sub-underwriting, placing and sub-placing	4,183	6,504
Brokerage of fur skin	77	33
Mink farming	7,123	23,384
Fund management services income	807	4,785
Assets management services income	7,315	8,241
<b>Revenue from other sources</b>		
Interest income from margin financing services	26,552	24,427
Interest income from money lending services	30,106	10,271
	<u>127,041</u>	<u>148,642</u>

*Note:* Commission and services income from insurance brokerage, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, brokerage of fur skin and income from mink farming are recognised at point in time. Fund and assets management services income are recognised at point over time.

### 4. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Securities	–	Provision of securities brokerage, margin financing, underwriting, sub-underwriting, placing, sub-placing and consultancy services
Insurance brokerage	–	Provision of insurance brokerage services
Fur	–	Sale of pelted skin, provision of fur skin brokerage and financing services
Assets management	–	Provision and arrangement of fund management services and assets management services
Money lending	–	Provision and arrangement of money lending services

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

**For the year ended 31 March 2022**

	Securities <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Fur <i>HK\$'000</i>	Assets management <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>33,943</u>	<u>47,670</u>	<u>7,200</u>	<u>8,122</u>	<u>30,106</u>	<u>127,041</u>
<b>RESULTS</b>						
Segment operating results	21,111	(5,587)	10,392	5,710	30,008	61,634
Impairment of property, plant and equipment	-	-	(59,439)	-	-	(59,439)
Provision of impairment of trade and other receivables, net	(6,611)	-	-	-	-	(6,611)
Provision for impairment of loan receivables, net	-	-	-	-	(1,935)	(1,935)
Segment results	<u>14,500</u>	<u>(5,587)</u>	<u>(49,047)</u>	<u>5,710</u>	<u>28,073</u>	<u>(6,351)</u>
Other gains and losses, net						(10,428)
Finance costs						(13,460)
Share result of an associate						(30)
Unallocated corporate income						2,957
Unallocated corporate expenses						(44,103)
Loss before tax						(71,415)
Income tax expense						(1,714)
Loss for the year						<u>(73,129)</u>
<b>ASSETS</b>						
Segment assets	651,050	1,847	78,129	2,302	248,472	981,800
Unallocated corporate assets						334,460
Total assets						<u>1,316,260</u>
<b>LIABILITIES</b>						
Segment liabilities	311,884	5,699	24,402	-	1,005	342,990
Unallocated corporate liabilities						182,979
Total liabilities						<u>525,969</u>



## Other information

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

## For the year ended 31 March 2021

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Total HK\$'000
Revenue	<u>36,026</u>	<u>65,902</u>	<u>23,417</u>	<u>13,026</u>	<u>10,271</u>	<u>148,642</u>
<b>RESULTS</b>						
Segment operating results	21,699	(1,708)	6,029	10,713	10,032	46,765
Reversal of impairment of trade and other receivables, net	1,450	-	-	-	-	1,450
Provision for impairment of loan receivables	-	-	-	-	(219)	(219)
Segment results	23,149	(1,708)	6,029	10,713	9,813	47,996
Other gains and losses, net						(3,098)
Finance costs						(9,181)
Unallocated corporate income						3,506
Unallocated corporate expenses						(44,122)
Loss before tax						(4,899)
Income tax expense						(3,541)
Loss for the year						<u>(8,440)</u>

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>ASSETS</b>						
Segment assets	554,324	8,891	154,507	4,261	91,017	813,000
Unallocated corporate assets						<u>102,575</u>
Total assets						<u><u>915,575</u></u>
<b>LIABILITIES</b>						
Segment liabilities	229,728	11,858	43,390	–	1,000	285,976
Unallocated corporate liabilities						<u>203,773</u>
Total liabilities						<u><u>489,749</u></u>

### Other information

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions of property, plant and equipment	2,910	2,624	–	29	–	–	5,563
Reversal of write-down of inventories	–	–	(12,207)	–	–	–	(12,207)
Provision for impairment of loan receivables	–	–	–	–	219	–	219
(Reversal)/Provision for impairment of trade and other receivables	(1,450)	–	–	–	–	5,102	3,652
Depreciation of property, plant and equipment	1,425	867	6,193	6	–	6	8,497
Depreciation of right-of-use assets	–	2,688	483	–	–	834	4,005
Write-off of biological assets due to COVID-19 pandemic	–	–	7,382	–	–	–	7,382
	<u>–</u>	<u>–</u>	<u>7,382</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,382</u>

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

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

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

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

### Geographical information

The Group mainly operates in Hong Kong and Denmark.

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

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
The People's Republic of China	77	33	–	–
Hong Kong	119,841	125,225	138,484	119,375
Denmark	7,123	23,384	11,109	77,934
	<u>127,041</u>	<u>148,642</u>	<u>149,593</u>	<u>197,309</u>

Note: Non-current assets excluded financial instruments.

### Information about major customers

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

	2022 HK\$'000	2021 HK\$'000
Customer A (Segment: Insurance brokerage) (Notes a, c)	18,214	–
Customer B (Segment: Fur) (Note b)	–	23,384
Customer C (Segment: Insurance brokerage) (Notes b, c)	–	19,681
	<u>18,214</u>	<u>43,065</u>

Note a: Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2021.

Note b: Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2022.

Note c: The customer is an insurance product issuer.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2022 and 2021.

## 5. OTHER GAINS AND LOSSES, NET

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Foreign exchange gain, net	99	44
Impairment of property, plant and equipment	(59,439)	–
Change in fair value of financial assets at FVTPL	(16,824)	(3,493)
(Loss)/gain on disposal of financial assets at FVTPL	(20)	409
Gain on termination of lease	739	–
Gain on bargain purchase of acquisition of an associate	5,578	–
Loss on write-off of property, plant and equipment	–	(58)
	<u>(69,867)</u>	<u>(3,098)</u>

## 6. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	1,242	1,009
Provision for impairment of trade and other receivables, net	6,611	3,652
Provision for impairment of loan receivables, net	1,935	219
Cost of inventories recognised as expenses	5,695	12,501
Depreciation of property, plant and equipment	9,010	8,497
Depreciation of right-of-use assets	2,803	4,005
Impairment of property, plant and equipment	59,439	–
Reversal of inventories	–	(12,207)
Net foreign exchange gain, net	(99)	(44)
Operating lease rental for short-term leases and low value assets	6,245	4,753
Staff costs (including directors' remuneration)		
– salaries and benefits in kind	43,323	44,346
– retirement benefits scheme contributions	1,087	1,432
Loss on write-off of property, plant and equipment	–	58
Write-off of biological assets due to COVID-19 pandemic	–	7,382
	<u>–</u>	<u>–</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax expense		
Hong Kong Profits Tax	<u>1,899</u>	<u>3,541</u>
Over provision in prior years		
Hong Kong Profits Tax	<u>(185)</u>	<u>–</u>
Total income tax expense for the year	<u><u>1,714</u></u>	<u><u>3,541</u></u>

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

Subsidiary in Denmark is subject to Denmark Corporation Tax at 22% for the year (2021: 22%). No provision has been made for Denmark corporate tax as the tax losses brought forward from previous year exceed the estimated assessable profits for the years.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the years ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2022 of HK\$73,129,000 (2021: HK\$8,440,000) and the weighted average number of 6,395,650,694 ordinary shares (2021: number of 4,849,629,735 ordinary shares) in issue during the year.

### **Diluted loss per share**

No adjustment was made in calculating the diluted loss per share for both years ended 31 March 2022 and 2021 as there was no potential ordinary shares in issue outstanding.

## 10. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from:		
Securities brokerage business ( <i>Note a</i> )		
– Cash clients	197	29,108
– Margin clients	316,990	229,303
– Clearing house	9,767	–
– Brokers	359	–
	<hr/>	<hr/>
	327,313	258,411
Fur skins brokerage business ( <i>Note b</i> )	60	53
Assets management business ( <i>Note c</i> )	2,239	4,232
	<hr/>	<hr/>
	329,612	262,696
Less: Provision for impairment of trade receivables	(19,657)	(13,046)
	<hr/>	<hr/>
	309,955	249,650
Prepayments	2,317	1,934
Deposits ( <i>Note d</i> )	13,373	6,043
Bond interest receivable	1,750	–
Other receivables ( <i>Note e</i> )	6,340	1,933
	<hr/>	<hr/>
	333,735	259,560
	<hr/> <hr/>	<hr/> <hr/>
Analysis for reporting purpose as:		
Current assets	320,767	258,282
Non-current assets – deposits	12,968	1,278
	<hr/>	<hr/>
	333,735	259,560
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) The settlement terms of trade receivables arising from the business of dealing in securities are two days after the trade date.

Cash clients

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

Margin clients

The Group maintains a list of approved securities held as collaterals for margin lending at a specified loan-to-collateral ratio. The credit facility limits granted to margin clients are determined by the discounted value of the securities collaterals accepted by the Group's management. A margin call may occur when the balances of the outstanding receivables from margin clients exceed the permitted margin loan limit, or when the discounted value of the collateral securities is less than the balances due from margin clients.

As at 31 March 2022, the fair value of the pledged securities held by the Group amounted to HK\$822,175,000 (2021: HK\$822,236,000).

Clearing house

Trade receivables from a clearing house represents outstanding balance pending to be settled arising from the business of dealing in securities, which are normally due within two trading days after the trade date.

- (b) The Group allows a credit period ranging from 0 day to 120 days to its customers from the business of fur skin brokerage.
- (c) The Group allows a credit period ranging from 0 day to 90 days to its customers from the business of assets management.
- (d) The deposit included HK\$11,700,000 (2021: HK\$Nil) for the deposit of the acquisition of a subsidiary, which classified as non-current assets.
- (e) During the reporting period, there was HK\$Nil (2021: HK\$5,102,000) provision for impairment on other receivable recognised in profit or loss.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Margin clients balances:		
No due date	<u>297,333</u>	<u>216,257</u>
Cash clients balances:		
Neither past due nor impaired	–	433
Past due but not impaired	<u>197</u>	<u>28,675</u>
	<u>197</u>	<u>29,108</u>
Other balances:		
Neither past due nor impaired	<u>9,767</u>	–
Past due but not impaired	<u>359</u>	–
	<u>10,126</u>	–
	<u><b>307,656</b></u>	<u><b>245,365</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	13,046	14,496
Provision for impairment under ECL	16,986	1,421
Recovered during the year	<u>(10,375)</u>	<u>(2,871)</u>
Balance at end of the year	<u><b>19,657</b></u>	<u><b>13,046</b></u>

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement after the end of the reporting period. In the opinion of the directors of the Company, there is no further credit provision required in excess of the allowance for ECL.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–60 days	<u><b>60</b></u>	<u><b>53</b></u>

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



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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–60 days	1,478	3,595
61–90 days	–	27
Over 90 days	<u>761</u>	<u>610</u>
	<u><b>2,239</b></u>	<u><b>4,232</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Overdue by:		
1–30 days	–	27
31–90 days	–	27
Over 90 days	<u>761</u>	<u>556</u>
	<u><b>761</b></u>	<u><b>610</b></u>

Receivables were related to customers for whom there was no recent history of default. As at 31 March 2022, the Group has assessed the recoverability of the receivables that were past due and considered any change in the credit quality of the trade receivables from the date when credit was initially granted and subsequent settlement after the end of the reporting period. In the opinion of the directors of the Company, no allowance for ECL has been recognised because there has not been a significant change in credit quality of these debtors and the amounts are still considered recoverable based on the good payment record of the customers and subsequent settlement after the end of the reporting period.

## 11. LOAN RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans from money lending business – unsecured	69,621	29,869
Loans from money lending business – secured	176,762	56,807
Interest receivables	<u>4,243</u>	<u>4,560</u>
	<b>250,626</b>	91,236
Less: Provision for impairment	<u>(2,154)</u>	<u>(219)</u>
	<u><b>248,472</b></u>	<u><b>91,017</b></u>
Analysed as		
Current	230,223	91,017
Non-current	<u>18,249</u>	<u>–</u>
	<u><b>248,472</b></u>	<u><b>91,017</b></u>

The Group offered a credit period ranging from 1 month to 3 years for the loans to its customers in money lending business with fixed interest rate ranging from 10% p.a. to 48% p.a. (2021: from 11% p.a. to 48% p.a.). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance are reviewed regularly by the management.

The following is an aging analysis of the Group's loan receivables by age, presented based on the due date and net of allowance for ECL at 31 March 2022 and 2021:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
No past due	<b>226,961</b>	48,454
Overdue by:		
1–30 days	<b>645</b>	32,111
31–60 days	<b>157</b>	311
61–90 days	<b>3</b>	311
Over 90 days	<b>20,706</b>	9,830
	<u><b>248,472</b></u>	<u>91,017</u>

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	<b>219</b>	–
Recovered during the year	<b>(140)</b>	–
Provision for the year	<b>2,075</b>	219
	<u><b>2,154</b></u>	<u>219</u>

## 12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables from:		
Securities brokerage business ( <i>Note a</i> )		
– Cash clients	38,146	28,476
– Margin clients	203,731	159,382
– Clearing house	–	6,870
	<u>241,877</u>	<u>194,728</u>
Insurance brokerage business ( <i>Note b</i> )	<u>5,699</u>	<u>5,003</u>
	<b>247,576</b>	199,731
Other payables:		
Accruals	3,835	3,453
Corporate bonds interest payable	1,658	1,593
Other loan interest payable	8	86
Value-added tax payable	–	1,979
Other operating expenses payable	421	571
Others	21	11
	<u>253,519</u>	<u>207,424</u>

### Notes:

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

The trade payables from the securities business are normally settled within two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which is repayable on demand. The money held on behalf of clients at the segregated bank accounts carries interest at prevailing interest rate of 0.01% (2021: 0.01%) per annum.

No aging analysis is disclosed as, in the opinion of directors, an aging analysis does not give additional value in view of the nature of the business.

Included in trade payables from margin clients, five of the margin clients claimed against for the cash balances with total sum of approximately HK\$47.3 million in five margin accounts. Further details refer to Note 15 to this announcement.

- (b) Based on the invoice dates, aging analysis of trade payables from insurance brokerage business are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–60 days	<b>5,561</b>	3,498
61–90 days	<b>40</b>	978
91–120 days	–	–
Over 120 days	<b>98</b>	527
	<b>5,699</b>	5,003

### 13. SHARE CAPITAL

	<i>Note</i>	<b>Number of ordinary shares of HK\$0.01 each</b>	<i>HK\$'000</i>
Authorised:			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2020, 31 March 2021 and 1 April 2021		4,849,629,735	48,496
Placing of shares	(a)	1,875,000,000	18,750
At 31 March 2022		6,724,629,735	67,246

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

- (a) On 4 June 2021, a total of 1,875,000,000 ordinary shares were issued upon placing at an aggregate consideration of HK\$449,750,000 of which HK\$18,750,000 was credited to share capital and the remaining balance of HK\$429,000,000 was credited to the share premium account.

### 14. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 15. LITIGATION

During the period from 22 January 2021 to 29 January 2021, Kingkey Securities Group Limited (“**KKSG**”), a wholly-owned subsidiary of the Company received five writs of summons issued in High Courts of Hong Kong by five different margin clients of KKSG, which claimed against KKSG for the cash balances with total sum of approximately HK\$54.3 million in the five margin accounts (which approximately HK\$47.3 million were frozen and restricted from securities trading under the restriction notice issued by the regulator) and equity securities held as collateral of the respective five margin clients (the “**Claims**”), maintained with KKSG. The directors of the Company are of the view that the Claims have no merit.

The directors of the Company consider that no provision for the Claims is required as these margin clients had withdrawn approximately HK\$7 million during the year ended 31 March 2021 and the remaining amounts of the Claims of approximately HK\$47.3 million have already been recorded as liabilities in Note 12 to this announcement.

## 16. EVENTS AFTER REPORTING PERIOD

- (a) On 4 June 2021, the Company (the “**Purchaser**”) and the vendor entered into the agreement, pursuant to which, the purchaser has conditionally agreed to acquire 70% of a target company and the vendor has conditionally agreed to sell, the sale shares, at the total consideration of US\$35 million (approximately HK\$271.6 million), which shall be satisfied by the issue and allotment of up to 1,131,666,666 consideration shares at the issue price of HK\$0.24 per consideration share. Further information are disclosed in the announcements published on 4 June 2021 and 13 January 2022 and circular dated 28 February 2022. The acquisition has been completed on 6 June 2022.
- (b) On 6 June 2022, the Company has signed subscription agreement with an independent third party – First Achiever Ventures Limited to subscribe for 150 ordinary shares at the total consideration of US\$3,000,000. Up to the date of this announcement, the subscription has been completed on 6 June 2022.
- (c) On 9 June 2022, the third reading of a bill for cancelling the Mandatory Provident Fund (“**MPF**”) offsetting mechanism (the “**Bill**”) was passed in the Legislative Council. After the Bill takes effect, employers can no longer offset employees’ severance payments or long-service payments against the MPF derived from the employer’s mandatory and voluntary contributions. The offsetting mechanism will be cancelled starting from 2025.

The matter mentioned above will have impact to the Group’s provision for long service payments (“**LSP**”). Upon the MPF offsetting mechanism is cancelled, the Group can no longer deduct LSP from their portion of MPF contributions. The abolition of the offsetting arrangement has no retrospective effect.

As at the date of the issue of the financial statements, the exact effective date of the abolition is yet to be determined and the details arrangement is yet to be announced by the government. This is a non-adjusting event after the reporting period as the event did not relate to the obligation of the LSP at the end of the reporting period, but reflects the circumstances (i.e. the law) that have arisen subsequently.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in a substantial change to the Group’s financial statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In 2021, although the COVID-19 pandemic temporarily subsided, there was no forceful rebound in Hong Kong's economy. The revitalization of stock market in the first quarter of 2021 was short-lived and the Group could not benefit from it as our financial year starts in the second quarter. There was little, if any, measures or allowances brought out by the Hong Kong government to alleviate the difficult business environment that the Group and its peers were suffering from, let alone the resumption of connection with the mainland China. Worse, in the first quarter of 2022, the outbreak of Omicron variant of COVID-19 was unprecedented. The virus was rampant in Hong Kong, with a record high of more than 70,000 daily confirmed cases. The impact to financial industry was severe and we are no exception. The poor market atmosphere also affected the performance of our fund investment. Luckily, the successful fund raising of approximately HK\$450 million last year provided some capital for our money lending business, generating considerable interest income. During the year, we have decided to enter into two acquisitions, namely, the FGA Holdings Limited and First Achiever Venture Limited, both were completed after the financial year end. We hope that these two new businesses will acquire considerable income to us.

#### **Securities**

Kingkey Securities Group Limited is the flagship company of the Group for the securities business, which has the permitted licences to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong). The performance of this business unit for the year ended 31 March 2022 was heavily affected by the market atmosphere and fierce competition, dragging down the securities brokerage income and commission income from underwriting, sub-underwriting, placing and sub-placing. In fact, as Bloomberg commented in April that, The Stock Exchange is one of the worst performing stock exchanges in the world this year as it has been dragged by the mainland China's monitoring issue as well as the pandemic that there was no IPO in Hong Kong with fund raising size over US\$1 billion up to the date of the report. This business contributed an aggregate of approximately HK\$33.9 million revenue (2021: approximately HK\$36.0 million) and approximately HK\$10.1 million profit (2021: approximately HK\$18.1 million).

#### **Insurance Brokerage**

Kingkey Privilege Wealth Management Limited ("KKWM") is our wealth management and insurance brokerage arm. As at 31 March 2022, it is registered with the Insurance Authority ("IA") and Mandatory Provident Fund Schemes Authority ("MPFA") and is operating a team of experienced insurance professionals with 144 licensed representatives under IA and 71 licensed representatives under MPFA, having over 17% increment in salesforce compared with last financial year. They act as individual financial advisers to provide quality service to their clients by adopting IFA 3.0 strategy to formulate detailed and tailor-made wealth

management solutions based on the clients' needs and source appropriate investment tools with an aim to achieving desired return, our platform providing 30 major life and general insurance providers for different types of clients. Moreover, they assist their clients to grasp the most updated market information and analyse the risk and opportunities therefrom and assess their clients' portfolio regularly. KKWM has generated over 670 new clients and issued over 1,715 number of policies during this financial year, and our platform are managing over 7,855 insurance policies for over 4,000 clients and has accumulated total Annualised First Year Premium ("AFYP") amount of over HK\$271 million; with total Annualised First Year Commission ("AFYC") amount of over HK\$56 million.

Due to the prolonged prevention measures of the COVID-19 and the fifth wave of its outbreak, the business was still significantly thwarted as evidenced by a decrease of revenue to approximately HK\$47.7 million from approximately HK\$65.9 million from last year's corresponding period.

## **Fur**

As disclosed in our 2021 interim report, in the first half of the financial year, the fur business was benefited by the good auction prices. However, because of the war in Ukraine, Copenhagen Fur cancelled their traditional first auction of the new season in February this year. Saga Furs, on the other hand, started the season in March but with little success. The Russian market, which is the second biggest fur market in the world, is suffering tremendously from the war also. However, our Danish farms' compensation from the Danish government, to our surprise, has been coming into our company slowly. Moreover, there is no news that when or whether the Danish government will lift the ban of resuming the business. Based on the above reasons, we decided to fully impair our fixed assets of this business (excluding the land of the mink farms) amounting to approximately HK\$59.4 million which is supported by an independent valuer engaged by the Company. For the year ended 31 March 2022, the fur business contributed approximately HK\$7.2 million revenue (2021: HK\$23.4 million). Due to the non-cash one-off impairment, the loss from this segment was approximately HK\$51.5 million (2021: profit of HK\$2.7 million).

## **Assets Management**

We commenced this business line since early 2020. During the year, we are expanding our team of professionals in investment and fund management to serve our clients who are looking for fund managers to look after their assets and we earn service fee in return. All of them are qualified with Type 9 (asset management) regulated activities license under the Securities and Futures Commission and some of them had worked for reputable investment banks before joining us. As at 31 March 2022, revenue from provision of fund and asset management services recorded HK\$8.1 million (2021: HK\$13.0 million).

## **Money Lending**

Our money lending business was benefited by the influx of cash due to fund raising last year that we were able to lend more in order to accommodate the keen demand from the market. In fact, our interest income recorded approximately HK\$30.1 million (2021: HK\$10.3 million), showing a big leap of approximately HK\$19.8 million or 192.2% from last year while the non-performing loan ratio is still low as a sign of our tight credit review procedures on the creditworthiness of creditors effective.

## **PROSPECTS**

Although the fifth wave COVID-19 outbreak has passed its peak, Hong Kong is still facing several problems. Firstly, the cross-border economic activities are still substantially disrupted by the pandemic in the mainland China. Secondly, the Hong Kong's financial markets remain sluggish that financial service industry is still experiencing its business trough. Finally, in the face of the unexpectedly high inflation in the United States, the Federal Reserve is poised to be more aggressive in increasing the interest rates that under the exchange rate peg system, Hong Kong's monetary system will inevitably be affected, further shattering the Hong Kong's economy as well as the Group's business.

With the Ukraine war still going on, the fur business has been hit very hard as there is literally no fur garment shipping to the Russian market so far this year. Even though our farms' mink skins are enjoying a very healthy profit, the quantity of our mink skins being sold in the Copenhagen Fur auction will not be as many as past previous years. However, our company will be using the best Danish lawyers to represent us in negotiating with the Danish government for our farms' compensation because they forbid us in farming minks in 2022 and 2023. The continuance of this business segment largely depends on whether the Danish government would lift the ban to carry on mink farming business and the compensation amount.

Concerning these challenges, the Company plans to place more emphasis on the newly acquired business regarding the Forbes networking business in China and the investment in the technology-driven business.

## **FINANCIAL REVIEW**

### **Revenue and segment results**

Revenue of the Group for financial year ended 31 March 2022 (“**FY2022**”) was approximately HK\$127.0 million (FY2021: approximately HK\$148.6 million). The decrease in revenue was mainly due to decrease in insurance brokerage services income.



## **Securities**

Kingkey Securities Group Limited was licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under SFO. For FY2022, the Group's commission income from securities brokerage, underwriting and placing, plus interest income from securities margin financing, cash clients and IPO loans amounted to approximately HK\$33.9 million (FY2021: approximately HK\$36.0 million), which mainly due to decrease in above-mentioned commission income.

The securities brokerage commission decreased from last year's approximately HK\$5.1 million to this year approximately HK\$3.2 million mainly due to sluggish stock market, which was partly offset by the slightly increase in interest income from margin financing services.

The securities business reported segment profit of approximately HK\$10.1 million for FY2022 (FY2021: approximately HK\$18.1 million).

## **Insurance brokerage**

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

Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Insurance Authority ("IA"). As at 31 March 2022, it is registered with IA and is operating a team of 144 licensed representatives under IA and 71 licensed representatives under Mandatory Provident Fund Schemes Authority, and is representing 30 major life and general insurance providers.

During FY2022, revenue from insurance brokerage, which represented commission income received from broking and dealing in insurance products amounted to approximately HK\$47.7 million (FY2021: approximately HK\$65.9 million). It reported a segment loss of approximately HK\$5.4 million for FY2022 (FY2021: approximately HK\$6.1 million).

## **Fur**

For FY2022, the Group's fur business fell and the revenue amounted to approximately HK\$7.2 million (FY2021: approximately HK\$23.4 million). The decrease was due to Copenhagen Fur cancelled their traditional first auction of new season in February this year because of the war in Ukraine. The fur business reported a segment loss of approximately HK\$51.5 million for FY2022 (FY2021: profit of approximately HK\$2.7 million), mainly due to fully impair the fixed assets of the fur business (excluding the land of the mink farms) amounting to approximately HK\$59.4 million.

## **Assets management**

Kingkey Asset Management Limited was licensed to conduct type 9 (asset management) regulated activities under SFO. It provides investment portfolio management services to its clients. For FY2022, the business recorded revenue from provision of fund and assets management services of HK\$8.1 million (FY2021: approximately HK\$13.0 million).

## **Money lending**

Kingkey Finance Limited holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year, the Group conducted several money lending transactions and the individual loan size ranged from HK\$0.5 million to HK\$50 million.

The money lending business contributed interest income of approximately HK\$30.1 million to the revenue of the Group for FY2022 (FY2021: approximately HK\$10.3 million) and reported a loss of approximately HK\$4.0 million (FY2021: profit of approximately HK\$3.3 million). Loss was mainly due to HK\$25.5 million (2021: HK\$Nil) interest payment to the Company for fund raising to supporting the business. The interest rate charged was ranging from 10% to 48%, depending on the credit worthiness of the borrowers and the timeframe of the borrowing. During the FY2022, none of the creditors together with their associates (if any), had borrowed the amount more than 8% of the total assets of the Group in aggregate at any time and none of the loans to a particular creditor and to its associates in aggregate would be a notifiable transaction that requires the Company to disclose by way of announcement and/or circular.

## **Cost of sales**

The cost of sales of the Group amounted to approximately HK\$41.1 million for FY2022, representing a decrease of approximately 22% from approximately HK\$52.7 million for the last corresponding period. The decrease in cost of sales was mainly due to decrease in revenue for insurance brokerage and fur business.

## **Gross profit and gross profit margin**

As a result of the above situations, the Group recorded a consolidated gross profit of approximately HK\$86.0 million or gross profit margin of 67.7% for FY2022, compared with that of approximately HK\$95.9 million or 64.5% for FY2021.

## **Other income**

Other income increased by approximately HK\$22.3 million for FY2022, mainly due to HK\$19.6 million compensation income received from Danish government for fur business to subsidise mainly for the loss of the minks culled.

### **Impairment of trade receivables, net**

The Group recognised an impairment of approximately of HK\$6.6 million in relation to the expected credit loss of margin loan clients in securities business for FY2022, compared to a reversal of approximately HK\$1.5 million for last year.

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

The Group recognised a loss of approximately HK\$1.9 million from an adjustment in the expected credit loss of loan receivables in money lending business for FY2022 (FY2021: HK\$0.2 million).

### **Administrative expenses**

The administrative expenses of the Group increased by approximately 3.3% from approximately HK\$96.4 million for FY2021 to approximately HK\$99.6 million for FY2022. The increase in the administrative expenses was primarily due to increase in legal and professional fee for the acquisition projects.

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

Other gains or losses, net, recorded a loss of approximately HK\$69.9 million which mainly due to above-mentioned HK\$59.4 million non-cash one-off impairment of property, plant and equipment for fur business and HK\$16.8 million investment loss in fund portfolios investments, netting off gain on bargain purchase of acquisition of an associate HK\$5.6 million.

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

### **Finance costs**

Finance costs, which mainly represented interest expenses for corporate bonds interest and bank borrowings, were approximately HK\$13.5 million for FY2022 (FY2021: approximately HK\$9.2 million). The increase in finance costs was mainly due to the increase in corporate bonds interest.

### **Loss for the year**

Combined with the above factors, the Group reported a loss for the year to approximately HK\$73.1 million for FY2022 (FY2021: approximately HK\$8.4 million), that the non-cash impairment of the fur business fixed assets not taken place, the net loss would have been narrowed down to approximately HK\$13.7 million.

## Liquidity, financial resources and capital structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and equity/debt financings. The Group maintained bank balances and cash of approximately HK\$124.4 million as at 31 March 2022 (31 March 2021: approximately HK\$45.6 million) mainly in Hong Kong Dollar and United States Dollar. The net assets of the Group as at 31 March 2022 were approximately HK\$790.3 million (31 March 2021: approximately HK\$425.8 million).

As at 31 March 2022, the outstanding principal of the short and medium-term bonds was approximately HK\$155.6 million (31 March 2021: approximately HK\$149.1 million), which were denominated in Hong Kong Dollar and US Dollar at fixed coupon rates ranging from 0% to 9%, of which approximately HK\$104,526,000 as at 31 March 2022 (31 March 2021: approximately HK\$121,626,000) were guaranteed by Mr. Chen Jiajun, Executive Director and substantial shareholder of the Company, and all the proceeds were planned and in actual utilised for supporting business development as at 31 March 2022.

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

For more details of the Placing, please refer to the announcement dated 21 February 2021 and the circular dated 30 April 2021. Up to 31 March 2022, the details of the intended and actual use of proceeds are as below:

	<b>Intended Use</b> <i>HK\$</i>	<b>Actual Use</b> <i>HK\$</i>	<b>Unutilised</b>
(1) Establishing and seeding multiple investment funds	125 million	70.6 million	54.4 million
(2) Expanding the Group's securities brokerage and other financial services business	200 million	200 million	–
(3) Developing corporate image and expanding sales and marketing activities of the Group's financial services businesses	20 million	4.4 million	15.6 million
(4) Enhancing the IT system	10 million	2.9 million	7.1 million
(5) Group's general working capital and other general corporate purpose as well as investments in financial projects with high potential	92.2 million	92.2 million	–

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

The expected timeline for the intended use is 31 March 2023.

As at 31 March 2022, the total number of issued shares of the Company was 6,724,629,735.

## **FINANCIAL KEY PERFORMANCE**

The above financial data were chosen to present in this annual results announcement as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2022.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollar and the United States Dollar to be insignificant.

## FOREIGN CURRENCY MANAGEMENT

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group carries out its business in Hong Kong and worldwide and its assets and liabilities as well as the income and expenses are exposed to foreign currency risk primarily arising from sales and purchases transactions, investments and borrowings denominated in United States Dollar and Danish Krone.

The Group has certain investments and operations in Denmark which are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered manageable as such impact will be offset by borrowings denominated in Danish Krone.

During the year, the Group had not engaged in any financial instruments for hedging or speculative activities.

## CHARGE OF ASSETS

As at 31 March 2022, the Group charged other plant and equipment before impairment and inventories of approximately DKK62,873,000 (approximately HK\$73,448,000) (2021: DKK69,339,000, approximately HK\$85,113,000) for bank borrowings.

As at 31 March 2022, the Group has pledged HK\$35,000,000 bank deposits as security given to a bank for a facility (31 March 2021: HK\$17,500,000).

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant capital commitments and contingent liabilities (2021: Nil).

## MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

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

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

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

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

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

On 6 June 2022, the Company entered into a share subscription agreement with First Achiever Venture Limited (“**First Achiever**”) to subscribe for 150 ordinary shares at a total consideration of US\$3,000,000. First Achiever is a company incorporated in the British Virgin Islands and is the ultimate beneficial owner of Ningbo Quxing Intelligent Technology Company Limited (“**Ningbo Quxing**”) (寧波趣行智能科技有限公司) which in turn holds 90% of equity interest of Ningbo Moqu Information Technology Company Limited (“**Ningbo Moqu**”) (寧波魔趣信息科技有限公司). Ningbo Quxing is principally engaged in development and operations of intelligent digital sales platforms, using advanced data tools for customer analysis and targeted marketing while Ningbo Moqu is principally engaged in development and operations of information technology services.

Upon the completion of the said share subscription, the Company would hold 60% of First Achiever and accordingly, Ningbo Quxing and Ningbo Moqu will become indirect non-wholly owned subsidiaries which financial results will be consolidated to the Company’s group account.

For details of the transaction, please refer to the Company's announcement dated 6 June 2022.

Save as disclosed, during FY2022, the Company did not have any material acquisitions or disposals and significant investments.

## **FINAL DIVIDEND**

The directors do not recommend any final dividend for FY2022 (FY2021: Nil).

## **EMPLOYEE INFORMATION**

As at 31 March 2022, the Group had a total of 69 staff members including Directors (31 March 2021: 76). Staff costs including Director's remuneration amounted to approximately HK\$43.3 million for FY2022 (FY2021: approximately HK\$44.3 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that may be granted or may be granted under the pre-IPO share option scheme ("**Pre-IPO Share Option Scheme**") and the share option scheme of the Company (the "**Share Option Scheme**"), together with the Pre-IPO Share Option Scheme (the "**Share Option Schemes**"), both of which were approved by the then sole shareholder on 1 August 2012.

## **RISK MANAGEMENT**

### **Credit risk**

Credit risk exposure represents trade receivables and loan receivables from customers principally arising from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

### **Liquidity risk**

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.



## **Foreign currency risk**

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in Hong Kong Dollar, United States Dollar and Danish Krone. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollar and the United States Dollar to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in Danish Krone.

## **CORPORATE GOVERNANCE**

The Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 14 of the Listing Rules for the year ended 31 March 2022 with the following exception:

**Under Code Provision F.1.1, the company secretary should be an employee of the Company and have the day-to-day knowledge of the Company's affairs.**

Mr. Tsang Hing Bun (“Mr. Tsang”) was appointed as company secretary of the Company (the “Company Secretary”) with effect from 25 January 2019. Although Mr. Tsang is not an employee of the Company as required under code provision F.1.1 of the Code, the Company has assigned Ms. Kwok Yin Ning, the executive director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all directors are still considered to have access to the advice and services of the Company Secretary in light of the above arrangement in accordance with code provision F.1.4 of the Code. Having in place a mechanism that Mr. Tsang will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations. For the year ended 31 March 2022, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

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

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Group adopted the code of conduct for securities transactions by Directors (“**Securities Dealings Code**”) on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group’s specific enquiry, all Directors confirmed that during the year ended 31 March 2022, they had fully complied with the Securities Dealings Code.

## **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) which comprises all three independent non-executive Directors, namely, Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Leung Siu Kee, with Ms. Mak Yun Chu being the chairperson of the committee.

The Group’s annual results for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

## **SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Group’s auditors, Elite Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute any assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners Limited in this announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report for FY2022 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the shareholders and available on the Company's website ([www.kkgroup.com.hk](http://www.kkgroup.com.hk)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

On behalf of the Board  
**Kingkey Financial International (Holdings) Limited**  
**Chen Jiajun**  
*Executive Director*

Hong Kong, 23 June 2022

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

*Executive Directors:*

Mr. Chen Jiajun  
Ms. Kwok Yin Ning  
Mr. Mong Cheuk Wai

*Independent Non-executive Directors:*

Ms. Mak Yun Chu  
Mr. Hung Wai Che  
Mr. Leung Siu Kee