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**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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board of directors (the “**Board**”) of Kingkey Financial International (Holdings) Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022 together with the comparative figures for the corresponding period in 2021. The unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company.

**BUSINESS REVIEW**

2022 is a dynamic year – to both Hong Kong and the Group. And even the globe.

The war between Russia and Ukraine has not only caused a lot of casualties and put Russian troops in the mire of defeat, but also brought food and energy supply to an unprecedented disruption. The food crisis in the East Africa exacerbated by the war may sound far away, but the inflation as a result of adverse supply shock of natural gas and crude oil is somewhat we are fully alive to. The Federal Reserve Board has raised interest rate by 3% in just half a year’s time, and the Hang Seng Index has fallen from 22,000 points in early April to merely some 17,000 points at the end of September and it keeps falling. The stringent quarantine measures are still in place in Hong Kong while most of the developed economies have already re-open that massive capital and talents have been discouraged to leave the city, and, coupled with the elusive geopolitical factor have shattered the Hong Kong’s position as an international financial centre. Many shares have dropped to their year low or even all time low and many shops in prime locations have been vacant. All in all, the business environment is by no means positive.

The Group, however, has completed two acquisitions in early June this year has brought some new hope. On 4 June 2022, the Company has completed the acquisition of FGA Holdings Limited by acquiring 70% existing equity interest and First Achiever Ventures Limited by subscribing 60% new shares to further extend the Group's business to the PRC which we believed to have a good prospect and, indeed, these two new businesses have already started contributing considerable revenue and even profit to the Group merely shortly we acquired them.

## **Securities**

The performance of our securities business remained steady. The market has been haunted by expected hike of interest rate, the prospect of Hong Kong's economy and geopolitical instability, severely discouraging investors to stay in the stock market. Capital kept being drained out leading to financing by listed companies seriously difficult. As a result, our securities brokerage commission income was down by 53.1% while our underwriting, sub-underwriting, placing and sub-placing commission income and margin interest income increased. For the six months ended 30 September 2022, revenue slightly increased by approximately 1.3% to approximately HK\$15.5 million (2021: approximately HK\$15.3 million).

## **Insurance Brokerage**

Kingkey Privilege Wealth Management Limited (“**KKWM**”) is our wealth management and insurance brokerage arm, registered with the Insurance Authority (“**IA**”) and Mandatory Provident Fund Schemes Authority (“**MPFA**”). As at 30 September 2022, it was operating a team of experienced insurance professionals with 158 licensed representatives under IA and 82 licensed representatives under MPFA. 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. 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. For the six months ended 30 September 2022, KKWM has handled over 650 new insurance policies for about 985 clients and accumulated total Annualized First Year Premium (“**AFYP**”) amount of over HK\$98.0 million (2021: HK\$78.9 million); with total Annualized First Year Commission (“**AFYC**”) amount of over HK\$27.8 million (2021: over HK\$34.8 million).

Although under the prolonged prevention measures of the COVID-19, the business was still considerably expanded as evidenced by an increase of revenue to approximately HK\$29.7 million from approximately HK\$25.4 million same corresponding period of last year.

## **Fur**

In June of this period, the mink auctions in Saga Furs and Copenhagen Fur have come alive and established very good mink prices for the mink fur farmers. By September 2022, because of Copenhagen Fur being the number one mink supplier of the world, opened its physical auction after a year and a half, the mink price average has gone up and most importantly, mink were sold almost 100%. That itself has generated a handsome profit for our fur department. For the six months ended 30 September 2022, an approximate of HK\$8.7 million was registered from this business, representing an increase of approximately 26% or HK\$1.8 million compared with last year's corresponding period.

### **Asset management and money lending**

Business of provision of asset management service was disappointing. For the six months ended 30 September 2022, we recorded approximately HK\$2.5 million revenue from provision of asset management business (2021: HK\$4.1 million).

Our money lending business remained to be our major revenue driver. For the six months ended 30 September 2022, revenue increased by HK\$3.7 million to approximately HK\$15.7 million (2021: HK\$12.0 million), which was relatively stable compared with other businesses of the Group. Nevertheless, none of the debtors 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.

## **PROSPECTS**

To conclude, it is not easy to deliver an improved result under this very challenging economic condition. Undoubtedly, it is worrying if the business environment is sustainable if capital flight and brain drain cannot be stemmed which will be definitely detrimental to all businesses in Hong Kong.

Under the bearish stock market, securities brokerage business is expected to be dull and may even speed up driving those small sized brokerage houses out of the business although those rather strong ones may also be struggling to survive. The upside potential from commission income from placing and margin interest income is highly subject to the sufficiency of capital in the stock market which is not keen in the short run. In addition, the insurance brokerage and asset management business are dependent on when the Chinese market will come back in order to have a strong boost on the result.

The demand for money is still keen. As a result, we expect money lending business will keep growing for a while. However, we will also closely monitor that in case of any sign of non-performing loan from our debtors, we will take decisive action to minimise the impact on us.

Regarding the newly acquired membership business, we believe it will become a new revenue driver to the Group and also help diversify the Group's presence not just in Hong Kong but in the PRC.

For fur business, unfortunately, the Russian Ukraine war that has been going on for a long while that does not help the usual healthy Russian fur market. Therefore, we need the Chinese economy to improve and the cold weather to come early in China to boost our sales. On the other hand, we are working with our Danish lawyer to negotiate with the Danish government for compensating our 12 farms which were banned by the Danish government from minks breeding because of COVID virus found in minks two years ago.

The Board presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2022 together with the comparative figures for the corresponding period in 2021, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>97,137</b>	63,760
Cost of sales		<b>(35,076)</b>	(24,296)
<b>Gross profit</b>		<b>62,061</b>	39,464
Other income	4	<b>21,657</b>	15,719
Other gains and losses, net	5	<b>(2,323)</b>	(12,233)
Reversal of impairment of loan receivables		<b>157</b>	15
Bad debts		<b>(20)</b>	–
Selling and distribution costs		<b>(443)</b>	–
Administrative expenses		<b>(69,263)</b>	(48,463)
Finance costs	6	<b>(6,771)</b>	(6,530)
Share of result of an associate		<b>(592)</b>	–
<b>Profit (loss) before tax</b>	7	<b>4,463</b>	(12,028)
Tax expense	8	<b>(1,877)</b>	(1,330)
<b>Profit (loss) for the period</b>		<b>2,586</b>	(13,358)
<b>Other comprehensive (expense) income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of overseas operations		<b>(6,873)</b>	(1,953)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		<b>(1,250)</b>	2,100
<b>Other comprehensive (expense) income for the period, net of tax</b>		<b>(8,123)</b>	147

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Total comprehensive expense for the period</b>		<b>(5,537)</b>	<b>(13,211)</b>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>2,515</b>	(13,358)
Non-controlling interests		<b>71</b>	–
		<b>2,586</b>	<b>(13,358)</b>
<b>Total comprehensive (expense) income for the period attributable to:</b>			
Owners of the Company		<b>(5,608)</b>	(13,211)
Non-controlling interests		<b>71</b>	–
		<b>(5,537)</b>	<b>(13,211)</b>
<b>Earnings (loss) per share</b>			
Basic and diluted	10	<b>0.04 HK cents</b>	<b>(0.22) HK cents</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>12,576</b>	14,863
Right-of-use assets	11	<b>6,731</b>	68
Goodwill		<b>342,564</b>	106,814
Intangible asset	11	<b>575,867</b>	500
Investment in an associate	12	<b>15,056</b>	15,648
Financial assets at fair value through profit or loss		<b>74,471</b>	77,129
Financial asset at fair value through other comprehensive income		<b>2,000</b>	3,250
Loan receivables	14	<b>18,187</b>	18,249
Deposits	13	<b>1,278</b>	12,968
		<b>1,048,730</b>	249,489
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>48,153</b>	49,591
Inventories		<b>48,749</b>	66,892
Trade and other receivables, prepayments and deposits	13	<b>353,443</b>	320,767
Loan receivables	14	<b>171,520</b>	230,223
Amount due from related companies		<b>3,056</b>	3,056
Tax recoverable		<b>630</b>	1,954
Pledged bank deposits		<b>35,000</b>	35,000
Bank balances held on behalf of clients		<b>153,226</b>	234,840
Bank balances and cash		<b>139,549</b>	124,448
		<b>953,326</b>	1,066,771

		<b>30 September</b>	31 March
		<b>2022</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Current liabilities</b>			
Trade and other payables	15	<b>198,714</b>	253,519
Tax payables		<b>9,628</b>	6,676
Bank and other borrowings	16	<b>91,860</b>	95,330
Contingent consideration payable	20	<b>470,345</b>	–
Lease liabilities		<b>2,511</b>	71
Amount due to a director	17	–	3,765
Amount due to a shareholder	17	<b>6,500</b>	11,000
Corporate bonds	18	<b>111,531</b>	96,717
		<b>891,089</b>	467,078
<b>Net current assets</b>		<b>62,237</b>	599,693
<b>Total assets less current liabilities</b>		<b>1,110,967</b>	849,182
<b>Non-current liabilities</b>			
Lease liabilities		<b>4,658</b>	–
Corporate bonds	18	<b>52,902</b>	58,891
Deferred tax liabilities		<b>135,383</b>	–
		<b>192,943</b>	58,891
<b>Net assets</b>		<b>918,024</b>	790,291
<b>Capital and reserves</b>			
Share capital	19	<b>67,246</b>	67,246
Reserves		<b>712,807</b>	723,045
<b>Equity attributable to the owners of the Group</b>		<b>780,053</b>	790,291
Non-controlling interests		<b>137,971</b>	–
<b>Total equity</b>		<b>918,024</b>	790,291

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to the owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Shares held for Share Award Scheme HK\$'000	Investments revaluation reserve HK\$'000	Translations reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Attributable to non-controlling interest HK\$'000	Total HK\$'000
1 April 2021 (audited)	48,496	674,387	(7,122)	-	(5,100)	(15,838)	(1,998)	(266,999)	425,826	-	425,826
Loss for the period	-	-	-	-	-	-	-	(13,358)	(13,358)	-	(13,358)
Other comprehensive income (expense) for the period											
Exchange difference on translation of financial statements of overseas operations	-	-	-	-	-	(1,953)	-	-	(1,953)	-	(1,953)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	2,100	-	-	-	2,100	-	2,100
Total comprehensive income (expense) for the period	-	-	-	-	2,100	(1,953)	-	(13,358)	(13,211)	-	(13,211)
Issue of share by placing	18,750	429,000	-	-	-	-	-	-	447,750	-	447,750
At 30 September 2021 (unaudited)	<u>67,246</u>	<u>1,103,387</u>	<u>(7,122)</u>	<u>-</u>	<u>(3,000)</u>	<u>(17,791)</u>	<u>(1,998)</u>	<u>(280,357)</u>	<u>860,365</u>	<u>-</u>	<u>860,365</u>
At 1 April 2022 (audited)	<b>67,246</b>	<b>1,103,387</b>	<b>(7,122)</b>	<b>(4,978)</b>	<b>(6,750)</b>	<b>(19,366)</b>	<b>(1,998)</b>	<b>(340,128)</b>	<b>790,291</b>	<b>-</b>	<b>790,291</b>
Profit for the period	-	-	-	-	-	-	-	2,515	2,515	71	2,586
Other comprehensive expense for the period											
Exchange difference on translation of financial statements of overseas operations	-	-	-	-	-	(6,873)	-	-	(6,873)	-	(6,873)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	(1,250)	-	-	-	(1,250)	-	(1,250)
Total comprehensive (expense) income for the period	-	-	-	-	(1,250)	(6,873)	-	2,515	(5,608)	71	(5,537)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	137,900	137,900
Purchase of shares under Share Award Scheme	-	-	-	(4,630)	-	-	-	-	(4,630)	-	(4,630)
At 30 September 2022 (unaudited)	<u>67,246</u>	<u>1,103,387</u>	<u>(7,122)</u>	<u>(9,608)</u>	<u>(8,000)</u>	<u>(26,239)</u>	<u>(1,998)</u>	<u>(337,613)</u>	<u>780,053</u>	<u>137,971</u>	<u>918,024</u>

Note: Other reserve mainly represents the difference between the amount of non-controlling interest adjusted and the fair value of the consideration paid on partial acquisition of subsidiaries without losing control over the subsidiaries.

## NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 March 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong respectively.

### 2(A). BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The unaudited condensed consolidated financial statements have been prepared on historical cost basis except that certain financial assets are stated at fair values. This unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2022, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKASs and HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contract – Cost of fulfilling a contract
Amendments to HKFRS 3	Conceptual Framework
Amendments to HKFRSs	Annual improvements to HKFRSs 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The application of these amendments to HKASs and HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HK Interpretation 5 (2020)	Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Lease Back <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>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024, earlier application is permitted

<sup>3</sup> Effective date to be determined

The Group has already commenced an assessment of the impact of these new and amendments to HKASs and HKFRSs but is not yet in a position to state whether these new and amendments to HKASs and HKFRSs would have a material impact on its results of operations and financial positions.

## 2(B). FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2022.

There have been no changes in the risk management policies of the Group since year ended.

### Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "*Fair Value Measurement*". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

At 30 September 2022

	Fair value measurements categorised into			
	Fair value HK\$'000 (unaudited)	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)
Financial asset at fair value through other comprehensive income				
– Listed equity securities	2,000	2,000	–	–
Financial assets at fair value through profit or loss				
– Listed equity securities	21	21	–	–
– Unlisted funds	74,450	–	74,450	–
– Unlisted convertible debt securities	48,153	–	–	48,153
	<u>48,153</u>	<u>–</u>	<u>74,450</u>	<u>48,153</u>

At 31 March 2022

	Fair value measurements categorised into			
	Fair value HK\$'000 (audited)	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)
Financial asset at fair value through other comprehensive income				
– Listed equity securities	3,250	3,250	–	–
Financial assets at fair value through profit or loss				
– Listed equity securities	70	70	–	–
– Unlisted funds	78,497	–	78,497	–
– Unlisted convertible debt securities	48,153	–	–	48,153
	<u>48,153</u>	<u>–</u>	<u>78,497</u>	<u>48,153</u>

During the six months ended 30 September 2022, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

During the six months ended 30 September 2022, there were no transfers between levels of fair value hierarchy and no changes in valuation techniques in financial assets or financial liabilities.

### 3. SEGMENT AND REVENUE INFORMATION

Information reported to the chief operating decision maker for the purpose of resources 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, placing and consultancy services
Insurance brokerage	–	Provision of insurance brokerage services
Fur	–	Sale of pelted skin and fur skin brokerage
Assets management	–	Provision and arrangement of fund and assets management services
Money lending	–	Provision and arrangement of money lending services
Membership and event	–	Carrying out membership business and the event hosting and management business
Insurance technology	–	Development and operations of intelligent digital sales platforms and information technology services related to insurance business

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

#### Six months ended 30 September 2022

	Securities HK\$'000 (unaudited)	Insurance brokerage HK\$'000 (unaudited)	Fur HK\$'000 (unaudited)	Assets management HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Membership and event HK\$'000 (unaudited)	Insurance technology HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUE	<u>15,506</u>	<u>29,665</u>	<u>8,665</u>	<u>2,504</u>	<u>15,683</u>	<u>23,013</u>	<u>2,101</u>	<u>97,137</u>
RESULTS								
Segment operating results	10,807	942	3,079	1,889	15,671	2,994	(1,642)	33,740
Bad debts	-	-	-	-	-	(20)	-	(20)
Reversal of impairment of loan receivables	-	-	-	-	157	-	-	157
Segment results	<u>10,807</u>	<u>942</u>	<u>3,079</u>	<u>1,889</u>	<u>15,828</u>	<u>2,974</u>	<u>(1,642)</u>	<u>33,877</u>
Other gains and losses, net								(2,323)
Finance costs								(6,771)
Share of result of an associate								(592)
Unallocated corporate income								2,538
Unallocated corporate expenses								(22,266)
Profit before tax								4,463
Tax expenses								(1,877)
Profit for the period								<u>2,586</u>

## Other information

	Securities	Insurance	Fur	Assets	Money	Membership	Insurance	Unallocated	Total
	HK\$'000	brokerage	management	management	lending	and event	technology	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Additions of property, plant and equipment	-	-	-	-	-	3	-	-	3
Reversal of impairment of loan receivables	-	-	-	-	157	-	-	-	157
Amortisation of intangible assets	-	-	-	-	-	13,461	1,315	-	14,776
Depreciation of property, plant and equipment	529	528	-	8	-	159	12	125	1,361
Depreciation of right-of-use assets	-	612	68	-	-	803	-	-	1,483
	<u>-</u>	<u>1,140</u>	<u>68</u>	<u>8</u>	<u>-</u>	<u>14,423</u>	<u>1,327</u>	<u>125</u>	<u>16,931</u>

## Six months ended 30 September 2021

	Securities	Insurance	Fur	Assets	Money	Total
	HK\$'000	brokerage	management	management	lending	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE	<u>15,310</u>	<u>25,442</u>	<u>6,892</u>	<u>4,073</u>	<u>12,043</u>	<u>63,760</u>
RESULTS						
Segment operating results	9,085	(1,945)	4,986	2,641	12,039	26,806
Reversal of impairment of loan receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Segment results	<u>9,085</u>	<u>(1,945)</u>	<u>4,986</u>	<u>2,641</u>	<u>12,054</u>	<u>26,821</u>
Other gains and losses, net						(12,233)
Finance costs						(6,530)
Unallocated corporate income						711
Unallocated corporate expenses						<u>(20,797)</u>
Loss before tax						(12,028)
Income tax expenses						<u>(1,330)</u>
Loss for the period						<u><u>(13,358)</u></u>

### Other information

	Securities HK\$'000 (unaudited)	Insurance brokerage HK\$'000 (unaudited)	Fur HK\$'000 (unaudited)	Assets management HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Additions of property, plant and equipment	36	188	–	19	–	466	709
Reversal of impairment of loan receivables	–	–	–	–	15	–	15
Depreciation of property, plant and equipment	785	525	3,377	4	–	15	4,706
Depreciation of right-of-use assets	–	1,197	205	–	–	–	1,402

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (six months ended 30 September 2021: Nil).

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments for the period/year:

#### At 30 September 2022

	Securities HK\$'000 (unaudited)	Insurance brokerage HK\$'000 (unaudited)	Fur HK\$'000 (unaudited)	Assets management HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Membership and event HK\$'000 (unaudited)	Insurance technology HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>ASSETS</b>								
Segment assets	610,418	8,049	68,668	1,009	189,708	797,717	25,934	1,701,503
Unallocated corporate assets								300,553
Total assets								<u>2,002,056</u>
<b>LIABILITIES</b>								
Segment liabilities	223,354	9,676	17,608	–	2,500	136,765	1,124	391,027
Unallocated corporate liabilities								693,005
Total liabilities								<u>1,084,032</u>

**At 31 March 2022**

	Securities <i>HK\$'000</i> (audited)	Insurance brokerage <i>HK\$'000</i> (audited)	Fur <i>HK\$'000</i> (audited)	Assets management <i>HK\$'000</i> (audited)	Money lending <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
<b>ASSETS</b>						
Segment assets	651,050	1,847	78,129	2,302	248,472	981,800
Unallocated corporate assets						<u>334,460</u>
Total assets						<u><u>1,316,260</u></u>
<b>LIABILITIES</b>						
Segment liabilities	311,884	5,699	24,402	–	1,005	342,990
Unallocated corporate liabilities						<u>182,979</u>
Total liabilities						<u><u>525,969</u></u>

**Revenue information**

An analysis of revenue is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue from contracts with customers</b>		
Insurance brokerage services income	<b>29,665</b>	25,442
Commission income from		
– Securities brokerage	<b>854</b>	1,822
– Underwriting, sub-underwriting, placing and sub-placing	<b>497</b>	429
Sale of pelted skin and fur skin brokerage	<b>8,665</b>	6,892
Assets management services income	<b>2,504</b>	4,073
Event business income	<b>1,680</b>	–
Membership business income	<b>21,333</b>	–
Insurance technology service income	<b>2,101</b>	–
<b>Revenue from other sources</b>		
Interest income from margin financing, cash clients and Initial Public Offering (“IPO”) Loans	<b>14,155</b>	13,059
Interest income from money lending services	<b>15,683</b>	12,043
	<u><b>97,137</b></u>	<u>63,760</u>

*Note:* Commission and services income from insurance brokerage, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, sale of pelted skin, fur skin brokerage and event business are recognised at point in time. Service income from asset management service income, insurance technology service and membership fee income are recognised over time.

## Geographical information

An analysis of the Group's revenue for each of the reporting period by geographical market is as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	63,358	56,868
Denmark	8,665	6,814
The People's Republic of China	25,114	78
	<u>97,137</u>	<u>63,760</u>

## 4. OTHER INCOME

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Administrative fee income	313	359
Bank interest income	173	10
Bond interest income	1,750	–
Compensation income	6,745	9,227
Commission income	130	–
Government subsidy	1,122	–
Handling income	373	1,951
Management fee income	2,000	–
Referral income	8,072	3,130
Rental and utilities income	40	856
Sundry income	939	186
	<u>21,657</u>	<u>15,719</u>

## 5. OTHER GAINS AND LOSSES, NET

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Foreign exchange gain, net	228	28
Change in fair value of financial assets at FVTPL	(2,658)	(12,240)
Gain (loss) on disposal of financial assets at FVTPL	107	(21)
	<u>(2,323)</u>	<u>(12,233)</u>

## 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interests on:		
– Bank borrowings	1,435	633
– Cash clients' accounts	–	1
– Corporate bonds (effective)	4,804	4,717
– Lease liabilities/finance leases (effective)	66	192
– Overdraft	465	946
– Other creditors	1	41
	<u>6,771</u>	<u>6,530</u>

## 7. PROFIT (LOSS) BEFORE TAX

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Amortisation of intangible asset	14,776	–
Auditor's remuneration	121	59
Cost of inventories recognised as expenses	10,960	5,431
Depreciation of property, plant and equipment	1,361	4,706
Depreciation of right-of-use assets	1,483	1,402
Net foreign exchange gain	(228)	(28)
Reversal of impairment of loan receivables	(157)	(15)
Staff costs (including directors' remuneration)		
– retirement benefit scheme contributions	580	483
– salaries and allowances	23,104	20,834
	<u>23,104</u>	<u>20,834</u>

## 8. TAX EXPENSE

The charge (credit) comprises:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current tax		
Hong Kong Profits Tax	4,277	1,330
Deferred tax		
Original and reversal of temporary difference	<u>(2,400)</u>	<u>–</u>
Total tax expenses for the period	<u><u>1,877</u></u>	<u><u>1,330</u></u>

- (i) Hong Kong Profits Tax for the six months ended 30 September 2022 is calculated at 8.25% (six months ended 30 September 2021: 8.25%) on the first HK\$2 million of the estimated assessable profits and at 16.5% (six months ended 30 September 2021: 16.5%) on the estimated assessable profits above HK\$2 million according to the two-tiered profits tax rates regime.
- (ii) The Danish subsidiary is subject to Denmark Corporate Tax at 22% for the period (six months ended 30 September 2021: 22%).
- (iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (iv) Tax arising in the PRC is calculated at the tax rates prevailing in the PRC. Taxation arising in other jurisdictions is calculated at the tax rate prevailing in the relevant jurisdictions.

## 9. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company for the six months ended 30 September 2022 of approximately HK\$2,586,000 (six months ended 30 September 2021: loss of approximately HK\$13,358,000) and the weighted average number of ordinary shares of 6,715,169,189 (six months ended 30 September 2021: 6,068,892,030 shares).

No diluted earnings per share for period ended 30 September 2022 and 2021 were presented as there were no potential ordinary shares in issue for both period.

## 11. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/INTANGIBLE ASSET

### (a) Owned property, plant and equipment

During the six months ended 30 September 2022, the Group spent approximately HK\$3,000 (six months ended 30 September 2021: approximately HK\$709,000) on acquisition of property, plant and equipment and there was no disposal of property, plant and equipment (six months ended 30 September 2021: Nil).

**(b) Right-of-use assets**

During the six months ended 30 September 2022, the Group entered into a lease agreement and therefore recognised the additions to right-of-use assets of approximately HK\$7,342,000 (six months ended 30 September 2021: Nil).

**(c) Intangible asset**

The Group had no acquisition and disposal of intangible asset for the six months ended 30 September 2022 and 2021.

**12. INVESTMENT IN AN ASSOCIATE**

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
At the beginning of period/year	<b>15,648</b>	–
Additions	–	15,678
Share of post-acquisition loss	<b>(592)</b>	(30)
	<b>15,056</b>	15,648

### 13. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Trade receivables from:		
Securities business ( <i>Note a</i> )		
– Cash clients	132	197
– Margin clients	333,124	316,990
– Clearing house	3	9,767
– Brokers	572	359
	<u>333,831</u>	<u>327,313</u>
Sale of pelted skin ( <i>Note b</i> )	10,093	–
Fur skins brokerage business ( <i>Note b</i> )	–	60
Assets management business ( <i>Note c</i> )	953	2,239
Membership and event business ( <i>Note d</i> )	11,426	–
Insurance technology business ( <i>Note e</i> )	923	–
	<u>357,226</u>	<u>329,612</u>
Less: Provision for impairment of trade receivables	<u>(19,657)</u>	<u>(19,657)</u>
	337,569	309,955
Prepayments	6,239	2,317
Deposits ( <i>Note f</i> )	1,734	13,373
Bond interest receivable	3,500	1,750
Other receivables	5,679	6,340
	<u>354,721</u>	<u>333,735</u>
Analysis for reporting purpose as:		
Current assets	353,443	320,767
Non-current assets – Deposits	1,278	12,968
	<u>354,721</u>	<u>333,735</u>

*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 Company maintains a list of approved securities 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 30 September 2022, the fair values of the pledged securities amounted to approximately HK\$638,780,000 (31 March 2022: approximately HK\$822,175,000).

- (b) The Group allows a credit period ranging from 0 to 120 days to its customers from the business of sale of pelted skin and fur skin brokerage.
- (c) The Group allows a credit period ranging from 0 to 90 days to its customers from the business of assets management.
- (d) The Group allows a credit period ranging from 0 to 30 days to its customers from the business of membership and event.
- (e) The Group allows a 30 days credit period to its customer from the business of insurance technology.
- (f) The deposit included HK\$Nil (31 March 2022: HK\$11,700,000) for the deposit of the acquisition of a subsidiary, which classified as non-current assets.

The aging analysis of the Group's trade receivables from business of securities, net of allowance for expected credit loss ("ECL"), are as follows:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Margin clients balances:		
No due date	<u>313,467</u>	<u>297,333</u>
Cash clients balances:		
Neither past due nor impaired	–	–
Past due but not impaired	<u>132</u>	<u>197</u>
Past due but not impaired	<u>132</u>	<u>197</u>
Other balances:		
Neither past due nor impaired	–	9,767
Past due but not impaired	<u>575</u>	<u>359</u>
	<u>575</u>	<u>10,126</u>
	<u><b>314,174</b></u>	<u><b>307,656</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 up to 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 ECL.

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

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	<u>10,093</u>	<u>60</u>
	<b><u>10,093</u></b>	<b><u>60</u></b>

The aging analysis of trade receivables from business of assets management, net of allowance for ECL, based on invoice date are as follows:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	952	1,478
61–90 days	–	–
Over 90 days	<u>1</u>	<u>761</u>
	<b><u>953</u></b>	<b><u>2,239</u></b>

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:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Overdue by:		
1–30 days	–	–
31–90 days	–	–
Over 90 days	<u>1</u>	<u>761</u>
	<b><u>1</u></b>	<b><u>761</u></b>

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

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	8,438	–
61–90 days	1,028	–
91–120 days	650	–
Over 120 days	<u>1,310</u>	<u>–</u>
	<b><u>11,426</u></b>	<b><u>–</u></b>

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

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	<u>923</u>	<u>–</u>
	<b><u>923</u></b>	<b><u>–</u></b>

Receivables were related to customers for whom there was no recent history of default. As at 30 September 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.

#### 14. LOAN RECEIVABLES

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Loans from money lending business – secured	<b>129,947</b>	176,762
Loans from money lending business – unsecured	<b>59,917</b>	69,621
Interest receivables	<u><b>1,840</b></u>	<u>4,243</u>
	<b>191,704</b>	250,626
Less: Provision for impairment	<u><b>(1,997)</b></u>	<u>(2,154)</u>
	<b><u>189,707</u></b>	<b><u>248,472</u></b>
Analysed as:		
Current	<b>171,520</b>	230,223
Non-current	<u><b>18,187</b></u>	<u>18,249</u>
	<b><u>189,707</u></b>	<b><u>248,472</u></b>

The Group offered a credit period ranging from 6 months to 3 years for the loans to its customers in money lending business with interest rate ranging from 10%–36% per annum (31 March 2022: 10%–48% p.a.). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by 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 30 September 2022 and 31 March 2022:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
No past due	173,247	226,961
Overdue by:		
1–30 days	225	645
31–60 days	–	157
61–90 days	15,862	3
Over 90 days	373	20,706
	<u>189,707</u>	<u>248,472</u>

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

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Balance at beginning of the period/year	2,154	219
Recovered during the period/year	(157)	(140)
Provision for the period/year	–	2,075
	<u>1,997</u>	<u>2,154</u>

## 15. TRADE AND OTHER PAYABLES

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Trade payables from:		
Securities brokerage business ( <i>Note a</i> )		
– Cash clients	22,445	38,146
– Margin clients	130,355	203,731
– Clearing house	554	–
	<hr/>	<hr/>
	153,354	241,877
Insurance brokerage business ( <i>Note b</i> )	2,506	5,699
Membership and event business ( <i>Note c</i> )	1,901	–
Insurance technology business ( <i>Note d</i> )	605	–
	<hr/>	<hr/>
	158,366	247,576
Other payables:		
Accruals	3,716	3,835
Corporate bond interest payables	2,316	1,658
Former director	3,278	–
Former shareholder of a subsidiary	9,000	–
Other loan interest payable	43	8
Received in advance	12,715	–
Other operating expenses payables	792	421
Others	8,488	21
	<hr/>	<hr/>
	198,714	253,519
	<hr/> <hr/>	<hr/> <hr/>

### Notes:

- (a) Trade payables to securities clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right 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% (31 March 2022: 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.

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

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	1,964	5,561
61–90 days	78	40
91–120 days	34	–
Over 120 days	430	98
	<u>2,506</u>	<u>5,699</u>

- (c) Based on the invoice dates, aging analysis of trade payables from membership and event business as follows:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	1,671	–
61–90 days	230	–
	<u>1,901</u>	<u>–</u>

- (d) Based on the invoice dates, aging analysis of trade payables from insurance technology as follows:

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
0–60 days	605	–
	<u>605</u>	<u>–</u>

## 16. BANK AND OTHER BORROWINGS

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
Revolving loans	70,000	70,000
Bank overdraft	17,608	24,330
Loan from other creditor	4,252	1,000
	<u>91,860</u>	<u>95,330</u>

## 17. AMOUNT DUE TO A DIRECTOR/SHAREHOLDER

The amounts due are unsecured, interest-free and repayable on demand.

## 18. CORPORATE BONDS

At the end of the reporting period, corporate bonds were payable as follows:

	<b>30 September 2022</b>	31 March 2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Maturity:		
Within one year	<b>111,531</b>	96,717
In more than one year but not more than two years	<b>40,202</b>	41,309
In more than two years but not more than three years	<b>12,700</b>	17,582
	<b>164,433</b>	155,608
Less: Amounts due for settlement within 12 months (shown under current liabilities)	<b>(111,531)</b>	(96,717)
Amounts due for settlement after 12 months (shown under non-current liabilities)	<b>52,902</b>	58,891

At end of the reporting period, the Group has issued corporate bonds with aggregate amount of HK\$32,925,000 (31 March 2022: HK\$20,700,000 and US\$500,000 (approximately HK\$3,882,000)), with tenor of 1–3 years. The bonds were issued with coupon rate and effective interest rate ranging from 0% to 9%, which were paid either quarterly, semi-annually or annually.

Both parties do not have the rights to exercise partial or full early redemption. No conversion rights was granted under the corporate bond agreements.

## 19. SHARE CAPITAL

	<b>30 September 2022</b>		31 March 2022	
	<b>Number of shares</b>	<b>Nominal value of ordinary shares HK\$'000</b>	Number of shares	Nominal value of ordinary shares HK\$'000
		<b>(unaudited)</b>		(audited)
Authorised:				
Ordinary shares of HK\$0.01 each	<b>10,000,000,000</b>	<b>100,000</b>	10,000,000,000	100,000
Issued and fully paid:				
At the beginning of period/year	<b>6,724,629,735</b>	<b>67,246</b>	4,849,629,735	48,496
Placing of shares ( <i>Note</i> )	–	–	1,875,000,000	18,750
At the end of the period/year	<b>6,724,629,735</b>	<b>67,246</b>	6,724,629,735	67,246

*Note:* On 4 June 2021, a total of 1,875,000,000 ordinary shares were issued upon placing at an aggregate consideration of approximately HK\$447,750,000 of which approximately HK\$18,750,000 was credited to share capital and the remaining balance of approximately HK\$429,000,000 was credited to the share premium account.

## 20. ACQUISITION OF SUBSIDIARIES

### Acquisition of First Achiever Ventures Limited and its subsidiaries (“First Achiever Group”)

On 6 June 2022, the Company entered into the subscription agreement with an independent third party to subscribe 60% of the issued share capital of First Achiever Ventures Limited. The total consideration of the subscription amounted to US\$3,000,000 which has been satisfied by cash. First Achiever Group was principally engaged in the development and operations of intelligent digital sales platforms, using advanced data tools for customer analysis and targeted marketing. The acquisition was completed on 6 June 2022.

The directors believe that the acquisition of the First Achiever Group will explore opportunities in information technology with the potential for synergy with its financial services operations.

The identifiable assets acquired and liabilities assumed of the First Achiever Group at the date of acquisition were as follows.

	<b>6 June 2022</b> <i>HK'000</i>
Property, plant and equipment	54
Intangible assets	19,000
Inventories	–
Trade and other receivables	11,916
Cash and cash equivalents	337
Trade and other payables	(4,170)
Deferred tax liabilities	(558)
	<hr/>
Total identifiable net assets	26,579
Less: non-controlling interests	(10,631)
	<hr/>
Identifiable net assets acquired	15,948
Goodwill	7,452
	<hr/>
Total purchase consideration	23,400
	<hr/> <hr/>
Total purchase consideration	
– Settled by deposit of acquisition of subsidiaries	11,700
– Payable	11,700
	<hr/>
	23,400
	<hr/> <hr/>
Cash and cash equivalents in subsidiaries acquired	337
	<hr/>
Cash inflow on acquisition of subsidiaries	337
	<hr/> <hr/>

The acquired company contributed revenue of HK\$2,101,000 and net loss of HK\$1,603,000 to the Group for the period from the acquisition dates.

## Acquisition of FGA Holdings Limited and its subsidiaries (“FGA Group”)

On 4 June 2021 and 13 January 2022, the Company entered into the agreement and supplemental agreement respectively with a connected party to acquire 70% of the equity interest of FGA Holdings Limited. The total consideration of the acquisition amounted to US\$35,000,000 (equivalent to approximately HK\$271,600,000). The acquisition was completed on 6 June 2022.

The total consideration shall be settled by the Company as follows:

- (i) 20%, or an aggregate sum of up to US\$7,000,000 to be payable in cash upon completion of the acquisition; which shall be refundable in whole or in part in accordance with the following adjustment mechanisms;

If the actual earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) for the period from 1 January 2022 to 31 December 2022 (the “**1st Relevant Period**”) or the period from 1 January 2023 to 31 December 2023 (the “**2nd Relevant Period**”) is less than US\$0.92 million (being 20% of the target EBITDA of US\$4.6 million), the Cash Consideration shall be refunded in the following manner:

### *1st Relevant Period*

US\$3.5 million X (1 – (actual EBITDA for the 1st Relevant Period/US\$0.92 million)) (“**1st Tranche Cash Refund**”)

### *2nd Relevant Period*

US\$3.5 million X (1 – (actual EBITDA for the 2nd Relevant Period/US\$0.92 million)) (“**2nd Tranche Cash Refund**”)

The refund will be triggered if the actual EBITDA is less than US\$0.92 million for the (i) 1st Relevant Period; or (ii) the 2nd Relevant Period. In case the FGA Group records net loss during the relevant period, the cash refund shall be capped at US\$3.5 million for each of the 1st Relevant Period and 2nd Relevant Period.

- (ii) 40%, or an aggregate sum of up to US\$14,000,000 (the “**1st Tranche Shares Consideration**”), to be settled by the issue and allotment by the Company of up to 452,666,666 new Shares at the issue price, which shall be subject to adjustments (where applicable) in accordance with the following adjustment mechanisms;

If the actual EBITDA for the 1st Relevant Period is less than the target EBITDA of US\$4.6 million, the 1st Tranche Shares Consideration shall be adjusted downward as calculated in the following manner:

US\$14.0 million X (actual EBITDA for the 1st Relevant Period/US\$4.6 million)

No Consideration Share is required to be issued if the actual EBITDA for the 1st Relevant Period is less than US\$0.92 million.

- (iii) 40%, or an aggregate sum of up to US\$14,000,000 (the “**2nd Tranche Shares Consideration**”), to be settled by the issue and allotment by the Company of up to 452,666,666 new Shares at the issue price, which shall be subject to adjustments (where applicable) in accordance with the following adjustment mechanisms;

If the actual EBITDA for the 2nd Relevant Period is less than the target EBITDA of US\$4.6 million, the 2nd Tranche Shares Consideration shall be adjusted downward as calculated in the following manner:

US\$14.0 million X (actual EBITDA for the 2nd Relevant Period/US\$4.6 million)

No Consideration Share is required to be issued if the actual EBITDA for the 2nd Relevant Period is less than US\$0.92 million.

FGA Group was principally engaged in the Networking Business aim at bringing together the executives, entrepreneurs, investors, industry leaders, and high net worth individuals in the China region. FGA Group holds the trademark “Forbes Global Alliance”, a brand, under the world-renowned business and financial media “Forbes”. Pursuant to the sub-License Agreement, FGA Group would use the trademarks for the operation of its networking business, which offers its members exclusive benefits and access including members-only content, networking events, business matchmaking, and seminars – all of which aim at creating a community that fosters innovation and exchange of ideas under the renowned trademarks while providing members a channel to reach out to new potential clients and partners.

The directors are of the opinion that the acquisition will allow the Company to leverage off the credibility of the Forbes brand to further compliment and uplift its own as a credible provider of premium financial services, and in the long run, serves as a steady client channel to boost the Company’s core financial businesses, ultimately benefiting the Company and its shareholders.

The identifiable assets acquired and liabilities assumed of the FGA Group at the date of acquisition were as follows.

	<b>6 June 2022</b> <i>HK’000</i>
Property, plant and equipment	319
Intangible assets	571,420
Right-of-use assets	861
Trade and other receivables	5,865
Cash and cash equivalents	8,376
Trade and other payables	(24,689)
Lease liabilities	(697)
Deferred tax liabilities	(137,225)
	<hr/>
Total identifiable net assets	424,230
Less: non-controlling interests	(127,269)
	<hr/>
Identifiable net assets acquired	296,961
Goodwill	228,298
	<hr/>
Total purchase consideration	<u>525,259</u>
	<hr/>
Total purchase consideration	
– Settled by cash	54,914
– Contingent consideration payable	470,345
	<hr/>
	<u>525,259</u>
	<hr/>
Consideration settled in cash	(54,914)
Cash and cash equivalents in subsidiaries acquired	8,376
	<hr/>
Cash outflow on acquisition of subsidiaries	<u>(46,538)</u>

The acquired company contributed revenue of HK\$23,013,000 and net profit of HK\$2,379,000 to the Group for the period from the acquisition dates.

## 21. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Personal guarantee for corporate bonds

Corporate bonds of HK\$87,301,000 as at 30 September 2022 (31 March 2022: HK\$104,526,000) were secured by personal guarantee from Mr. Chen Jiajun, who is also the controlling shareholder and executive director of the Company (“**Mr. Chen Jiajun**”).

### (b) Corporate bond holder

As at 30 September 2022, a corporate bond of HK\$10,125,000 was held by Mr. Chen Jiajun, As at 31 March 2022, a corporate bond of HK\$14,000,000 was held by Kingkey Investment Fund SPC – KKDF Selected Fund SP, which is wholly held by Mr. Chen Jiajun.

### (c) Personal guarantee and pledge of personal assets for bank borrowings

Bank borrowings of HK\$70,000,000 as at 30 September 2022 (31 March 2022: HK\$70,000,000) were secured by personal guarantee from the father of Mr. Chen Jiajun and cash deposits of HK\$35,000,000 (31 March 2022: HK\$35,000,000).

### (d) Entered into licensed agreement with related parties

During the six months ended 30 September 2022, the Group paid approximately HK\$2,902,000 (six months ended 30 September 2021: HK\$2,876,000) license and utilities expense to Kingkey Enterprise Hong Kong Limited, which Mr. Chen Jiarong, who is the brother of Mr. Chen Jiajun, owns the entire equity interest in and is the sole director of Kingkey Enterprise Hong Kong Limited.

## 22. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to current period’s presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and Segment Results

Revenue of the Group for the six months ended 30 September 2022 was approximately HK\$97.1 million (2021: approximately HK\$63.8 million).

#### *Securities*

During the six months ended 30 September 2022, 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\$15.5 million (2021: approximately HK\$15.3 million), representing a slightly increase of approximately 1.3% as compared to last corresponding period.

The segment profit of securities business was reported approximately HK\$10.8 million for the six months ended 30 September 2022 (2021: profit of approximately HK\$9.1 million).

#### *Insurance brokerage*

Insurance brokerage represented the provision of insurance brokerage and wealth management services which commenced since 2018.

For the six months ended 30 September 2022, revenue from insurance brokerage business amounted to approximately HK\$29.7 million (2021: approximately HK\$25.4 million), representing commission income received from brokerage and dealing in insurance and mandatory provident fund products. The increase in revenue was attributable to the decrease in commission income from channeling business. The segment profit of insurance brokerage business was reported approximately HK\$0.9 million (2021: loss of approximately HK\$1.9 million).

#### *Fur*

The Group's fur business consists of sale of pelted skin and fur skin brokerage. For the six months ended 30 September 2022, the Group's fur business revenue was increased by 26.1% or HK\$1.8 million compared with the corresponding period of 2021 to approximately HK\$8.7 million (2021: approximately HK\$6.9 million).

The fur business reported segment profit of approximately HK\$3.1 million for the six months ended 30 September 2022 (2021: profit of approximately HK\$5.0 million). The segment profit was mainly attributable to the compensation income received from Danish government for subsidising mainly for the loss of the minks culled.

### ***Assets management***

Kingkey Asset Management Limited was licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Future Ordinance. It provides portfolio management services to its clients. The business is in the growing stage, which contributed a revenue of approximately HK\$2.5 million (2021: HK\$4.1 million) to the Group.

The asset management business reported segment profit of approximately HK\$1.9 million for the six months ended 30 September 2022 (2021: profit of approximately HK\$2.6 million).

### ***Money lending***

The Group holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the period, the Group became more active in money lending transactions in order to accommodate for the keen demand. The loan size for each transaction ranged from approximately HK\$0.5 million to approximately HK\$50 million and all loans were made to independent third parties.

The provision and arrangement of money lending business contributed approximately HK\$15.7 million and HK\$15.8 million for segment revenue and profit respectively to the Group for the six months ended 30 September 2022 (2021: approximately HK\$12.0 million and HK\$12.1 million for segment revenue and profit respectively).

### **Other income**

Other income for the six months ended 30 September 2022 was approximately HK\$21.7 million compared to approximately HK\$15.7 million for the corresponding period last year. The HK\$6.0 million increase was mainly due to referral fee income and management fee income from insurance brokerage business.

### **Administrative expenses**

Administrative expenses increased by approximately 42.9% to approximately HK\$69.3 million (2021: approximately HK\$48.5 million). The increase was mainly due to administrative expenses incurred from two new acquired businesses during the period.

### **Finance costs**

For the six months ended 30 September 2022, the finance costs, which mainly represented the interest expenses for the corporate bonds and bank borrowings. It was slightly increased by approximately 4.6% to approximately HK\$6.8 million (2021: approximately HK\$6.5 million) mainly due to the increase in bank borrowings interest.

## **Profit for the period**

Profit for the period of approximately HK\$2.6 million was reported for the six months ended 30 September 2022 (2021: loss of approximately HK\$13.4 million).

## **Dividend**

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

## **Significant investments and acquisition**

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 above, the Group has no significant investment and acquisition that are required to disclose under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the period.

The Group has not entered into any agreement, arrangement, understanding, negotiation and has no current intention to downsize, cease, sell and/or dispose of its fur business, although it will periodically review the performance and prospects of the fur business and the appropriate deployment/allocation of resources available to the Group to the fur business.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group generally finances its operations with internally generated cash flow, bank borrowings and equity/debt financing. The Group maintained bank balances and cash in mainly Hong Kong Dollars, Renminbi, United States Dollars and Danish Krone (“**DKK**”) of approximately HK\$139.5 million as at 30 September 2022 (31 March 2022: approximately HK\$124.4 million). The net assets of the Group as at 30 September 2022 were approximately HK\$918.0 million (31 March 2022: approximately HK\$790.2 million).

As at 30 September 2022, the outstanding principal of the short and medium-term bonds was approximately HK\$164.4 million (31 March 2022: approximately HK\$155.6 million),

which were denominated in Hong Kong Dollar and US Dollar at fixed rates ranging from 0% to 9%. Corporate bonds of HK\$87,301,000 as at 30 September 2022 (31 March 2022: HK\$104,526,000) were guaranteed by Mr. Chen Jiajun, the substantial shareholder of the Company, and the proceeds were planned to be utilised for supporting business development. As at 30 September 2022, all of the fund has been utilized for business development and supporting business operation.

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of the subsidiaries maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the period under review, all the licensed subsidiaries complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules (“**FRR**”).

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 placees (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 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 11 June 2021 with all 1,875,000,000 Placing Shares successfully placed.

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

	<b>Intended Use</b> <i>HK\$</i>	<b>Actual Use</b> <i>HK\$</i>	<b>Unutilised</b> <i>HK\$</i>
(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	5.7 million	14.3 million
(4) Enhancing the IT system	10 million	4.7 million	5.3 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.

As at 30 September 2022, the Company had 6,724,629,735 shares in issue.

#### **CAPITAL COMMITMENT AND CONTINGENT LIABILITY**

The Group had no material capital commitment and contingent liability as at 30 September 2022 (31 March 2022: Nil).

#### **CHARGE OF ASSETS**

The Group pledged plant and machinery with amount before impairment of DKK5,612,000 (approximately HK\$5,799,000), trade receivables of DKK9,768,000 (approximately HK\$10,093,000) and inventories of DKK47,178,000 (approximately HK\$48,749,000) to secure banking facilities granted to the Group (31 March 2022: plant and machinery with amount before impairment of DKK5,612,000 (approximately HK\$6,556,000) and inventories of DKK57,261,000 (approximately HK\$66,892,000)).

As at 30 September 2022, the Group has pledged HK\$35 million bank deposits as security given to a bank for a facility (31 March 2022: HK\$35 million).

## **RISK MANAGEMENT**

### **Credit risk**

Credit risk exposure represents trade receivables from customers, amounts due from clients, brokers and clearing houses and loan receivables from clients, which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In respect of trade receivables from customers, 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 in respect of overdue balances.

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within two trading days after the trade date. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each cash account and margin account are monitored by the management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of amounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and enjoy sound reputation in the industry.

In respect of loan receivables from clients, the Group has no concentration of credit risk on aggregate amount of loans, with exposure spread over a number of clients. The Group continued to adopt stringent credit policies to mitigate the credit risk arising from the money lending business. The credit policies specify the credit approval, review and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount.

The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

The Group does not provide any other guarantees which would expose the Group to credit risk.

## **Liquidity risk**

The Group monitors its current and expected liquidity requirements regularly and ensuring 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 term. Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with FRR.

## **Interest rate risk**

The Group charges interest on its margin clients and cash clients with outstanding loan amounts on the basis of Hong Kong prime rate plus a mark-up. Financial assets (such as margin loans and deposits with banks) and financial liabilities (such as bank loans) are primarily related to the fluctuation of Hong Kong prime rate and prevailing floating rates. The Group's income and operating cash flows are not subject to significant interest rate risk.

## **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 and Renminbi. The foreign currency risk exposures arise from sales and purchases transactions of the Group are considered insignificant exposed to the foreign currency risk.

As at 30 September 2022, 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.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good governance practices and procedures. During the period under review, the Company has complied with the provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, except for the deviation of the following:

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 Mr. Mong Cheuk Wai, 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.

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

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 September 2022.

### **EMPLOYEES AND EMOLUMENT POLICY**

As at 30 September 2022, the Group had 78 full-time employees (31 March 2022: 69). The pay scale of the Group’s employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system. Other employee benefits include contribution to provident fund, insurance and medical cover as well as discretionary options based on their contributions to the Group.

## AUDIT COMMITTEE

The audit committee has four members comprising all four independent non-executive Directors, namely, Ms. Mak Yun Chu (Chairperson), Mr. Leung Siu Kee, Mr. Chan Ting Fung and Mr. Hung Wai Che, with terms of reference in compliance with the Listing Rules. The audit committee reviews the Group's financial reporting, internal controls and makes relevant recommendations to the Board.

The audit committee has reviewed the Company's unaudited condensed consolidated financial statements report for the six months ended 30 September 2022.

By Order of the Board  
**Kingkey Financial International (Holdings) Limited**  
**Chen Jiajun**  
*Executive Director*

Hong Kong, 28 November 2022

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

*Executive Directors:*

Mr. Chen Jiajun  
Mr. Mong Cheuk Wai

*Independent Non-executive Directors:*

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