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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 2023

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 2023 together with the comparative figures for the corresponding period in 2022. The unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

In the past 6 months, there is no sign of Hong Kong experiencing an economic recovery. The Hang Seng Index has been decreasing since February that a downward trend is formed and its daily turnover has been remained at a low level of less than HK\$100 billion. There is news revealing that Hong Kong has dropped to the 8th place in terms of IPO fund-raising activities for the first three quarters of 2023. Property market has been sluggish and since the re-opening of the border, quite a few Hong Kong people have been accustomed to stay and consume in the mainland China during weekend and long holidays.

Although these unfavourable factors, the Group, however, managed to improve its businesses in different aspects. A large part of the success is due to 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 in 2022. The perfect timing for the acquisitions made us to benefit in a substantive manner when China re-opened its border late last year and economic activities gradually resumed to normal. Our insurance brokerage services also revived and even our securities brokerage fee also almost doubled.

Securities

The performance of our securities business remained relatively stable. This was exceptional in the midst of bearish market where trading volume remained prolongedly thin. However, our securities brokerage commission income almost doubled to approximately HK\$1.6 million largely due to the increased speculation on the market that it had reached the trough and, at the same time, some forced selling as a result of overdue outstanding stock margin. Our underwriting, sub-underwriting, placing and sub-placing commission income and margin interest income only slightly decreased but managed to earned approximately HK\$13.9 million. For the six months ended 30 September 2023, revenue stayed at the same level with last year's corresponding period at approximately HK\$15.5 million (2022: HK\$15.5 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 2023, it was operating a team of experienced insurance professionals with 168 licensed representatives under IA and 84 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 2023, KKWM has handled over 700 new insurance policies for about 450 clients and accumulated total Annualized First Year Premium (“**AFYP**”) amount of over HK\$68 million (2022: HK\$98.0 million); with total Annualized First Year Commission (“**AFYC**”) amount of over HK\$53 million (2022: HK\$27.8 million).

Benefited by the re-opening of the border, the business improved considerably by approximately 91% in terms of revenue to approximately HK\$56.8 million from approximately HK\$29.7 million of last year's corresponding period.

Fur

The fur business, however, was unexpectedly complicated with higher turnover but profit margin turned to negative. For the six months ended 30 September 2023, an approximate of HK\$19.8 million revenue was recorded, representing an increase of approximately 127.6% compared with HK\$8.7 million of last year's corresponding period. Nevertheless, an overall gross loss was registered due to the significant drop in mink price. This was largely because next year will be the last year for selling minks in Kopenhagen Fur that an increasing amount of minks were also sold by other farms, suppressing the auction price.

Assets management

We commenced assets management business since early 2020. The main objective of this business is to serve our clients who are looking for investment managers to look after their assets and we earn brokerage and management fee in return. All our investment managers are qualified with Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities license under the Securities and Futures Ordinance and some of them had worked for reputable investment banks prior to joining us. During the period under review, our assets management service also flourished. For the six months ended 30 September 2023, the revenue of this business increased by more than two folds to approximately HK\$8.1 million (2022: HK\$2.5 million) from provision of assets management business.

Money Lending

Our money lending business, however, which used to be our major revenue driver in the past two years, declined considerably. For the six months ended 30 September 2023, revenue decreased by approximately HK\$9.3 million to approximately HK\$6.4 million (2022: HK\$15.7 million), not because of the decrease in demand for money lending in the market, but we became more cautious in lending that an increasing number of money lending applications did not fulfil our standard. Nevertheless, our current portfolio remained healthy that provision on bad debt was still minimal. In the meantime, 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.

Membership and events

The membership and event segment is principally engaged in the Forbes Global Alliance (“FGA”) membership business and the events hosting business. The membership and event segment is operated by FGA Holdings Limited and its subsidiaries (“FGA Group”). FGA Group leverages the Forbes brand to congregate and promote exchange among professionals, entrepreneurs, and high net worth individuals through paid membership programs. The FGA Group also organises events together with Forbes China Group, in which FGA Group is responsible for seeking out sponsorships and ticket sales in return for a share of the event profit. The purpose of these events is also to provide opportunities for FGA members to connect, network and exchange ideas amongst each other, other attendees and guest speakers of the events. For the six months ended 30 September 2023, the Group was benefited by the post-pandemic economic resumption in the mainland China and earned approximately HK\$17.8 million (2022: HK\$23.0 million) from this business.

Insurance technology

The insurance technology segment is in the business of providing marketing and information solutions to insurance brokerages through our insurance premium calculation platform. For the six months ended 30 September 2023, this segment recorded approximately HK\$72.1 million revenue (2022: HK\$2.1 million). The acquisition of our insurance technology segment was completed on 6 June 2022 with growth and development primarily since the third quarter of 2022.

Media, networking and licensing

This business is principally engaged in the business of licensing and sale of movie and television content such as broadcasting rights. The media, networking and licensing segment will also be expanding into the licensing and sales of art and branded intellectual property and the management of webcast celebrities. For the six months ended 30 September 2023, this segment recorded approximately HK\$85.9 million revenue (2022: HK\$Nil).

PROSPECTS

To conclude, thanks to the planning ahead of the management, the Group was able to outperform amid the sluggishness of the Hong Kong economy.

While the revenue drivers of the Group would be mainly from the mainland China, our Hong Kong based businesses would be inevitably affected in an unfavourable way if the Hong Kong's economy is not improving drastically in a short period of time. Despite its unexpectedly rise in brokerage commission income, the whole securities business would not be anticipated to revive under the bearish stock market where investors are not interested in putting their money into the stock market.

In addition, although it is nice that the insurance brokerage and assets management business have outperformed in this period, we believe that the businesses may have reached their bottleneck as they are sensitive to economic conditions. We will consider different plans to further develop them, including introducing strategic partners.

Regarding the money lending business, the demand for liquidity is still keen. However, we will not compromise our integrity with a view to pursuing higher turnover and will closely monitor on the repayment situation of our debtors that in case of any sign of non-performing loan from them, we will take decisive action to minimise the impact on us.

Regarding the acquired businesses last year, i.e., membership and events and insurance technology, together with media, network and licensing business, they have become the main revenue source of the Group and we expect that they will continue to lead the Group.

For fur business, in spite of the recent drop in mink price, we expect there will be some support in the midst of strong competition as Danish mink has been the best quality in the world and there are only two more auctions left for Copenhagen Fur next year before the end of the mink fur business in Denmark.

The Board presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022, as follows:

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

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	282,423	97,137
Cost of sales		(229,376)	(35,076)
Gross profit		53,047	62,061
Other income	4	6,187	21,657
Other gains and losses, net	5	5,454	(2,323)
Fair value change in contingent consideration payables		117,694	–
Reversal of impairment of loan receivables		–	157
Bad debts		–	(20)
Selling and distribution costs		(3,045)	(443)
Administrative expenses		(116,052)	(69,263)
Finance costs	6	(6,356)	(6,771)
Share of result of associates		(272)	(592)
Profit before tax	7	56,657	4,463
Income tax credit (expense)	8	9,808	(1,877)
Profit for the period		66,465	2,586
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of overseas operations		(2,067)	(6,873)
<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		542	(1,250)
Other comprehensive expense for the period, net of tax		(1,525)	(8,123)
Total comprehensive income (expense) for the period		64,940	(5,537)

		Six months ended	
		30 September	
		2023	2022
<i>Note</i>		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
	Owners of the Company	76,683	2,515
	Non-controlling interests	<u>(10,218)</u>	<u>71</u>
		<u>66,465</u>	<u>2,586</u>
Total comprehensive income (expense) for the period attributable to:			
	Owners of the Company	75,393	(5,608)
	Non-controlling interests	<u>(10,453)</u>	<u>71</u>
		<u>64,940</u>	<u>(5,537)</u>
Earnings per share			
	Basic and diluted	10 <u>1.07 HK cents</u>	<u>0.04 HK cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		30 September 2023	31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	11	10,974	12,199
Right-of-use assets	11	6,920	8,578
Goodwill		235,750	235,750
Intangible assets	11	530,062	580,241
Investment in associates	12	14,652	74,055
Financial assets at fair value through profit or loss		130,789	66,082
Financial assets at fair value through other comprehensive income		4,269	1,775
Loan receivables	14	18,005	90
Deposits	13	1,192	1,192
		952,613	979,962
Current assets			
Inventories		23,641	46,290
Trade and other receivables, prepayments and deposits	13	344,500	367,263
Loan receivables	14	119,712	86,817
Amounts due from related companies		3,056	3,177
Amount due from a former director	17	561	–
Tax recoverable		514	1,773
Pledged bank deposits		–	35,000
Bank balances held on behalf of clients		147,466	152,974
Bank balances and cash		92,977	111,051
		732,427	804,345

		30 September	31 March
		2023	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	15	231,029	236,298
Tax payables		12,899	11,882
Bank and other borrowings	16	60,692	86,775
Contingent consideration payables		–	819,327
Lease liabilities		5,090	3,561
Amount due to a related company	17	–	50
Amount due to a former director	17	–	977
Amount due to a shareholder	17	16,625	6,500
Corporate bonds	18	61,802	73,434
		<u>388,137</u>	<u>1,238,804</u>
Net current assets (liabilities)		<u>344,290</u>	<u>(434,459)</u>
Total assets less current liabilities		<u>1,296,903</u>	<u>545,503</u>
Non-current liabilities			
Lease liabilities		1,969	5,439
Corporate bonds	18	33,717	34,599
Deferred tax liabilities		119,515	131,627
		<u>155,201</u>	<u>171,665</u>
Net assets		<u>1,141,702</u>	<u>373,838</u>
Capital and reserves			
Share capital	19	76,300	71,773
Reserves		941,263	168,764
Equity attributable to the owners of the Company		<u>1,017,563</u>	<u>240,537</u>
Non-controlling interests		124,139	133,301
Total equity		<u>1,141,702</u>	<u>373,838</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to the owners of the Company									Attributable to non-controlling interests HK\$'000	Total HK\$'000
	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		
At 1 April 2022 (audited)	67,246	1,103,387	(7,122)	(4,978)	(6,750)	(19,366)	(1,998)	(340,128)	790,291	-	790,291
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>
At 1 April 2023 (audited)	71,773	1,759,754	(7,122)	(53,845)	(8,225)	(21,217)	(1,998)	(1,498,583)	240,537	133,301	373,838
Profit (loss) for the period	-	-	-	-	-	-	-	76,683	76,683	(10,218)	66,465
Other comprehensive (expense) income for the period											
Exchange difference on translation of financial statements of overseas operations	-	-	-	-	-	(1,832)	-	-	(1,832)	(235)	(2,067)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	542	-	-	-	542	-	542
Total comprehensive income (expense) for the period	-	-	-	-	542	(1,832)	-	76,683	75,393	(10,453)	64,940
Issues of consideration shares	4,527	697,106	-	-	-	-	-	-	701,633	-	701,633
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	1,291	1,291
At 30 September 2023 (unaudited)	<u>76,300</u>	<u>2,456,860</u>	<u>(7,122)</u>	<u>(53,845)</u>	<u>(7,683)</u>	<u>(23,049)</u>	<u>(1,998)</u>	<u>(1,421,900)</u>	<u>1,017,563</u>	<u>124,139</u>	<u>1,141,702</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 2023 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 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 2023, 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 2023, except as described below.

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

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of these amendments to 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 HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024, earlier application is permitted

² Effective for annual periods beginning on or after 1 January 2025, earlier application is permitted

³ Effective date to be determined

The Group has already commenced an assessment of the impact of these new and amendments to HKFRSs but is not yet in a position to state whether these new and amendments to 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 2023.

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 2023

	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 assets at fair value through other comprehensive income				
– Listed equity securities	4,269	4,269	–	–
Financial assets at fair value through profit or loss				
– Unlisted equity securities	63,312	–	–	63,312
– Listed equity securities	12	12	–	–
– Unlisted funds	67,465	–	67,465	–
	<u>67,465</u>	<u>–</u>	<u>67,465</u>	<u>–</u>

At 31 March 2023

	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 assets at fair value through other comprehensive income				
– Listed equity securities	1,775	1,775	–	–
Financial assets at fair value through profit or loss				
– Listed equity securities	22	22	–	–
– Unlisted funds	66,060	–	66,060	–
	<u>66,060</u>	<u>–</u>	<u>66,060</u>	<u>–</u>

During the six months ended 30 September 2023, 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 2023, 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
Media, network and licensing	–	Provision of media, multi channel network and licensing service

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

Six months ended 30 September 2023

	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)	Media, network and licensing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUE	<u>15,492</u>	<u>56,820</u>	<u>19,789</u>	<u>8,127</u>	<u>6,444</u>	<u>17,757</u>	<u>72,138</u>	<u>85,856</u>	<u>282,423</u>
RESULTS									
Segment operating results	14,180	(4,968)	(7,205)	5,317	6,423	11,035	688	1,206	26,676
Amortisation of intangible assets	-	-	-	-	-	(54,822)	(1,973)	-	(56,795)
Segment results	<u>14,180</u>	<u>(4,968)</u>	<u>(7,205)</u>	<u>5,317</u>	<u>6,423</u>	<u>(43,787)</u>	<u>(1,285)</u>	<u>1,206</u>	<u>(30,119)</u>
Other gains and losses, net									5,454
Fair value change in contingent consideration payables									117,694
Finance costs									(6,356)
Share of result of associates									(272)
Unallocated corporate income									497
Unallocated corporate expenses									(30,241)
Profit before tax									56,657
Income tax credit									9,808
Profit for the period									<u>66,465</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)	Membership and event HK\$'000 (unaudited)	Insurance technology HK\$'000 (unaudited)	Media, network and licensing HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Additions of property, plant and equipment	-	4	-	-	-	28	-	-	-	32
Amortisation of intangible assets	-	-	-	-	-	54,822	1,973	-	-	56,795
Depreciation of property, plant and equipment	154	570	-	8	-	-	5	-	122	859
Depreciation of right-of-use assets	-	1,224	-	-	-	457	-	-	-	1,681

Six months ended 30 September 2022

	Securities <i>HK\$'000</i> (unaudited)	Insurance brokerage <i>HK\$'000</i> (unaudited)	Fur <i>HK\$'000</i> (unaudited)	Assets management <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Membership and event <i>HK\$'000</i> (unaudited)	Insurance technology <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
REVENUE	15,506	29,665	8,665	2,504	15,683	23,013	2,101	97,137
RESULTS								
Segment operating results	10,807	942	3,079	1,889	15,671	16,455	(327)	48,516
Amortisation of intangible assets	-	-	-	-	-	(13,461)	(1,315)	(14,776)
Bad debts	-	-	-	-	-	(20)	-	(20)
Reversal of impairment of loan receivables	-	-	-	-	157	-	-	157
Segment results	10,807	942	3,079	1,889	15,828	2,974	(1,642)	33,877
Other gains and losses, net								(2,323)
Finance costs								(6,771)
Share of result of associates								(592)
Unallocated corporate income								2,538
Unallocated corporate expenses								(22,266)
Profit before tax								4,463
Income tax expenses								(1,877)
Profit for the period								2,586

Other information

	Securities <i>HK\$'000</i> (unaudited)	Insurance brokerage <i>HK\$'000</i> (unaudited)	Fur <i>HK\$'000</i> (unaudited)	Assets management <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Membership and event <i>HK\$'000</i> (unaudited)	Insurance technology <i>HK\$'000</i> (unaudited)	Unallocated <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (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

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 2022: 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 2023

	Securities <i>HK\$'000</i> (unaudited)	Insurance brokerage <i>HK\$'000</i> (unaudited)	Fur <i>HK\$'000</i> (unaudited)	Assets management <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Membership and event <i>HK\$'000</i> (unaudited)	Insurance technology <i>HK\$'000</i> (unaudited)	Media, network and licensing <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
ASSETS									
Segment assets	414,271	4,302	47,039	2,383	137,717	765,602	25,739	22,684	1,419,737
Unallocated corporate assets									<u>265,303</u>
Total assets									<u><u>1,685,040</u></u>
LIABILITIES									
Segment liabilities	180,282	8,996	6,440	1,979	2,500	121,520	1,346	5,863	328,926
Unallocated corporate liabilities									<u>214,412</u>
Total liabilities									<u><u>543,338</u></u>

At 31 March 2023

	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)	Membership and event <i>HK\$'000</i> (audited)	Insurance technology <i>HK\$'000</i> (audited)	Media, network and licensing <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
ASSETS									
Segment assets	429,654	6,092	57,185	1,066	86,907	812,587	23,097	25,600	1,442,188
Unallocated corporate assets									<u>342,119</u>
Total assets									<u><u>1,784,307</u></u>
LIABILITIES									
Segment liabilities	225,088	8,436	12,523	-	2,500	135,941	458	34,000	418,946
Unallocated corporate liabilities									<u>991,523</u>
Total liabilities									<u><u>1,410,469</u></u>

Revenue information

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Insurance brokerage services income	56,820	29,665
Commission income from		
– Securities brokerage	1,617	854
– Underwriting, sub-underwriting, placing and sub-placing	299	497
Sale of pelted skin and fur skin brokerage	19,789	8,665
Assets management services income	8,127	2,504
Event business income	–	1,680
Membership business income	17,757	21,333
Insurance technology service income	72,138	2,101
Media, network and licensing business income	85,856	–
Revenue from other sources		
Interest income from margin financing, cash clients and Initial Public Offering (“ IPO ”) Loans	13,576	14,155
Interest income from money lending services	6,444	15,683
	<u>282,423</u>	<u>97,137</u>

Note: Commission and services income from insurance brokerage, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, insurance technology, media, network and licensing, sale of pelted skin, fur skin brokerage and event business are recognised at point in time. Service income from assets management service income and membership business 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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	86,883	63,358
Denmark	19,789	8,665
The People’s Republic of China	175,751	25,114
	<u>282,423</u>	<u>97,137</u>

4. OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Administrative fee income	370	313
Bank interest income	2,052	173
Bond interest income	–	1,750
Compensation income	–	6,745
Commission income	180	130
Government subsidy	210	1,122
Handling income	589	373
Management fee income	663	2,000
Referral income	563	8,072
Rental and utilities income	–	40
Sundry income	1,560	939
	<u>6,187</u>	<u>21,657</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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Foreign exchange (loss) gain, net	(137)	228
Change in fair value of financial assets at FVTPL	1,404	(2,658)
(Loss) gain on disposal of financial assets at FVTPL	(31)	107
Gain on deem disposal of an associate	4,218	–
	<u>5,454</u>	<u>(2,323)</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Interests on:		
– Bank and other borrowings	2,652	1,435
– Cash clients' accounts	1	–
– Corporate bonds (effective)	3,186	4,804
– Lease liabilities (effective)	181	66
– Overdraft	336	465
– Other creditors	–	1
	6,356	6,771
	6,356	6,771

7. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Amortisation of intangible assets	56,795	14,776
Auditor's remuneration	150	121
Cost of inventories recognised as expenses	21,779	10,960
Depreciation of property, plant and equipment	859	1,361
Depreciation of right-of-use assets	1,681	1,483
Net foreign exchange loss (gain)	137	(228)
Reversal of impairment of loan receivables	–	(157)
Staff costs (including directors' remuneration)		
– retirement benefit scheme contributions	472	580
– salaries and allowances	21,218	23,104
	21,218	23,104
	21,218	23,104

8. INCOME TAX CREDIT (EXPENSE)

The charge credit (expense) comprises:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	(2,304)	(4,277)
Deferred tax		
Original and reversal of temporary difference	12,112	2,400
Total income tax credit (expenses) for the period	9,808	(1,877)

- (i) Hong Kong Profits Tax for the six months ended 30 September 2023 is calculated at 8.25% (six months ended 30 September 2022: 8.25%) on the first HK\$2 million of the estimated assessable profits and at 16.5% (six months ended 30 September 2022: 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 2022: 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 2023 (six months ended 30 September 2022: Nil).

10. EARNINGS 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 2023 of approximately HK\$76,683,000 (six months ended 30 September 2022: approximately HK\$2,515,000) and the weighted average number of ordinary shares of 7,196,831,228 (six months ended 30 September 2022: 6,715,169,189 shares).

No diluted earnings per share for period ended 30 September 2023 and 2022 were presented as there were no potential ordinary shares in issue for both periods.

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

(a) Owned property, plant and equipment

During the six months ended 30 September 2023, the Group spent approximately HK\$32,000 (six months ended 30 September 2022: approximately HK\$3,000) on acquisition of property, plant and equipment and there was no disposal of property, plant and equipment (six months ended 30 September 2022: Nil).

(b) Right-of-use assets

During the six months ended 30 September 2023, the Group did not enter into any lease agreement and therefore no additions to right-of-use assets is recognised (six months ended 30 September 2022: approximately HK\$7,342,000).

(c) Intangible assets

The Group had no acquisition and disposal of intangible asset for the six months ended 30 September 2023 and 2022.

12. INVESTMENT IN ASSOCIATES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
At the beginning of period/year	74,055	15,648
Additions	–	64,770
Disposals	(59,131)	–
Share of post-acquisition loss	(272)	(6,363)
	14,652	74,055

13. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade receivables from:		
Securities business (<i>Note a</i>)		
– Cash clients	24	116
– Margin clients	281,542	270,146
– Clearing house	15,053	27
– Brokers	6	6
	<u>296,625</u>	<u>270,295</u>
Sale of pelted skin (<i>Note b</i>)	12,786	–
Fur skins brokerage business (<i>Note b</i>)	57	–
Assets management business (<i>Note c</i>)	2,343	1,018
Media, network and licensing business (<i>Note d</i>)	22,684	25,600
Membership and event business (<i>Note e</i>)	18,624	17,053
Insurance technology business (<i>Note f</i>)	4,735	–
	<u>357,854</u>	<u>313,966</u>
Less: Provision for impairment of trade receivables	<u>(30,392)</u>	<u>(29,346)</u>
	<u>327,462</u>	<u>284,620</u>
Prepayments	10,194	22,347
Deposits	1,468	20,937
Bond interest receivable	–	1,021
Other receivables	6,568	39,530
	<u>345,692</u>	<u>368,455</u>
Analysis for reporting purpose as:		
Current assets	344,500	367,263
Non-current assets – Deposits	1,192	1,192
	<u>345,692</u>	<u>368,455</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 2023, the fair values of the pledged securities amounted to approximately HK\$692,234,000 (31 March 2023: approximately HK\$1,091,043,000).

- (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 90 days to its customers from the business of media, network and licensing.
- (e) The Group allows a credit period ranging from 0 to 30 days to its customers from the business of membership and event.
- (f) The Group allows a 30 days credit period to its customer from the business of insurance technology.

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Margin clients balances:		
No due date	<u>251,204</u>	<u>240,854</u>
Cash clients balances:		
Neither past due nor impaired	–	–
Past due but not impaired	<u>24</u>	<u>116</u>
	<u>24</u>	<u>116</u>
Other balances:		
Neither past due nor impaired	15,053	27
Past due but not impaired	<u>6</u>	<u>6</u>
	<u>15,059</u>	<u>33</u>
	<u>266,287</u>	<u>241,003</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:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	<u>12,843</u>	<u>–</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	1,683	1,017
61–90 days	569	–
Over 90 days	<u>91</u>	<u>1</u>
	<u>2,343</u>	<u>1,018</u>

The aging analysis of trade receivables from the business of media, network and licensing, net of allowance for ECL, based on invoice dates are as follows:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	<u>22,684</u>	<u>25,600</u>

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
0–60 days	18,570	10,020
61–90 days	–	2,372
Over 90 days	<u>–</u>	<u>4,607</u>
	<u>18,570</u>	<u>16,999</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	<u>4,735</u>	<u>–</u>

Receivables were related to customers for whom there was no recent history of default. As at 30 September 2023, 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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Loans from money lending business – secured	44,375	38,100
Loans from money lending business – unsecured	91,219	51,311
Interest receivables	<u>7,650</u>	<u>3,023</u>
	143,244	92,434
Less: Provision for impairment	<u>(5,527)</u>	<u>(5,527)</u>
	<u>137,717</u>	<u>86,907</u>
Analysed as:		
Current	119,712	86,817
Non-current	<u>18,005</u>	<u>90</u>
	<u>137,717</u>	<u>86,907</u>

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%–48% p.a. (31 March 2023: 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 2023 and 31 March 2023:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
No past due	111,180	85,690
Overdue by:		
1–30 days	21,924	312
31–60 days	186	–
61–90 days	2,385	–
Over 90 days	2,042	905
	<u>137,717</u>	<u>86,907</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Balance at beginning of the period/year	5,527	2,154
Recovered during the period/year	–	(389)
Provision for the period/year	–	3,762
	<u>5,527</u>	<u>5,527</u>

15. TRADE AND OTHER PAYABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade payables from:		
Securities brokerage business (<i>Note a</i>)		
– Cash clients	24,571	29,135
– Margin clients	130,710	124,453
– Clearing house	–	1,500
	155,281	155,088
Assets management business (<i>Note b</i>)	1,979	–
Insurance brokerage business (<i>Note c</i>)	4,309	2,507
Membership and event business (<i>Note d</i>)	–	1,701
Media, network and licensing business (<i>Note e</i>)	5,863	34,000
Insurance technology business (<i>Note f</i>)	949	–
	168,381	193,296
Other payables:		
Accruals	900	3,160
Corporate bond interest payables	2,025	1,692
Amount due from a shareholder of a subsidiary (<i>Note g</i>)	14,202	12,404
Other loan interest payable	39	109
Received in advance	22,871	13,737
Value-added tax payable	3,385	–
Other operating expenses payables	15,603	11,417
Others	3,623	483
	231,029	236,298

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 2023: 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 assets management business as follow:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	1,658	–
61–90 days	298	–
91–120 days	23	–
	<u>1,979</u>	<u>–</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	4,206	1,889
61–90 days	18	49
91–120 days	16	569
Over 120 days	69	–
	<u>4,309</u>	<u>2,507</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	–	–
61–90 days	–	–
91–120 days	–	–
Over 120 days	–	1,701
	<u>–</u>	<u>1,701</u>

- (e) Based on the invoice dates, aging analysis of trade payables from media, network and licensing business as follows:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	5,863	–
61–90 days	–	–
91–120 days	–	34,000
	<u>5,863</u>	<u>34,000</u>

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0–60 days	<u>949</u>	<u>–</u>

- (g) Energetic Force Investments Limited is a shareholder of FGA Holdings Limited, a non-wholly owned subsidiary of the Company. The amount is unsecured, non-interest bearing and repayable on demand.

16. BANK AND OTHER BORROWINGS

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Revolving loans	25,000	70,000
Bank overdrafts	6,440	12,523
Loan from other creditors	<u>29,252</u>	<u>4,252</u>
	<u>60,692</u>	<u>86,775</u>

17. AMOUNT DUE FROM/TO A RELATED COMPANY/FORMER 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:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Maturity:		
Within one year	61,802	73,434
In more than one year but not more than two years	15,700	22,282
In more than two years but not more than five years	18,017	12,317
	95,519	108,033
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(61,802)	(73,434)
Amounts due for settlement after 12 months (shown under non-current liabilities)	33,717	34,599

During the reporting period, the Group has issued corporate bonds with aggregate amount of HK\$27,400,000 (31 March 2023: HK\$46,025,000 and US\$400,000 (approximately HK\$3,117,000)), with tenor of 1–3 years. The bonds were issued with coupon rate and effective interest rate ranging from 6% to 7.5%, which were paid semi-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

	30 September 2023		31 March 2023	
	Number of shares	Nominal value of ordinary shares HK\$'000 (unaudited)	Number of shares	Nominal value of ordinary shares HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At the beginning of period/year	7,177,296,401	71,773	6,724,629,735	67,246
Issue of consideration shares (<i>Note</i>)	452,666,666	4,527	452,666,666	4,527
At the end of the period/year	7,629,963,067	76,300	7,177,296,401	71,773

Note: On 21 February 2023 and 30 August 2023, each of the dates, 452,666,666 new ordinary shares of HK\$1.46 and HK\$1.55 each of the Company were issued as the first tranche consideration shares and the second tranche consideration shares respectively for the acquisition of 70% equity interest in FGA Holdings Limited. Share capital and share premium of approximately HK\$4,527,000 and HK\$656,367,000 respectively were recorded on 21 February 2023 while share capital and share premium of approximately HK\$4,527,000 and HK\$697,106,000 respectively were recorded on 30 August 2023.

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Personal guarantee for corporate bonds

Corporate bonds of HK\$17,520,000 as at 30 September 2023 (31 March 2023: HK\$32,309,000) 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) Personal guarantee and pledge of personal assets for bank borrowings

Bank borrowings of HK\$25,000,000 as at 30 September 2023 (31 March 2023: HK\$70,000,000) were secured by personal guarantee from the father of Mr. Chen Jiajun and cash deposits of HK\$Nil (31 March 2023: HK\$35,000,000).

(c) Entered into licensed agreement with related party

During six months ended 30 September 2023, the Group paid approximately HK\$2,172,000 (six months ended 30 September 2022: HK\$2,902,000) license and utilities expense to Kingkey Enterprise Hong Kong Limited, which Mr. Chen Jiajun, owns the 50% equity interest in and is the sole director of Kingkey Enterprise Hong Kong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and segment results

Revenue of the Group for the six months ended 30 September 2023 was approximately HK\$282.4 million (2022: approximately HK\$97.1 million).

Securities

During the six months ended 30 September 2023, the Group's commission income from securities brokerage, underwriting and placing, plus interest income from securities margin financing, cash clients and IPO loans stayed at the same level with last corresponding period, amounted to approximately HK\$15.5 million (2022: approximately HK\$15.5 million).

The segment profit of securities business was reported approximately HK\$14.2 million for the six months ended 30 September 2023 (2022: approximately HK\$10.8 million).

Insurance brokerage

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

For the six months ended 30 September 2023, revenue from insurance brokerage business amounted to approximately HK\$56.8 million (2022: approximately HK\$29.7 million), representing commission income received from brokerage and dealing in insurance and mandatory provident fund products. The increase in revenue was attributable to the increase in commission income from channeling business, resulting from the long awaited re-opening of borders with the PRC and the rest of the world came into reality in the first six months ended 30 September 2023. The segment loss of insurance brokerage business was reported approximately HK\$5.0 million (2022: profit of approximately HK\$0.9 million), which was mainly due to lacking of other income.

Fur

The Group's fur business consists of sale of pelted skin and fur skin brokerage. For the six months ended 30 September 2023, the Group's fur business revenue was increased by 128% or HK\$11.1 million compared with the corresponding period of 2022 to approximately HK\$19.8 million (2022: approximately HK\$8.7 million).

The fur business reported segment loss of approximately HK\$7.2 million for the six months ended 30 September 2023 (2022: profit of approximately HK\$3.1 million). The segment loss was mainly due to the drop in mink selling price, together with the approximately HK\$2 million consulting fee incurred for dealing the compensation with Danish government and absence of non recurring compensation income received from Danish government for subsidising mainly for the loss of the minks culled in the last corresponding period.

Assets management

Kingkey Asset Management Limited was licensed to conduct type 1 (dealing in securities) since 2017, also type 4 (advising on securities) and type 9 (asset management) regulated activities since August 2022 under the Securities and Future Ordinance. It provides portfolio management services to its clients. The business is in the expanding stage with rising securities brokerage income, which contributed a total revenue of approximately HK\$8.1 million (2022: HK\$2.5 million) to the Group.

The asset management business reported segment profit of approximately HK\$5.3 million for the six months ended 30 September 2023 (2022: approximately HK\$1.9 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, money lending revenues decrease is attributed to our increase cautious in lending. The loan size for each transaction ranged from approximately HK\$0.5 million to approximately HK\$30 million and all loans were made to independent third parties.

The provision and arrangement of money lending business contributed approximately HK\$6.4 million for both segment revenue and profit respectively to the Group for the six months ended 30 September 2023 (2022: approximately HK\$15.7 million and HK\$15.8 million for segment revenue and profit respectively).

Membership and events

The membership and event segment is principally engaged in the Forbes Global Alliance membership business and the events hosting business which was newly acquired in June 2022. The business contributed a revenue of approximately HK\$17.8 million (2022: HK\$23.0 million) with reported segment loss of HK\$43.8 million (2022: profit of HK\$3.0 million) for the first six months ended 30 September 2023. The segment loss was mainly resulting from the non-cash amortisation of intangible assets.

Insurance technology

The insurance technology segment in the business of providing marketing and information solutions to insurance brokerage through our insurance premium calculation platform, which the business was acquired in June 2022. During the six months ended 30 September 2023, the business contributed a revenue of approximately HK\$72.1 million (2022: HK\$2.1 million) with reported segment loss of HK\$1.3 million (2022: loss of HK\$1.6 million). The segment loss was mainly resulting from the non-cash amortisation of intangible assets.

Media, network and licensing

The media, multi-channel network and licensing segment is principally engaged in the business of licensing and sale of media, movie and television content, newly started in the second half of last financial year. The business contributed a revenue of approximately HK\$85.9 million (2022: HK\$Nil) with reported segment profit of HK\$1.2 million (2022: HK\$Nil) for the first six months ended 30 September 2023.

Other income

Other income for the six months ended 30 September 2023 was approximately HK\$6.2 million compared to approximately HK\$21.7 million for the corresponding period last year. The HK\$15.5 million decrease was mainly due to totally HK\$8.8 million decrease in referral fee income and management fee income from insurance brokerage business and also the absence of HK\$6.7 million non-recurring compensation income from Danish Government for subsidising mainly for the loss of mink culled in the last corresponding period.

Other gains and losses, net

During the six months ended 30 September 2023, our shareholding in one of our associates was diluted by increasing its own share capital and thus deemed as disposal of an associate, resulting in HK\$4.2 million (2022: HK\$Nil) gain on disposal of an associate. Together with the HK\$1.4 million fair value gain (2022: loss of HK\$2.7 million) in our fund investments, a gain of HK\$5.5 million (2022: loss of HK\$2.3 million) was recorded.

Fair value change in contingent consideration payable

There was a fair value gain of HK\$117.7 million (2022: HK\$Nil) for the first sixth months ended 30 September 2023. This is mainly resulting from the share price drop of the second tranche considerations shares (i.e. 452,666,666 shares of the Company) pursuant to the sale and purchase agreement dated 4 June 2021 entered into between the Company and Great Return Group Limited (as amended, modified or supplemented from time to time) as at the issue date, compared with the valuation results conducted by an independent professional valuer as at last financial year ended date.

Administrative expenses

Administrative expenses increased by approximately 67.5% to approximately HK\$116.1 million (2022: approximately HK\$69.3 million). The increase was mainly due to the amortisation of intangible assets for the business of membership and event and insurance technology that newly acquired in June 2022.

Finance costs

For the six months ended 30 September 2023, the finance costs, which mainly represented the interest expenses for the corporate bonds and bank and other borrowings. It was slightly decreased by approximately 5.9% to approximately HK\$6.4 million (2022: approximately HK\$6.8 million) mainly due to the decrease in corporate bond interest as some are matured and repaid.

Profit for the period

Profit for the period of approximately HK\$66.5 million was reported for the six months ended 30 September 2023 (2022: approximately HK\$2.6 million).

Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: 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 earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) of the Target Group for the period of 12 months commencing from 1 January 2022 and ending on 31 December 2022 (the “**1st Relevant Period**”) and the period of 12 months commencing from 1 July 2022 and ending on 30 June 2023 (the “**2nd Relevant Period**”) 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.

The first profit guarantee period ended on 31 December 2022 where the actual EBITDA of the 1st Relevant Period was higher than the target EBITDA of US\$4.6 million, accordingly the 1st tranche Consideration Shares was issued on 21 February 2023. Again, the second profit guarantee period ended on 30 June 2023 where the actual EBITDA of the 2nd Relevant Period was higher than the target EBITDA of US\$4.6 million, accordingly the 2nd tranche Consideration Shares was issued on 30 August 2023.

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\$93.0 million as at 30 September 2023 (31 March 2023: approximately HK\$111.1 million). The net assets of the Group as at 30 September 2023 were approximately HK\$1,141.7 million (31 March 2023: approximately HK\$373.8 million).

As at 30 September 2023, the outstanding principal of the short and medium-term bonds was approximately HK\$95.5 million (31 March 2023: approximately HK\$108.0 million), which were denominated in Hong Kong Dollar and US Dollar at fixed rates ranging from 5% to 7.5%. Corporate bonds of HK\$17,520,000 as at 30 September 2023 (31 March 2023: HK\$32,309,000) 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 2023, 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**”).

CAPITAL COMMITMENT AND CONTINGENT LIABILITY

The Group had no material capital commitment and contingent liability as at 30 September 2023 (31 March 2023: Nil).

CHARGE OF ASSETS

The Group pledged plant and machinery with amount before impairment of DKK5,604,000 (approximately HK\$6,226,000), trade receivables of DKK11,508,000 (approximately HK\$12,786,000) and inventories of DKK21,279,000 (approximately HK\$23,641,000) to secure banking facilities granted to the Group (31 March 2023: plant and machinery with amount before impairment of DKK5,612,000 (approximately HK\$6,429,000) and inventories of DKK40,404,000 (approximately HK\$46,290,000)).

As at 31 March 2023, the Group has pledged HK\$35 million bank deposits as security given to a bank for a facility. The pledged deposit was released in September 2023 as the bank borrowings was partially repaid.

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 2023, 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.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

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 2023.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2023, the Group had 72 full-time employees (31 March 2023: 83). 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 2023.

By Order of the Board
Kingkey Financial International (Holdings) Limited
Mong Cheuk Wai
Executive Director

Hong Kong, 28 November 2023

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

Executive Directors:

Mr. Mong Cheuk Wai

Mr. Chen Jiajun

Independent Non-executive Directors:

Ms. Mak Yun Chu

Mr. Hung Wai Che

Mr. Leung Siu Kee

Mr. Chan Ting Fung