



# KINGKEY FINANCIAL INTERNATIONAL

Kingkey Financial International (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1468

## 2024 | ANNUAL REPORT





# Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	7
Biographical Details of Directors and Senior Management	18
Corporate Governance Report	21
Report of the Directors	40
Independent Auditor's Report	55
Consolidated Statement of Profit or Loss and Other Comprehensive Income	61
Consolidated Statement of Financial Position	62
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Consolidated Financial Statements	67
Financial Summary	186

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Mong Cheuk Wai (*Chairman*)  
Ms. Cheung Pui Ki Gloria<sup>1</sup>  
Mr. Chen Jiajun<sup>2</sup>

### Independent Non-executive Directors

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

## Company Secretary

Mr. Ngai Tsz Hin Michael

## Audit Committee

Ms. Mak Yun Chu (*Chairperson*)  
Mr. Hung Wai Che  
Mr. Leung Siu Kee  
Mr. Chan Ting Fung

## Remuneration Committee

Mr. Hung Wai Che (*Chairperson*)  
Ms. Mak Yun Chu  
Mr. Leung Siu Kee  
Mr. Chan Ting Fung

## Nomination Committee

Mr. Leung Siu Kee (*Chairperson*)  
Ms. Mak Yun Chu  
Mr. Hung Wai Che  
Mr. Chan Ting Fung

## Special Board Committee

Mr. Leung Siu Kee (*Chairperson*)  
Ms. Mak Yun Chu  
Mr. Hung Wai Che  
Mr. Chan Ting Fung

## Authorised Representatives

Mr. Mong Cheuk Wai  
Mr. Ngai Tsz Hin Michael

## Principal Bankers

Public Bank (Hong Kong) Limited  
Bank of China (Hong Kong) Limited

Notes:

1. Appointed on 12 March 2024.
2. Removed on 8 March 2024.

## Auditor

Elite Partners CPA Limited

## Legal Advisor

Yick & Chan, Solicitors  
Suite A1, 11/F, One Capital Place  
18 Luard Road  
Wanchai, Hong Kong

## Registered Office

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## Headquarters in the PRC

Building C, No. 6  
Lane 600, Nanchezhau Road  
Huangpu District, Shanghai  
People's Republic of China

## Headquarters and Principal Place of Business in Hong Kong

902, Harbour Centre, Tower 2  
8 Hok Cheung Street, Hung Hom  
Kowloon, Hong Kong

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Principal Share Registrar and Transfer Office in the Cayman Islands

Codan Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## Corporate Website

<http://www.kkgroup.com.hk>

## Stock Code

1468

## Listing Dates

24 August 2012 (GEM)  
20 March 2015 (Main Board)

Dear Shareholders,

I hereby report to you the status of Kingkey Financial International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2024 ("FY2024").

## Business Review

The Group has experienced an extraordinary year with tremendous ups and downs.

Like many other companies in Hong Kong, the Group has been suffering from the low tide of Hong Kong economy in the recent decades. The retreat of foreign capital out of the city continued in 2023 that the Hong Kong stock market prolongedly recorded less than HK\$100 billion daily turnover. Investors were in despair and relatively pessimistic. Meanwhile, the unfavourable market conditions also resulted in liquidity problems faced by many companies, in particular, small to medium sized enterprises, where the loans previously acquired from money lenders had to default. According to news reports, 160 money lending companies were forced to go out of business in the past year. It is reported that Hong Kong people, on some occasions with families, may have accustomed to stay in Shenzhen, Guangzhou or other Greater Bay Area cities during weekends or long holidays, on some occasions with families, as the price levels and service quality are more competitive. Meanwhile, surveys from international leasing agents show that the leasing situation of Hong Kong office premises leasing is by no means optimistic. Savills, for example, finds that the Hong Kong's office vacancy rate stood at 14.7% in the fourth quarter in 2023. Inevitably, the unemployment rate in Hong Kong remained steadily at historical low.

Facing such an uncertain market situation, however, the Group managed to maintain its business in the first half of FY2024 and, more importantly, even recorded a net profit which the Group had been striving to achieve for years. Unfortunately, the joy did not last long. The Group experienced an unprecedented and tough challenge that the then major shareholder which was owned by an executive director of the Group opposed against a potential fund-raising transaction by filing an injunction to the High Court to against it and even commenced legal proceedings against our board members when the Group was in need of new fund to replenish its liquidity. The operation and development of the Group were disrupted on various perspectives which left us with no choice but to seek for assistance of an independent professional to act as a provisional liquidator to help put things right and to ensure the normal operation of our businesses. The darkness of the chaos did not take long; however, the internal impacts made to the Group was tremendous and long-lasting.

# CHAIRMAN'S STATEMENT

## Securities

Kingkey Securities Group Limited is the flagship company of the Group for the securities business, which has the permitted licences to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong). During the year, the business was getting more difficult to run which was mainly attributable to the following reasons:

1. The continuing poor performance of the Hong Kong stock market: The Hong Kong stock market in 2023 was a great disappointment: it fell to hit a 10-year record low, trading volume was thin as foreign capital fled while little fund from China came to replace. Fundraising activities were almost put to a halt. Worse, the IPO market, which was once the most popular one, is now surpassed by Indonesia and the Middle East. Securities brokerages have been suffering from minimal commission income from trading and fundraising.
2. Margin income: As the general atmosphere of the stock market was pessimistic, little investors would want to borrow margin. In addition, the quality of margin income did not show much improvement from last year. At a result, we have provided approximately HK\$107.2 million for expected credit loss, accounting for 68.2% of our total outstanding margin.

## Insurance brokerage

Kingkey Privilege Wealth Management Limited ("KKWM") is our wealth management and insurance brokerage arm. As at 31 March 2024, it is registered with the Insurance Authority ("IA") and Mandatory Provident Fund Schemes Authority ("MPFA") and is operating a team of experienced insurance professionals with 166 licensed representatives under IA and 80 licensed representatives under MPFA. They act as individual financial advisors to provide quality service to their clients by adopting IFA 3.0 strategy to formulate detailed and tailor-made wealth management solutions based on the clients' needs and source appropriate investment tools with an aim to achieving desired return, our platform providing 30 major life and general insurance providers for different types of clients. Moreover, they assist their clients to grasp the most updated market information and analyse the risk and opportunities therefrom and assess their clients' portfolio regularly. KKWM has generated over 1,650 new clients and issued over 1,460 number of policies during this financial year, and our platform are managing near 11,000 insurance policies for over 5,620 clients and has Annualised First Year Premium ("AFYP") amount of over HK\$128.0 million; with total Annualised First Year Commission ("AFYC") amount of over HK\$81.8 million.

As at 31 March 2024, there is a significant increase in the insurance brokerage service income. The total revenue earned amounted to approximately HK\$89.7 million, representing an increase of around 90.0% compared with last year. On 6 December 2023, we sold 49% interest to an independent third party for a consideration of HK\$1,660,000.

## Fur

In the year 2024, the Copenhagen Fur auction remained strong in February followed by strong Saga Furs March auction, average 20% up compared with last year. This is mainly due to the mink garment being sold very well in China in 2023 winter season. The March auction was one of last two auctions for Danish mink, due to the closure of all mink farms in Denmark.

## Assets management

We commenced this business line since early 2020. The main objective of this business is to serve our clients who are looking for fund managers to look after their assets and we earn service fee in return. All of our fund 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 before joining us. During the year, our assets management business raised as the income from external asset management (EAM) service increased by approximately HK\$7.5 million as the value of asset under management increased. As at 31 March 2024, revenue from provision of fund and asset management services recorded approximately HK\$14.2 million (FY2023: approximately HK\$5.6 million).

## Money lending

The need for borrowing is less keen as FY2024. As usual, we have been cautious when granting a loan to minimise the risk of becoming a non-performing debt. The total interest income earned from money lending business for the year ended 31 March 2024 decreased by around 31.9% from approximately HK\$25.7 million last year to this year's approximately HK\$17.5 million.

## 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. During the year ended 31 March 2024, the business fulfilled the second profit guarantee and recorded approximately HK\$44.4 million of EBIDTA for the period from 1 July 2022 to 30 June 2023. However, due to the legal proceedings elicited by the then major shareholder and executive Director against the Company and the remaining Directors in January 2024, the business was gravely affected as the legal proceedings undermined the Company and FGA's reputation which may have discouraged potential interested parties to join FGA's membership and chapters. As a result, the total turnover for FY2024 dropped significantly and registered only approximately HK\$26.8 million (FY2023: approximately HK\$56.1 million).

## Multi-channel network and licensing

The multi-channel network and licensing segment is principally engaged in the business of licensing and sale of movie and television content such as broadcasting rights and also music right. The multi-channel network and licensing segment will also be expanding into the licensing and sales of art and branded intellectual property and the management of webcast celebrities. During the year ended 31 March 2024, the multi-channel network and licensing segment recorded revenue of approximately HK\$51.9 million (FY2023: approximately HK\$85.6 million) and loss after taxes of approximately HK\$0.9 million (FY2023: approximately HK\$0.1 million), which the loss of approximately HK\$1.3 million is due to share of results of an associate.

# CHAIRMAN'S STATEMENT

## 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. During the year ended 31 March 2024, the insurance technology segment recorded revenue of approximately HK\$68.8 million (FY2023: approximately HK\$70.1 million) and loss after taxes of approximately HK\$4.6 million (FY2023: approximately HK\$3.9 million).

## Trading

The trading business commenced this financial year, offering agency services related to trading of electronic cigarette products partnered with foreign corporate clients, generating approximately HK\$0.4 million in FY2024 (FY2023: HK\$Nil).

## Prospects

With the inflow of capital from the mainland China in the second quarter of 2024, the Hong Kong stock market rebounds spectacularly featuring a rise of 4,000 points at the Hang Seng Index with daily turnover as much as over HK\$200 billion – this has not been seen in Hong Kong for quite a while since the drain of foreign capital in the past year or two. Of course, we are thrilled to see the Hong Kong stock market coming back from where it was and hope this upward momentum will continue and that the wealth effect can stimulate the overall economy. We believe that the cancellation of board lot trading and further reduction of stamp duties would be additional factors to welcome investors.

We also hope that the replenishment of capital would stimulate the demand for our wealth management and asset management business that bring positive effect on these two businesses.

For our membership and events business, as we recently received the notice from our licensor to end the relevant licensing agreement, we have no choice but to terminate all transactions using the name of FGA. All the goodwill and intangible assets generated from the acquisition of the FGA business were impaired during the year. However, since we have already established the knowledge of running membership and events business, we can and will continue this business and seek other business partners for cooperation to diversify and maintain the segment business operation.

For fur business, we continue to expect our mink skins in our inventory will be sold at a profitable level. Our professional team includes top Danish lawyers, accountants and auditors are still working very hard to negotiate with the Danish government for compensation. We are expecting a tough road ahead as the Danish government reacted and replied very slowly.

Last but not least, I would like to express my gratitude to all staff of the Group for your relentless effort and contributions to the Group. Appreciation also goes to all the shareholders of the Company for your unflinching support and I wish you all the best of health and luck.

**Mong Cheuk Wai**

*Chairman*

Hong Kong, 28 June 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### Revenue and segment results

Revenue of the Group for financial year ended 31 March 2024 (“FY2024”) was approximately HK\$330.4 million (FY2023: approximately HK\$331.3 million). The HK\$0.9 million slightly decrease in revenue was mainly due to the overall decrease in turnover as a result of the continuing deterioration of the economic condition in Hong Kong and the legal proceedings in early January 2024 as mentioned above which negative affect the Company’s reputation materially and seriously.

### Securities

Kingkey Securities Group Limited was licensed to conduct type 1 (Dealing in securities), type 4 (Advising on securities) and Type 9 (Asset Management) regulated activities under SFO. For FY2023, 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\$27.9 million (FY2023: approximately HK\$29.7 million), which mainly due to decrease in above-mentioned interest income.

The securities brokerage commission increased from last year’s approximately HK\$1.4 million to this year approximately HK\$3.2 million mainly due to the market volatility which result in increased trading volume as investors seek to capitalize on price investment. This was fully offset by the decrease in interest income from margin financing services.

### Insurance brokerage

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

Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Insurance Authority (“IA”). As at 31 March 2024, it is registered with IA and is operating a team of 166 licensed representatives under IA and 80 licensed representatives under Mandatory Provident Fund Schemes Authority, and is representing 30 major life and general insurance providers.

During FY2024, revenue from insurance brokerage, which represented commission income received from broking and dealing in insurance products amounted to approximately HK\$89.7 million (FY2023: approximately HK\$47.2 million). It reported a segment loss of approximately HK\$6.5 million for FY2024 (FY2023: profit of approximately HK\$1.2 million).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Fur

For FY2024, the Group's fur business raised and the revenue amounted to approximately HK\$33.2 million (FY2023: approximately HK\$11.2 million).

The fur business, however, was unexpectedly complicated with higher turnover but profit margin turned to negative. Nevertheless, an overall gross loss was registered due to the significant drop in mink price in the first half of FY2024. This was largely because next financial year will be the last year for selling minks in Copenhagen Fur that an increasing amount of minks were also sold by other farms, suppressing the auction price.

There is approximately HK\$2.1 million impairment of land value in Denmark for FY2024. Combined with the above factors, the fur business reported segment loss of approximately HK\$0.9 million for FY2024 (FY2023: approximately HK\$4.0 million). But for the impairment of Denmark land value not taken place, the segment loss would have been turned into profit of approximately HK\$1.2 million.

## 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 SFO. It provides investment portfolio management services to its clients. For FY2024, the business recorded revenue from provision of fund and assets management services of HK\$14.2 million (FY2023: approximately HK\$5.6 million).

## Money lending

Kingkey Finance Limited holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year, the Group conducted several money lending transactions and the individual loan size ranged from HK\$0.5 million to HK\$69.0 million.

The money lending business contributed interest income of approximately HK\$17.5 million to the revenue of the Group for FY2024 (FY2023: approximately HK\$25.7 million) and reported a loss of approximately HK\$44.7 million (FY2023: approximately HK\$12.8 million). Loss was mainly due to (1) additional approximately HK\$35.9 million had been provided for expected credit loss accounting for 21.5% of our total outstanding loan receivable; and (2) approximately HK\$17.8 million (FY2023: approximately HK\$22.3 million) interest payment to the Company for fund raising to supporting the business. The interest rate charged to borrowers was ranging from 10% to 48% per annum, depending on the credit worthiness of the borrowers and the timeframe of the borrowing. During FY2024, none of the creditors together with their associates (if any), had borrowed the amount more than 8% of the total assets of the Group in aggregate at any time and none of the loans to a particular creditor and to its associates in aggregate would be a notifiable transaction that requires the Company to disclose by way of announcement and/or circular.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of sales

The cost of sales of the Group amounted to approximately HK\$236.1 million for FY2024 (FY2023: approximately HK\$208.6 million), which is 13.2% higher than last year. The increase was increased in line with the increased number of pelted skin sold.

## Gross profit and gross profit margin

As a result of the above situations, the Group recorded a consolidated gross profit of approximately HK\$94.3 million or gross profit margin of 28.5% for FY2024, compared with that of approximately HK\$122.7 million or 37.0% for FY2023.

## Other income

Other income was decreased by approximately HK\$7.8 million to approximately HK\$28.5 million for FY2024 (FY2023: approximately HK\$36.3 million). It was mainly contributed attributed by approximately HK\$9.9 million and HK\$6.2 million decreased in referral fee and management fee income respectively on insurance brokerage business.

## Impairment of goodwill, intangible assets and right-of-use assets

On 21 June 2024, the Group received a notice of termination of sub-license agreement between FGA (Hong Kong) Limited, an indirect non wholly-owned subsidiary of the Company, and Energetic Force Investments Limited dated 6 June 2022, to terminate the sub-license agreement with effect from 30 June 2024. According to preliminary advice of the Group's legal adviser, the Board is of the view that the abovesaid notice is valid.

As such, the management expected that the membership business in relation to transactions using the name of FGA would cease to operate after 30 June 2024.

Thus, all the goodwill and intangible assets generated from the acquisition of the FGA business were impaired during the year. The Group recorded impairment losses in respect of the goodwill, intangible assets and right-of-use assets of approximately HK\$228.3 million, HK\$491.6 million and HK\$2.0 million, respectively for the year ended 31 March 2024, resulting in the adjustments made to the financial results since the receipt of the abovesaid notice.

## Impairment of trade receivables, net

The Group recognised an impairment of approximately HK\$85.3 million mainly in relation to the expected credit loss of (1) approximately HK\$77.9 million on margin loan client in securities business; (2) approximately HK\$2.8 million on event and membership business; and (3) approximately HK\$4.3 million on trading business for FY2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Provision for impairment of loan receivables, net

The Group recognised a loss of approximately HK\$35.9 million from an adjustment in the expected credit loss of loan receivables in money lending business for FY2024 (FY2023: HK\$3.4 million).

## Provision for impairment of other receivables and deposits

The Group recognised a loss of approximately HK\$0.6 million mainly in relation approximately HK\$0.2 million expected credit loss of a refundable deposits paid for a proposed acquisition of a target company (FY2023: HK\$Nil); and approximately HK\$0.4 million on fur business (FY2023: HK\$Nil).

## Administrative expenses

The administrative expenses of the Group increased by approximately 43.7% from approximately HK\$162.9 million for FY2023 to approximately HK\$234.1 million for FY2024. The increase in the administrative expenses was mainly due to addition approximately HK\$57.1 million increment in amortisation of intangible asset for two newly acquired businesses in FY2024, and approximately HK\$16.0 million legal and professional fee increment for the Group.

## Other gains or losses, net

Other gains or losses, net, recorded a gain of approximately HK\$16.0 million (FY2023: loss of approximately HK\$9.1 million), which was mainly contributed by the approximately HK\$19.5 million fair value gain on Australia stock newly invested in this year, affecting by approximately HK\$2.0 million impairment of Denmark Land and approximately HK\$1.5 million of net foreign exchange loss.

## Fair value change in contingent consideration payable

There was a fair value gain of approximately HK\$122.2 million (FY2023: loss of approximately HK\$1,009.9 million) for FY2024. 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.

## Finance costs

Finance costs, which mainly represented interest expenses for corporate bonds interest and bank and other borrowings, were approximately HK\$11.3 million for FY2024 (FY2023: approximately HK\$14.6 million). The approximately HK\$3.3 million decrease in finance costs was mainly due to decrease in corporate bond interests.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss for the year

Combined with the above factors, the Group reported a loss for the year to approximately HK\$687.4 million for FY2024 (FY2023: approximately HK\$1,163.0 million), but if considering the non-cash goodwill and intangible assets impairment under membership business not taken place, the net loss for FY2024 would have been turned into to profit of approximately HK\$32.5 million.

## Liquidity, financial resources and capital structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and equity/debt financings. The Group maintained bank balances and cash of approximately HK\$118.6 million as at 31 March 2024 (31 March 2023: approximately HK\$111.1 million) mainly in Hong Kong Dollar, Renminbi and United States Dollar. The net assets of the Group as at 31 March 2024 were approximately HK\$405.0 million (31 March 2023: approximately HK\$373.8 million).

As at 31 March 2024, the outstanding principal of the short and medium-term bonds was approximately HK\$112.8 million (31 March 2023: approximately HK\$108.0 million), which were denominated in Hong Kong Dollar and US Dollar at fixed coupon rates ranging from 0% to 7.5%. All the proceeds were planned and in actual utilised for supporting business development as at 31 March 2024.

On 27 March 2024, the Company entered into a placing agreement with the China Demeter Securities Limited (the “Placing Agent”) pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 1,525,992,613 new shares of the Company to not less than six placees who are independent third parties at the price of HK\$0.060 per share of the Company. The gross and net proceeds expected to be raised would be approximately HK\$91.6 million and HK\$89.7 million respectively and the net placing price was expected to be approximately HK\$0.059 per placing share. The proceeds from the share placement would be applied to (i) repay liabilities; and (ii) support the Group’s operations. For details of the placing concerned, please refer to the announcements of the Company dated 27 March 2024 and 23 April 2024.

The placing was subsequently completed on 26 April 2024 and a total of 1,525,992,613 new shares of the Company were successfully placed to not less than six placees.

As at 31 March 2024, the total number of issued shares of the Company was 7,629,963,067. After the subsequent share placement, the total number of issued shares of the Company reached to 9,155,955,680.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Key Performance

The above financial data were chosen to present in this annual report as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2024.

## Foreign Currency Management

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

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

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

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

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

## Charge of Assets

As at 31 March 2024, the Group charged other plant and equipment before impairment and inventories of approximately DKK19,310,000 (approximately HK\$21,865,000) (FY2023: DKK46,016,000, approximately HK\$52,719,000) for bank borrowings.

As at 31 March 2024, the Group has no pledged bank deposits as security given to a bank for a facility (31 March 2023: HK\$35,000,000).

## Capital Commitments and Contingent Liabilities

### Claims against Kingkey Securities Group Limited by Margin Clients

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

The directors of the Company consider that no provision for the Claims is required as these margin clients had withdrawn approximately HK\$7 million during the year ended 31 March 2021 and the remaining amounts of the Claims of approximately HK\$47.3 million have already been recorded as liabilities in Note 27 to this report.

### The HCMP Case

On 19 January 2024, the Company obtained a copy of the originating summons filed with the Court of First Instance of the High Court of the Hong Kong Administrative Region (the “High Court”) (the “HCMP Case”) from Kingkey Holdings (International) Limited, a then substantial shareholder of the Company, against the Company, the other Directors except for Mr. Chen Jiajun, and the subscriber under the intended share subscription announced by the Company on 15 January 2024 (the “Share Subscription”). The HCMP Case was in relation to the Share Subscription which subsequently lapsed on 5 February 2024. After negotiation among the parties under the HCMP Case between 11 March 2024 to 3 April 2024, a Court order was granted by the High Court for the discontinuance of the proceedings under the HCMP Case on 5 April 2024.

For further details of the HCMP Case, please refer to the announcements of the Company dated 19 January 2024, 25 January 2024, 26 January 2024 and 8 April 2024.

### The Hong Kong Winding-up Petition

On 2 March 2024, the Company was served with a winding-up petition (“HK Petition”) filed with the High Court against the Company in respect of the outstanding sum of HK\$1,030,000, being the principal amount of the bond issued by the Company to the creditor together with interest accrued thereon. After the Company’s negotiation with the petitioner under the HK Petition, a settlement was reached. On 9 May 2024, the HK Petition was withdrawn pursuant to an order granted by the High Court.

For further details of the HK Petition, please refer to the announcements of the Company dated 15 February 2024, 4 March 2024 and 9 May 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## The Cayman Winding-up Petition and Appointment of The Joint Provisional Liquidators

On 23 February 2024 (Cayman time), a winding-up petition for restructuring purposes (“Cayman Petition”) was presented with the Grand Court of the Cayman Islands (“Cayman Court”) with the intention to seek an appointment of the joint provisional liquidators (“JPLs”) over the Company to provide impartial guidance and supervision over the management of the Group’s financial affairs and debt restructuring. On 6 March 2024 (Cayman time), an order was given by the Cayman Court for the appointment of the JPLs to monitor, oversee and supervise the Directors in carrying on the Group’s business.

After working closely with the JPLs for over three months, the Company has (i) completed restructuring to improve the financial position of the Group; and (ii) resolved its major issues including internal conflict among the Directors, complaints received by the Company and the litigation proceedings against the Company. On 21 May 2024 (Cayman time), with the support of the JPLs, an application to discharge the JPLs’ appointment and withdraw the Petition (the “Application”) was filed with the Cayman Court by the Cayman Legal Adviser. On 6 June 2024 (Cayman time), the Cayman Court granted an order (the “Final Order”) to approve the Application. Pursuant to the Final Order, (i) the JPLs have been discharged from their appointment over the Company; (ii) the Petition has been withdrawn; and (iii) the Company is no longer under provisional liquidation.

For further details of the Cayman Petition, please refer to the announcements of the Company dated 25 February 2024, 1 March 2024, 7 March 2024 and 10 June 2024.

## Material Acquisitions or Disposals and Significant Investments

### Acquisition of membership and events business

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”) and its subsidiaries (collectively the “Target Group”), 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

The first profit guarantee period ended on 31 December 2022 where the business recorded HK\$37,305,034 (equivalent to US\$4,781,759), i.e., more than US\$4.6 million which was the guaranteed profit level. The amount was confirmed by the Company's auditor and, accordingly, the Company has, on 21 February 2023, allotted and issued 452,666,666 new shares of the Company as partial payment of the total consideration. For more details, please refer to the announcement of the Company dated 21 February 2023.

The second profit guarantee period ended on 30 June 2023 where the business recorded HK\$44,448,897 (equivalent to US\$5,698,577), i.e., more than US\$4.6 million which was the guaranteed profit level. The amount was confirmed by the Company's auditor and, accordingly, the Company has, on 31 August 2023, allotted and issued 452,666,666 new shares of the Company as partial payment of the total consideration. For more details, please refer to the announcement of the Company dated 31 August 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Disposal of 49% equity interest of wealth management business

On 6 December 2023, Noble Zenith International Limited (“Noble Zenith”) (a direct wholly-owned subsidiary of the Company) and GKC Holding Limited (the “Purchaser”) entered into a sale and purchase agreement, pursuant to which Noble Zenith has agreed to sell, and the Purchaser has agreed to acquire, 49% of equity interest of Kingkey Privilege Wealth Management Limited (the “Target Company”) at a consideration of HK\$1,660,000. Upon completion of the transaction, the Target Company will be owned as to 51% by Noble Zenith and 49% by the Purchaser, and accordingly, the Target Company will continue to be a subsidiary of the Company and will continue to be accounted for and consolidated in the audited consolidated accounts of the Company. The net proceeds arising from the disposal were approximately HK\$1 million which were intended and in actual utilized as general working capital for daily operation. For details, please refer to the announcement of the Company dated 6 December 2023.

Save as disclosed, during FY2024, the Company did not have any material acquisitions or disposals and significant investments.

## Final Dividend

The directors do not recommend any final dividend for FY2024 (FY2023: Nil).

## Employee Information

As at 31 March 2024, the Group had a total of 100 staff members including Directors (31 March 2023: 83). Staff costs including Director’s remuneration amounted to approximately HK\$43.4 million for FY2024 (FY2023: approximately HK\$43.6 million). Remuneration is determined based on the individual’s qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong.

## Environmental Policies and Compliance with Relevant Laws and Regulations

The Group’s Environmental, Social and Governance Report for the year ended 31 March 2024 will be published on the respective websites of the Stock Exchange and the Company on 30 July 2024. No material impact of the relevant laws and regulations in relation to environment is identified on business operations.

## Risk Management

### Credit risk

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

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

### Liquidity risk

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

### Foreign currency risk

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

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

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

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Executive Directors

**Mr. MONG Cheuk Wai (蒙焯威)**, aged 64, was appointed as executive Director on 4 October 2021. He obtained a bachelor's degree of social sciences from the University of Hong Kong in 1983. He has over 35 years of working experience in direct investments, industrial investments, private equity funds and real estate developments. Mr. Mong started his career with Chase Manhattan Bank (now known as JPMorgan Chase Bank, N.A.) and joined Nan Fung Group in 1999, responsible for establishing the alternative investment business for Nan Fung Group. He had been an independent non-executive director of i-Control Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1402) during the period from 13 November 2018 to 4 February 2021. On 12 February 2024, Mr. Mong was appointed as the Chairman of the Company.

**Ms. CHEUNG Pui Ki Gloria (張佩琪)**, aged 43, was appointed as executive Director on 12 March 2024. Ms. Cheung has over ten years of experience in auditing and accounting industry. She currently worked as a chief financial officer of Uncharted Group since October 2017. Prior to that, Ms. Cheung served as a chief financial officer and company secretary of Success Dragon International Holdings Limited (stock code: 1182), a company listed on the Main Board of The Stock Exchange from July 2011 to October 2017. She was an audit manager in BDO Limited from September 2010 to July 2011. Ms. Cheung obtained a Bachelor of Business Administration in Account from Lingnan University. She is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of association of chartered certified accountants.

## Independent Non-executive Directors

**Ms. MAK Yun Chu (麥潤珠)**, aged 66, is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in accounting and administration. Ms. Mak has been an independent non-executive director of Heng Tai Consumables Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 197) since April 2004 and was an independent non-executive director of Wealth Glory Holdings Limited, a company listed on GEM of the Stock Exchange from September 2010 to November 2013 (stock code: 8269).

Ms. Mak has been an independent non-executive Director of the Company, the chairperson of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company since 15 March 2016.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. LEUNG Siu Kee (梁兆基)**, aged 47, has more than 20 years of experience in accounting industry. He had worked in two international accounting firms for 5 years, mainly to provide auditing and business assurance services. He has been a director of a certified public accounting limited and a company providing accounting and taxation services since August 2008 and September 2016, respectively. Mr. Leung has been an executive director of Coolpad Group Limited (stock code: 2369) from January 2018 to October 2019 and an independent non-executive director of Chuanglian Holdings Limited (stock code: 2371), since December 2009. He had been an independent non-executive and non-executive director of KK Culture Holdings Limited (stock code: 550) for the period from September 2015 to January 2018, the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. Leung obtained a bachelor degree of business administration in accounting from The Hong Kong University of Science and Technology in November 1998 with first class honour. He has been a member of the Hong Kong Society of Accountants since March 2003 and currently a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Leung has been an independent non-executive Director of the Company, the chairman of the nomination committee and the member of the audit committee and remuneration committee since 16 August 2019.

**Mr. HUNG Wai Che (孔偉賜)**, aged 48, was appointed as independent non-executive Director on 26 August 2016. He has over 14 years of experience in legal field and operating and managing various energy and recycling projects including power station and oil refinery factories in China and Hong Kong. He graduated from the University of Wales, Aberystwyth, United Kingdom with Honours Degree in Law. Mr. Hung has been an independent non-executive director of Jimu Group Limited, (stock code: 8187), the shares of which are listed on GEM of the Stock Exchange since 30 December 2021.

Mr. Hung has been an independent non-executive Director of the Company, the chairman of the remuneration committee and the member of the nomination committee and audit committee since 26 August 2016.

**Mr. CHAN Ting Fung (陳霆烽)**, aged 40, was appointed as independent non-executive Director on 1 July 2022. He obtained a bachelor's degree in Law from the Jinan University of Guangzhou in 2007. He has been working in the legal field for more than 14 years, with extensive experience in handling commercial matters in the mainland China, including merger and acquisition, joint ventures, finance, logistics, international trade, intellectual property, real estate and construction, employment, investment and cross-border dispute resolution. Mr. Chan has been an independent non-executive director of Sun Kong Holdings Limited (Stock code: 8631) since September 2022, the shares of which are listed on GEM of the Stock Exchange.

Mr. Chan is a member of the audit committee, remuneration committee and nomination committee.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## Change in Directors' Biographical Details under Rule 13.51B(1) of the Listing Rules

Mr. Chan Ting Fung was appointed as an independent non-executive director of Sun Kong Holdings (stock code: 8631) since September 2022.

Save for the aforesaid, there has been no change in the Director's biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## Compliance with the Corporate Governance Code

The Company endeavours in maintaining a high standard of corporate governance for the enhancement of shareholders' value and providing transparency, accountability and independence. The Company has fully complied with the required code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules for the year ended 31 March 2024. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the Code and align with the latest developments.

## Company Secretary

Mr. Ngai Tsz Hin Michael ("Mr. Ngai"), an external service provider, was appointed as company secretary of the Company (the "Company Secretary") with effect from 22 January 2024. The Company has assigned Mr. Mong Cheuk Wai, the executive director, as the contact person with Mr. Ngai. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Ngai 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 C.6.4 of the Code. Having in place a mechanism that Mr. Ngai 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. Ngai as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations. For the year ended 31 March 2024, Mr. Ngai has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## Compliance with the Model Code for Securities Transactions by Directors

The Group adopted the model code for securities transactions by Directors the ("Model Code") on terms no less exacting than that set out in Appendix C3 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2024, they had fully complied with the Model Code.

## Corporate Culture and Strategy

The Company acts as an investment holding company and the principal activities of its major subsidiaries include provision of membership and event service, multi-channel network and licensing service, securities brokerage, insurance brokerage, asset management services, money lending services in Hong Kong for new brokerage and investment holding. With diversified businesses, by recognizing the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

# CORPORATE GOVERNANCE REPORT

The Board has set the following values to provide guidance on employees' conduct and behaviors as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

- Integrity: do the right things;
- Excellence: deliver our products and services excellence;
- Collaboration: work better together;
- Accountability: accountable for our commitments;
- Empathy: care about our stakeholders; and
- Sustainability: commit to a sustainable future.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## Board of Directors

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board comprises two executive Directors and four independent non-executive Directors and is accountable to shareholders. The powers and duties of management and control of the business of the Company are generally vested in its Board. It is the duty of the Board to enhance value of the Company to the shareholders. The composition of the Board and biographies of the Directors are set out on pages 18 to 20 of this annual report.

The two executive Directors are responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The four independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each of the independent non-executive Directors has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules. Throughout the year ended 31 March 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise. The number of independent non-executive Directors has represented at least one-third of the Board.

## Roles of Chairman and Chief Executive Officer

Currently, the position of Chairman is assumed by Mr. Mong Cheuk Wai but Chief Executive Officer has been vacant, but the Executive Directors perform similar function as Chief Executive Officer. Besides, the Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

## Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

- (a) corporate and capital structure;
- (b) corporate strategy;
- (c) policies (including but not limited to those relating to corporate governance);
- (d) business and management;
- (e) key financial matters;
- (f) appointment of Board members, senior management and auditor;
- (g) remuneration of directors and senior management; and
- (h) communication with shareholders and the Stock Exchange.



# CORPORATE GOVERNANCE REPORT

The matters delegated by the Board to the management's decision include:

- (a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;
- (b) approval and assessment of the performance of all business units;
- (c) approval of expenses up to a certain limit;
- (d) approval of connected transactions not requiring disclosure under the Listing Rules;
- (e) approval of the nomination and appointment of personnels other than the members of the Board and senior management;
- (f) approval of press release concerning matters decided by the Board;
- (g) approval of any matters related to routine matters or day-to-day operation of the Group; and
- (h) matters further delegated by the Board from time to time.

## Appointment, Re-election and Removal

Under article 84 of the Company's Article of Association, at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under code provision B.2.2 of the Code, every Director should be appointed for a specific term, subject to retirement by rotation at least once every three years. The term of appointment for each of the independent non-executive Directors appointed by the Company is three years, subject to re-election and other requirements under the Company's Articles of Association, the Code and the respective letter of appointments.

In compliance with Rule 3.09D of the revised Listing Rules which took effect on 31 December 2023, Ms. Cheung Pui Ki Gloria, who was appointed as an executive director of the Company on 12 March 2024, obtained the legal advice referred to in Rule 3.09D on 12 March 2024, and Ms. Cheung has confirmed that she understands her obligations as a director of the Company.

## Number of Independent Non-executive Directors and their contribution

- (i) Four out of six Directors are Independent Non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors.
- (ii) The composition of the Board should provide a sufficient balance of skill, experience and diversity of perspectives in leading the Company to achieve its goal.
- (iii) Executive Director will meet with the Independent Non-executive Directors at least annually.
- (iv) Executive Director should at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors.
- (v) If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

## Appointment and independence of Non-executive Directors

- (i) Nomination Committee will assess the independence of a candidate who is nominated to be a new Independent Non-executive Director before appointment and the continued independence of the current long-serving Independent Non-executive Director, if any, on an annual basis. All Independent Non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.
- (ii) When all of the Independent Non-executive Director have served more than nine years on the Board,
  - a. the Nomination Committee will nominate, and the Company will appoint, a new Independent Non-Executive Director on the Board at the forthcoming annual general meeting; or
  - b. such Independent Non-executive Directors' further appointments should be subject to a separate resolution to be approved by shareholders, with papers accompanying to that resolution including the factors considered, the process and discussion of the Nomination Committee in arriving at the determination that such Independent Non-executive Directors are still independent and should be re-elected.
- (iii) A Director (including Independent Non-executive Director) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (iv) No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors.

# CORPORATE GOVERNANCE REPORT

## Term of appointment of Non-executive Directors

Each of the non-executive Directors (including independent non-executive Directors) of the Company has entered into a letter of appointment with the Company for a specific term of three years, automatically renewable upon expiration, and is subject to retirement by rotation at an annual general meeting at least once every three years and being eligible, offer himself/herself for re-election pursuant to the Company's Bye-laws.

## Channels where independent views are available

All Directors are entitled to retain independent professional advisors as and when it is required and at the Company's expense in appropriate circumstances.

## Board meetings where independent views are expressed

- (i) The Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. At least 14 days' notice of a regular Board meeting is given to all Directors to provide them with an opportunity to attend and all Directors are given an opportunity to include matters in the agenda for a regular meeting. For all other Board meetings, reasonable notice should be given.
- (ii) Board papers are usually dispatched to the directors at least three days before the meeting to ensure that Directors have sufficient time to review the papers and be adequately prepared for the meeting.
- (iii) Directors unable to attend a meeting are advised of the matters to be discussed and are given an opportunity to make their views known to the Executive Director prior to the meeting.
- (iv) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (v) Independent Non-executive Directors and other Non-executive Directors should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

## Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2024, the Board held 11 Board meetings. The Company held the annual general meeting on 7 September 2023 for the year ended 31 March 2023 and an extraordinary general meeting on 8 March 2024. The table below sets out the individual attendance record of each Director at the Board meetings and general meeting during the year:

Name of Directors	Attendance/Number of meetings	
	Board meetings	General meetings
<i>Executive Directors</i>		
Mr. Mong Cheuk Wai	11/11	2/2
Ms. Cheung Pui Ki Gloria <sup>#</sup>	N/A	N/A
Mr. Chen Jiajun <sup>*</sup>	4/11	0/2
<i>Independent Non-executive Directors</i>		
Ms. Mak Yun Chu	11/11	2/2
Mr. Hung Wai Che	11/11	2/2
Mr. Leung Siu Kee	11/11	2/2
Mr. Chan Ting Fung	11/11	2/2

Notes:

\* Mr. Chen Jiajun was removed on 8 March 2024.

# Ms. Cheung Pui Ki Gloria was appointed on 12 March 2024.

The company secretary attended all the scheduled Board meetings to report matters relating to corporate governance, risk management, statutory compliance, accounting and finance.

Under code provision C.1.6 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. For the year ended 31 March 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented. Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report to be published on the respective websites of the Stock Exchange and the Company on 30 July 2024. The Board considers that the gender diversity in workforce is currently achieved.

The board diversity policy was annually reviewed by the Nomination Committee and the Board respectively.

## Nomination Policy

The Nomination Committee reviews the structure, size and composition of the Board periodically and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy.

When it is necessary to fill a casual vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates pursuant to the skills, knowledge and experience required by the Board. Based upon the recommendation of the Nomination Committee, the Board deliberates and decides on the appointment. In addition, every director shall be subject to retirement by rotation or re-election at least once every three years and shall be eligible for re-election at each annual general meeting. The Nomination Committee shall review the overall contribution and service to the Company, expertise and professional qualifications of the retiring directors, who offered himself/herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria required by the Board.

## Board Independence Evaluation Mechanism

The Company has adopted the board independence evaluation mechanism. The details are as follows:

### Objective

Continuing improvement and development of the Board and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development.

The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

This mechanism is designed to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests.

### Mechanism

- (a) Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors.
- (b) Nomination policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.

# CORPORATE GOVERNANCE REPORT

- (c) For independent non-executive Directors (“INED(s)”):
  - (i) Every INED is required to confirm in writing to the Company his/her independence upon his/her appointment as Director with reference to such criteria as stipulated in the nomination policy as well as the Listing Rules;
  - (ii) Each INED has to declare his/her past or present financial or other interests in the Group’s business as soon as practicable, or his/her connection with any of the Company’s connected persons (as defined in the Listing Rules), if any; and
  - (iii) Each INED is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence.
- (d) The Nomination Committee will assess annually the independence of all INEDs and to affirm if each of them still satisfies the criteria of independence as set out in the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member should abstain from assessing his/her own independence.
- (e) Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it will set out in the circular to Shareholders the reasons it believes he/she should be elected and the reasons it considers him/her to be independent.
- (f) A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company’s expense.
- (g) Directors are encouraged to access and consult with the Company’s senior management independently, if necessary.
- (h) The Board Independence Evaluation may take in the form of a questionnaire to all Directors individually and may be supplemented by individual interview with each Director, if necessary, and/or in any other manners which the Board considers fit and necessary.
- (i) The Board Independence Evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.
- (j) The results of the Board Independence Evaluation or a summary of the findings of the said evaluation will be disclosed in the CG Report contained in the annual report of the Company or on the Company’s website for accountability and transparency purposes.
- (k) The aforesaid Board Independence Evaluation will be regarded as an ongoing exercise of the Company while the Company may seek assistance from external consultant if an external evaluation on the same subject is needed.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2024 and as at the date of this report, the Board Independence Evaluation had been conducted by way of completing a questionnaire by all Directors. The results of the Board Independence Evaluation are summarised as follows:

1. The Board as a whole possessed the skills and range of experience needed to adequately fulfill its fiduciary responsibilities, more reliably hold management to account, and better safeguard Shareholders' interests.
2. Board meetings were conducted in a manner that allowed open communication, meaningful participation (including in-depth discussion and resolutions of issues).
3. All INEDs brought independent judgement to bear on the Board's deliberations.
4. All INEDs have actively participated in all Board meetings and Board Committees' meetings; and raised governance and ethical issues to the Board.

## Diversity Policy

The Company recognises and embraces the importance of having a diverse Board, that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. Pursuant to the board diversity policy, the Company seeks to achieve the Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. All Directors appointment will be based on applicable merits and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee shall review the Board Diversity Policy and make recommendations to the Board on amendments to the Board diversity policy (if any) as appropriate, which will include an assessment of the implementation and effectiveness of the Board diversity policy on an annual basis in accordance with code provision B.1.3 of the Code. The Board Diversity Policy is available on the website of the Company for public information.

The Board currently has one female Director. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the Shareholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to providing career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

## Whistle-blowing Policy

In compliance with code provision D.2.6 of the Code, the Board adopted a whistle-blowing policy. It provides employees and the relevant third parties who deal with the Group (e.g. customers, and suppliers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the Audit Committee and designated person. An email account (whistleblowing@kkic.com.hk) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a whistle-blower and its identity will be kept confidential.

The Board and the Audit Committee will regularly review the whistle-blowing policy and mechanism to improve its effectiveness.

## Anti-fraud and Anti-corruption Policy

In compliance with the new code provision D.2.7 of the Code, the Board adopted an anti-fraud and anti-corruption policy. It outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the anti-fraud and anti-corruption policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

## Practice and Conduct of Meetings

Code provision C.5.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Schedules, notices and draft agenda of each meeting are normally made available to Directors in advance in accordance with code provision C.5.3 of the Code.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors abreast of the latest developments and financial position of the Group and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the Chairman is ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary and opened for inspection by the Directors.



# CORPORATE GOVERNANCE REPORT

Article 100 of the Company's Articles of Association requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

## Training and Continuing Development of Directors

Each Director should participate in continuous professional development to develop and refresh their skills to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also from time to time provided the Directors with continuous update on the latest development regarding the Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties.

## Board Committees

The Board has set up four Board committees, namely the audit committee, the remuneration committee, the nomination committee and the special board committee, to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

### Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all four independent non-executive Directors. The current members are Ms. Mak Yun Chu (Chairperson), Mr. Leung Siu Kee, Mr. Hung Wai Che and Mr. Chan Ting Fung.

The Audit Committee is governed by its written terms of reference in compliance with code provision D.3.3 of the Code. Among other things, the primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the interim and annual results for the year with the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year, three committee meetings were held with all the then committees members present and the Board has taken no different view in respect of the Audit Committee's recommended reappointment.

## Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises four independent non-executive Directors. The current members are Mr. Hung Wai Che (Chairperson), Ms. Mak Yun Chu, Mr. Leung Siu Kee and Mr. Chan Ting Fung.

The Remuneration Committee is governed by its terms of reference in compliance with code provision E.1.2 of the Code. The primary duties of the Remuneration Committee include the following:

- (a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (c) evaluating the performance and exercising the delegated power of the Board to determine the remuneration packages of all executive Directors and senior management.

During the year ended 31 March 2024, the Remuneration Committee met three times with presence of all the eligible members for the time being and reviewed, determined and made recommendation (as the case may be) on the remuneration package of Directors of the Group.

## Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all four independent non-executive Directors and one executive Director until the executive Director, Mr. Wong Chun Chau, retired on 4 October 2021. The current members are Mr. Leung Siu Kee (Chairperson), Mr. Hung Wai Che, Ms. Mak Yun Chu and Mr. Chan Ting Fung.

The Nomination Committee is governed by its terms of reference in compliance with code provision A.4.5 of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include:

- (a) reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;
- (b) nominating potential candidates for directorship;

# CORPORATE GOVERNANCE REPORT

- (c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment; and
- (d) assessing the independence of independent non-executive Directors.

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background and skills.

During the year ended 31 March 2024, the Nomination Committee met three times with the presence of all members for the time being and (i) reviewed and discussed the structure, size and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and (ii) recommended on the re-election of the retiring Directors.

## Special Board Committee

The Company established a special board committee (the “Special Board Committee”) on 12 February 2024 which shall comprise not less than three independent non-executive Directors. The Board has appointed Ms. Mak Yun Chu, Mr. Hung Wai Che, Mr. Leung Siu Kee and Mr. Chan Ting Fung as members of the Special Board Committee, and Mr. Leung Siu Kee has been appointed as the chairman of the Committee. The Special Board Committee is governed by its terms of reference formulated to regulate the operation and procedures of the Special Board Committee and clarify the responsibilities and authorities of the Special Board Committee in accordance with the Companies Law of the Cayman Islands, Listing Rules, the Company’s Articles of Association and other relevant regulations.

The Special Board Committee was established for the purpose of, among other things, reviewing the Company’s financial position and formulating strategies and action plans, and to perform the following duties:

- (i) dealing with the litigation proceedings under the action number HCMP 97 of 2024 (the “Court Case”) on behalf of the Company;

- (ii) approving any business of the Company with the aim to avoid conflict of interest between the Board members as a result of the undecided Court Case and to avoid the provision of litigation advantage to one another;
- (iii) reviewing the Company's financial position, assessing the impact on business operation and formulating strategies and action plans in this regard;
- (iv) handling and conducting investigation on compliance issues of the Company and complaints received by the Board from time to time; and
- (v) handling any other matters authorised by the Board.

During the year ended 31 March 2024, the Special Board Committee met twice to consider, review and determine the relevant actions in respect of the various issues faced by the Company during its interim of 2024.

## Directors' and Officers' Insurance

Appropriate insurance covering on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

## Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the financial position of the Group and of its financial performance and cash flows for the year ended 31 March 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 55 to 60.

# CORPORATE GOVERNANCE REPORT

## Auditors' Remuneration

The remuneration paid/payable to the auditors of the Group for the year ended 31 March 2024 is set out as follows:

Services rendered	Paid/payable HK\$'000
Statutory audit services	
– Elite Partners CPA Limited	1,000
– Other auditors	193
	1,193

## Internal Controls and Corporate Governance Policies

The Board has overall responsibility for monitoring the internal control system and corporate governance of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system and developed and reviewed the corporate governance policies at least once a year to safeguard the interests of the shareholders and the assets of the Company and ensure compliance with legal and regulatory requirements by the Group. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company and reviewed the corporate governance policy documents and terms of reference of Board committees of the Company and the compliance with the legal and regulatory requirements, including the Code.

## Internal Audit and Risk Management

During the Financial Year, the Group has complied with code provision C.2 of the Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis and an internal audit on the internal control and risk management systems performed on an annual basis. Main features of the risk management and internal control systems are described as follows:

### Risk management system

The Group has adopted a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

# CORPORATE GOVERNANCE REPORT

- Management: consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted for the financial year, no significant risk was identified.

## Risk management system on money lending business

The money lending business is conducted by the Group's wholly-owned subsidiary, Kingkey Finance Limited, which is a licensed money lender under the Money Lenders Ordinance. Based on the existing business model, clients may apply the loans obtained from Kingkey Finance Limited for personal or corporate purposes.

The Group offers fixed-term loans to clients. The Group enters into loan agreement with its clients, which typical sets out the parties, date of the agreement, principal amount, collateral requirements, maturity date, interest period, interest rates, events of default and a summary of provisions of Part III and Part IV of Money Lenders Ordinance. Upon expiry of the initial term, loans may be renewed based on the Group's further assessment on the financial background of the client, the quality of the collaterals and any further security, the creditability of the client, the funds available to us at the time of the renewal and the prevailing market environment.

To manage the associated credit exposure from the Group's money lending business, the Group has credit assessment and internal control procedures.

The Group shall complete credit assessment for applicants for its money lending services. In assessing their creditworthiness, the Group primary focus is on the collateral and security (if any) offered as well as the applicant's background. The Group evaluate collateral according to various matrices, such as their liquidity, market value volatility and type. In addition to the collateral, the Group's credit assessment department takes into account the client's occupation, financial condition, reputation, investment purpose, securities concentration, asset proof and credit history, which facilitate the Group's assessment on the client's repayment ability. Where necessary, the Group may conduct credit search with external agencies to obtain background information and credit history of its client.

It is the policy of the Group to review the outstanding amount of each loan at least yearly or in a more frequent manner depending on individual circumstances or market condition. Impairment allowances on individual assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts.

Other key internal controls of the Group's money lending business include (i) the credit approval process; and (ii) post-loan monitoring process.

### Credit approval

The Group's credit risk management department reviews and evaluates the credit assessment results with the documents offered in support of the loan application. Based on the Group's credit assessment and upon application by its client, the Group set the appropriate credit line for each client. The risk management approves and, where appropriate, revises the credit line extended to each client upon request and completion of internal assessment procedures.

# CORPORATE GOVERNANCE REPORT

Applicant for money lending service shall sign the loan agreement with us and issue drawdown notice within the term of the loan agreement.

## Post-loan monitoring

During the monitoring stage, the Group's credit risk management department monitors the repayment status of each loan on a monthly basis and is required to report to those charged with governance.

For secured loan, during the loan monitoring process, where the Group notice that the value of the collateral is considered to be insufficient to cover its risk exposure or that the actual loan-to-value ratio with respect to any loan advanced has reached or exceed an accepted ratio, the Group may require the borrower to deposit additional collateral and/or security, partially repay the outstanding loan or realise the value of the collateral in order to bring the loan-to-value ratio back to an accepted level.

For unsecured loan, the credit department should conduct annual review on each loan which remains outstanding and if the Group notice that there is a material deterioration in the client's financial position, the Group may require repayment from its client after reporting to its management who monitor the risk level. In the event that any client fails to respond to the Group's request as mentioned above, the Group may take appropriate legal actions for debts which have been due for a long period.

## Communication with Shareholders

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular to communicate with the shareholders through annual general meetings or other general meetings and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

## Shareholders' Rights

### Convening an extraordinary general meeting

Pursuant to article 58 of the Company's Articles of Association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings ("AGM"), the Company's financial reports (annual, interim and (if any) quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Ms. Kwok Yin Ning, the Chief Executive Officer of the Board at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hungghom, Kowloon, Hong Kong or by email to [admin@kkgroup.com.hk](mailto:admin@kkgroup.com.hk). Shareholders may also directly raise questions during the shareholders' meetings.

## Putting forward proposals at Shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made to the attention of the Company Secretary within 30 days from the date of the relevant shareholders' meeting.

## Investor relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and (if any) quarterly reports. The corporate website of the Company (<http://www.kkgroup.com.hk>) has provided an effective communication platform to the public and the shareholders.

## Constitutional documents

There are no changes in the constitutional documents of the Company during the year.

## Dividend policy

The company is committed to sharing the results with shareholders while striking a balance of continuous development of its business. Given the current financial condition, the possible financial resources needed for business development, the company does not expect to distribute any dividend in the near term since it intends to reserve capital for business development.



# REPORT OF THE DIRECTORS

The Directors are pleased to present their annual report together with the consolidated financial statements of the Company for the year ended 31 March 2024.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 43 to the consolidated financial statements.

## Segmental Information

The Group's segment information and revenue for the year ended 31 March 2024 are set out in Note 6 to the consolidated financial statements.

## Business Review

A review of the business of the Group during the year are provided in the section headed "Business Review" on pages 3 to 6 of this annual report. An analysis of the Group's performance during the year using key financial performance indicators are provided in the section headed "Financial Review" on pages 7 to 11 of this annual report.

## Principal Risks and Uncertainties

The Group's business risks are mainly (i) global economic condition; (ii) currency risks; and (iii) customer's appetite on mink and fur. The securities and other financial services businesses, insurance brokerage and money lending are subject to the sentiment and conditions of the equity markets in Hong Kong as well as the compliance risk for licensees activities.

## Contingent Liabilities

During the year ended 31 March 2024, there were no contingent liabilities noted by the Directors.

## Environmental Policies and Performance

The Group has long considered environmental protection and energy conservation as one of its key priorities in order to enhance the sustainable development and raise its relative social responsibility to its stakeholders. For details, please refer to the "Environmental, Social and Governance Report" published on the respective websites of the Stock Exchange and the Company on 30 July 2024.

## Compliance with Relevant Laws and Regulations

During the year ended 31 March 2024, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group.

## Relationships with Employees, Customers and Suppliers

The Company understands the importance of maintaining a good relationship with employees, customers and suppliers as they are the foundation of the Group's success.

### Employees

The Company strictly complies with all the applicable rules and regulations in relation to employment, to name a few, the Labour Ordinance, Mandatory Provident Fund Ordinance and Personal Data (Privacy) Ordinance, etc. The Group has purchased all necessary insurance and made monthly contributions for its staff and has measures in place endeavoured to protect all staff's personal information. There are channels for staff to express their opinions with regard to their work. Moreover, the Group also strives to provide a safe, healthy and harmonious workplace with fair and equal opportunities for staff of both gender.

### Customers

The Group highly values the relationship with its customers and has been emphasising the philosophy of fair dealing. As a result, it has won the loyalty of its customers and established a long-term relationship with them. The Group has, from time to time, sought feedbacks from its customers on the goods and services it provides with a view to improve its service quality continuously.

### Suppliers

The Group has also established a long-term relationship and mutual trust with suppliers to ensure the quality and stability of supply of goods. Furthermore, the Company has measure in place for anti-bribery.

## Results and Dividends

The results of the Group for the year ended 31 March 2024 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 61 to 185. The Directors do not recommend the payment of final dividend for the year ended 31 March 2024 (FY2023: Nil).

## Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years ended 31 March 2024, as extracted from the consolidated financial statements in the previous and current annual reports of the Company, is set out on page 186 of this annual report. This summary does not form part of the consolidated financial statements.

## Prospects and Development

With the inflow of capital from the mainland China in the second quarter of 2024, the Hong Kong stock market rebounds spectacularly featuring a rise of 4,000 points at the Hang Seng Index with daily turnover as much as over HK\$200 billion – this has not been seen in Hong Kong for quite a while since the drain of foreign capital in the past year or two. Of course, we are thrilled to see the Hong Kong stock market coming back from where it was and hope this upward momentum will continue and that the wealth effect can stimulate the overall economy. We believe that the cancellation of board lot trading and further reduction of stamp duties would be additional factors to welcome investors.

We also hope that the replenishment of capital would stimulate the demand for our wealth management and asset management business that bring positive effect on these two businesses.

For our membership and events business, as we recently received the notice from our licensor to end the relevant licensing agreement, we have no choice but to terminate all transactions using the name of FGA. All the goodwill and intangible assets generated from the acquisition of the FGA business were written off during the year. However, since we have already established the knowledge of running membership and events business, we can and will continue this business and seek other business partners for cooperation to diversify and maintain the segment business operation.

For fur business, we continue to expect our mink skins in our inventory will be sold at a profitable level. Our professional team includes top Danish lawyers, accountants and auditors are still working very hard to negotiate with the Danish government for compensation. We are expecting a tough road ahead as the Danish government reacted and replied very slowly.

## Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 64 and Note 44 to the consolidated financial statements respectively.

## Distributable Reserve

As at 31 March 2024, the Company's reserve available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK\$4,741,966,000 (FY2023: HK\$117,323,000). This includes the Company's accumulated losses and share premium account in the amount of HK\$2,289,632,000 (FY2023: HK\$1,642,431,000) and HK\$2,452,334,000 (FY2023: HK\$1,759,754,000) respectively which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

## Share Capital and Share Award Scheme

Details of the Company's share capital and share award movements during the year are set out in Notes 34 and 37 to the consolidated financial statements respectively.

## Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

# REPORT OF THE DIRECTORS

## Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2024 attributable to the Group's major suppliers and customers are as follows:

	<b>Approximate % to total revenue for the year ended 31 March 2024</b>
<hr/>	
Purchases	
– the largest supplier	19.06%
– the five largest suppliers combined	46.14%
Sales	
– the largest customer	20.12%
– the five largest customers combined	55.68%

None of the Directors, their associates or (to the best knowledge of the Directors) shareholders holding more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers or five largest suppliers.

## Charitable Contributions

During the year, charitable donation of approximately HK\$39,000 was made by the Group (FY2023: Nil).

## Directors

The Directors during the year and up to the date of this annual report were:

### Executive Directors

Mr. Mong Cheuk Wai (*Chairman*)<sup>^</sup>

Ms. Cheung Pui Ki Gloria<sup>\*</sup>

Mr. Chen Jiajun<sup>#</sup>

### Independent Non-executive Directors

Ms. Mak Yun Chu

Mr. Hung Wai Che

Mr. Leung Siu Kee

Mr. Chan Ting Fung

Notes:

<sup>^</sup> Mr. Mong Cheuk Wai was also appointed as Chairman on 14 February 2024.

<sup>\*</sup> Ms. Cheung Pui Ki Gloria was appointed on 12 March 2024.

<sup>#</sup> Mr. Chen Jiajun was removed on 8 March 2024.

Pursuant to article 84(1) of the Company's Articles of Association, Ms. Mak Yun Chu and Mr. Leung Siu Kee will retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election at the AGM.

Pursuant to article 83(3) of the Company's Articles of Association, Ms. Cheung Pui Ki Gloria shall hold office until the forthcoming AGM and shall then be eligible for re-election at the AGM.

## Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years. The term of office of all Directors is subject to (i) the termination pursuant to the terms of their respective service contract or appointment letter and (ii) the rotation, removal, vacation or termination of their offices as Directors or the disqualification to act as Directors as set out in the Company's Articles of Association, the applicable laws and the Listing Rules.

No Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

# REPORT OF THE DIRECTORS

## Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

## Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the year are set out in Note 11 to the consolidated financial statements.

## Pension Schemes

Particulars of the Group's pension schemes are set out in Note 38 to the consolidated financial statements.

## Management Contracts

As at 31 March 2024, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of any business of the Company.

## Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

## Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2024.

## Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2024.

## Connected Transactions

During the year ended 31 March 2024, the Group had the following continuing connected transaction which was disclosed in accordance with the requirements of Chapter 14A of the Listing Rules.

## Continuing Connected Transactions

Reference is referred to the acquisition of membership and events business mentioned in Management Discussion and Analysis Section and the circular of the Company dated 28 February 2022.

Prior to the completion, Energetic Force Investment Limited (“Energetic Force”) (a direct 30%-controlled company of Forbes Venture Investments Limited (“FVI”)) entered into a sub-license agreement (the “Sub-license Agreement”) with FGA (HK) Limited (“FGA HK”) (a wholly-owned subsidiary of the Target Company) in respect of the license of FGA Intellectual Property Rights by Energetic Force to FGA HK, which will grant FGA HK the FGA Intellectual Property Rights for the use of the names, trademarks and goodwill associated with the FGA Intellectual Property Rights, including the Trademarks, “Forbes Global Alliance” and “福布斯環球聯盟”, in the PRC (excluding Hong Kong, Macau and Taiwan). Further, pursuant to the Sub-license Agreement, FGA (China) Limited (“FGA Fuhui”) (being a wholly owned subsidiary of the Target Company) will be entitled on an equal basis with FGA HK to exercise all the rights granted to FGA HK under the Sub-license Agreement. In addition to the Sub-license Agreement, it is anticipated that Forbes China Group Members will also enter into certain transactions with the Target Group Companies in relation to (i) co-hosting of events; (ii) provision of various types of services; and (iii) advertising arrangements and these transactions would constitute continuing connected transactions upon Completion. On this premise, the Target Company and Forbes Media HK entered into three framework agreements, namely the Event Co-Hosting Framework Agreement, the Services Framework Agreement and the Advertising Framework Agreement (the “Framework Agreements”). Upon Completion, the Target Company will be owned as to 70% by the Company and 30% by FVI, and hence become a subsidiary of the Company. FVI will be a substantial shareholder of the Target Company and hence a connected person of the Company. Energetic Force, being a direct 30%-controlled company of FVI, will be an associate of FVI and hence also a connected person of the Company. Accordingly, the transactions contemplated under the Sub-license Agreement to be entered into between Energetic Force and FGA HK will constitute a continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Similarly, upon Completion, Forbes Media Hong Kong Limited (“Forbes Media HK”), being an indirect 30%-controlled company of FVI, will also be an associate of FVI and hence a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreements to be entered into between the Target Company and Forbes Media HK will also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the proposed annual caps in relation to the possible continuing connected transactions under the Sub-license Agreement and the Framework Agreements that are expected to be higher than 5%, the Sub-license Agreement, the Framework Agreements and the proposed annual caps in relation thereto are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.



# REPORT OF THE DIRECTORS

An extraordinary general meeting was convened on 28 February 2022 and all the proposed continuing connected transactions were approved by the independent shareholders of the Company.

The following table sets forth the proposed annual caps for the continuing connected transactions under (1) the Sub-license Agreement; (2) the Event Co-hosting Framework Agreement; (3) the Services Framework Agreement; and (4) the Advertising Framework Agreement for FY2024, financial year ending 31 March 2025 (“FY2025”) and financial year 2026 (“FY2026”) and the actual amount utilised for FY2024.

Transaction	Basis of determination	Actual transacted amount in			
		FY2024 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2026 RMB'000
<b>Expenditure of the Target Group</b>					
(1) Sub-License Fee	Revenue of the Networking Group of the Target Group	12,400	2,686	13,640	15,004
(2) FC Event Co-Hosting Fee	Gross profit of co-hosted Non-Forbes Events	2,200	–	2,420	2,662
(3) Service Fees	Services provided by Forbes China Group Members to the members of the Target Group	6,217	–	7,097	7,452
(4) Advertising Fee	Number of advertisement spaces purchased by the Target Group	1,650	–	1,815	1,997
<b>Total</b>		<b>22,467</b>	<b>2,686</b>	<b>24,972</b>	<b>27,115</b>

## Income of the Target Group

(2) FGA Event Co-Hosting Fee	Gross profit of co-hosted Forbes Events	16,940	1,359	18,634	20,498
(4) Advertisement Referral Fee	Number of advertisement referred by the Target Group to Forbes China Group Members	1,650	–	1,815	1,997
<b>Total</b>		<b>18,590</b>	<b>1,359</b>	<b>20,449</b>	<b>22,495</b>

# REPORT OF THE DIRECTORS

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that all the transactions have been entered into:

- (1) in the ordinary and usual course of business of the listed issuer's group;
- (2) on normal commercial terms or better; and
- (3) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

However, subsequently on 21 June 2024, the Company received a termination notice from Energetic Force that the Sub-licensing Agreement be revoked. Accordingly, the continuing connected transaction in FY2025 and FY2026 will not take place. For details, please refer to the announcement of the Company dated 21 June 2024.

Moreover, the Company's auditor has provided an unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions taken place during the year ended 31 March 2024 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter will be provided by the Company to the Stock Exchange.

## Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2024, none of the Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

# REPORT OF THE DIRECTORS

## Substantial Shareholders

As at 31 March 2024, the following parties (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, being 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

### Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Great Return Group Limited (Note 1)	Beneficial owner	905,333,332	11.87%
East Treasure Enterprises Corporation (Note 1)	Controlled entity	905,333,332	11.87%
Fong Chu Pong (Note 1)	Controlled entity	905,333,332	11.87%

Notes:

1. Great Return Group Limited is owned by East Treasure Enterprises Corporation as to 70% and East Treasure Enterprises Corporation is in turn wholly and beneficially owned by Mr. Fong Chu Pong.
2. Such percentage was calculated against the number of issued shares of the Company as at 31 March 2024, being 7,629,963,067 shares.

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

## Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections “Share Option Schemes” and “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares or Debentures” above, at no time during the year ended 31 March 2024 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

## Share Option Scheme

The Company did not maintain any share option scheme during the year ended 31 March 2024.

## Share Award Scheme

On 14 September 2018 (the “Adoption Date”), the Company has entered into a trust deed (the “Trust Deed”) with Core Pacific-Yamaichi International (H.K.) Nominees Limited (the “Trustee”) to set up a trust for the share award scheme (the “Scheme”) and the Trustee will exercise its powers to purchase Shares to be held upon the Trust pursuant to the rules relating to the Scheme Rules and the Trust Deed. To the best of knowledge of the Directors, information and belief, after having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties of the Company and its connected persons under the definitions of Chapter 14 of the Listing Rules.

Pursuant to the terms of the Scheme, the remuneration committee of the Company (“Remuneration Committee”) and the Board shall determine the number of Shares to be purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee (the “Awarded Shares”) awarded by the Board to be awarded to the employees selected by the Remuneration Committee and the Board (the “Selected Employees”). Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from open market by utilizing the Company’s resources provided to the Trustee.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders’ approval is required to adopt the Scheme.

The purposes of the Scheme are to recognise the contributions by the Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

# REPORT OF THE DIRECTORS

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of Shares awarded by the Board throughout the duration of the Scheme to be in excess of 5% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As at the date of the Adoption Date, the number of issued Shares of the Company is 7,177,296,401 Shares.

## Operation of the Scheme

The Remuneration Committee and the Board may, from time to time, at their absolute discretion select any Employees (excluding any Excluded Employee) to participate in the Scheme as a Selected Employee. Subject to the terms of the Scheme, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Employees. The Board is entitled to impose any conditions as they deem appropriate in their absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employees. Where any grant of Awarded Shares is proposed to be made to connected persons of the Company, such grant of Awarded Shares has to be approved in advance by the independent non-executive Directors of the Company. The Company shall comply with the applicable provisions of Chapter 14A of the Listing Rules and such Connected Persons and their associates shall abstain from voting on the relevant general meeting in approving such grant of Awarded Shares. After the Board has approved any grant of Awarded Shares, the Board shall as soon as practicable inform the Trustee of, among others, (a) the identity of the relevant Selected Employee, and whether the Selected Employee is a Connected Person; (b) the number of Awarded Shares awarded to the relevant Selected Employee; (c) the Vesting Date; (d) conditions, restrictions or limitations (if any) accordingly; and (e) whether the Awarded Shares or any part thereof should be purchased.

## Restrictions

No payment shall be made to the Trustee pursuant to the Scheme and no instructions to acquire Shares shall be given to the Trustee under the Scheme and the Trustee shall not sell the Awarded Shares for the relevant Selected Employees where: (a) any Director or the relevant Employee is in possession of any inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company; or (b) dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

## Vesting of Awarded Shares

The Trustee shall vest any Awarded Shares and Related Income held by the Trustee under the Trust to the Selected Employee on the Vesting Date determined at the discretion of the Board, provided that the Selected Employee remains an Employee of the Group at all times after the Reference Date up to the relevant Vesting Date.

## No voting rights

A Selected Employee shall have no rights except contingent interest in respect of the Awarded Share until the Shares are vested in the Selected Employee pursuant to the Scheme. The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares).

For the year ended 31 March 2024, no shares were granted. As at 31 March 2024, the Company had 59,620,000 Awarded Shares outstanding at an average cost of HK\$0.90 each.

As the Company did not expect to grant any awards under the Scheme prior to its expiry on 13 September 2028 and in order to reduce administrative cost and improve the cashflow position of the Company, the Share Award Scheme was terminated subsequently on 30 April 2024. The Trustee has sold all the Awarded Shares to the market and a net proceed of approximately HK\$5.2 million has been returned to the Company.

## Related Party Transactions

During the year ended 31 March 2024, the Group entered into certain related party transactions, details of which are set out in Note 39 to the consolidated financial statements of the Group. None of these transactions constitute a discloseable connected transactions or continuing connected transactions in accordance with the Listing Rules except for those disclosed in the section headed “Connected Transactions” in this report.

## Corporate Governance

The major corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 21 to 39.

The Company has received the said written confirmation for the year ended 31 March 2024 from each controlling shareholder and the Directors are of the view that the controlling shareholders have been in compliance with the Non-Competition Undertaking for the year under review.

## Permitted Indemnity Provision

Save for the directors and officers liability insurance maintained by the Company in respect of relevant legal actions against the Directors, at no time during the year ended 31 March 2024 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise).

## Events after the Reporting Period

Save as disclosed, there are no significant events taken place after 31 March 2024 and up to the date of this report.

# REPORT OF THE DIRECTORS

## Sufficiency of Public Float

Throughout the year ended 31 March 2024 and as at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## Environmental Policies and Compliance with Relevant Laws and Regulations

The Group's Environmental, Social and Governance Report will be published on the respective websites of the Stock Exchange and the Company on 30 July 2024. No material impact of the relevant laws and regulations in relation to environment is identified on business operations.

## Review of Annual Results by Audit Committee

The Company has established the Audit Committee which comprises all four independent non-executive Directors. The current members are Ms. Mak Yun Chu, Mr. Hung Wai Che, Mr. Leung Siu Kee and Mr. Chan Ting Fung, with Ms. Mak Yun Chu being the chairperson of the committee. The Group's annual results for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

## Auditor

Elite Partners CPA Limited will hold the office until the conclusion of the next general meeting of the Company.

The consolidated financial statements of the Group for the year ended 31 March 2024 have been audited by Elite Partners CPA Limited.

On behalf of the Board

**Kingkey Financial International (Holdings) Limited**

**Mong Cheuk Wai**

*Chairman*

28 June 2024



## TO THE MEMBERS OF 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)*

### Opinion

We have audited the consolidated financial statements of Kingkey Financial International (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 61 to 185, which comprise the consolidated statement of financial position as at 31 March 2024, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters (Continued)

### Key audit matter

### How the matter was addressed in our audit

#### **Impairment assessment of trade receivables and loan receivables**

As at 31 March 2024, the Group had trade receivables of HK\$87,392,000, net of impairment provision of HK\$114,664,000, and loan receivables of HK\$167,304,000, net of impairment provision of HK\$41,459,000.

Assessing impairment of trade receivables and loan receivables is a subjective area as it requires application of significant judgement and uses of estimates. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, and forward-looking analysis. Judgement is applied in assessing customers that may default and identifying evidence of impairment which include assessment on creditworthiness of customers, their historical repayment records, the length of the overdue period, the financial strength of debtors and the loan-to-collateral ratio, that is the percentage of outstanding receivables balance to collateral value. Estimates are used in assessing the recoverable amount of the collateral.

We had identified impairment assessment of trade receivables and loan receivables as a key audit matter because significant management judgement was used to assess the allowance for credit losses of trade receivables and loan receivables and the amount of them are significant.

Our major audit procedures relating to the impairment assessment of trade receivables and loan receivables included the followings:

- We understood the controls over the impairment assessment of trade receivables and loan receivables, which related to the management's identification of events that might trigger the Significant Increase in Credit Risk ("SICR") of the receivables and events of default.
- We tested the appropriateness of the Group's determination of SICR and the basis of classification of exposures into the 3 stages as required by HKFRS 9. Our testing include the checking to clients' creditworthiness, historical payment records, the length of the overdue period, the financial strength of debtors, loan-to-collateral value and other factors determining the stage classification as determined by the Group.
- We assessed, on a sample basis, the recoverability of the outstanding receivables through our discussed with the management and with reference to credit profiles of the customers, available data, information and the latest correspondence with customers and checked subsequent settlements.
- We assessed the reasonableness of the Group's criteria for assessing if there has been a SICR and so allowances for the receivables should be measured on a life-time ECL basis and the qualitative assessment.
- We re-performed the management's calculation of loss allowances under the ECL model.
- We verified the balances of trade receivables and loan receivables by requesting direct confirmations on a sample basis.

## Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
<p><b><i>Impairment assessment of goodwill and intangible assets</i></b></p> <p>During the year ended 31 March 2024, the Group has goodwill of approximately HK\$7,452,000 and various types of intangible assets of approximately HK\$12,070,000. The Group had recognised impairment loss of goodwill and intangible assets of approximately HK\$228,298,000 and HK\$491,597,000 respectively.</p> <p>Management performs impairment assessment annually or when indicators of potential impairment are identified. For the purpose of impairment assessment, the management assess the recoverable amount of goodwill and intangible assets based on the relevant cash generating units (“CGUs”).</p> <p>We had identified the impairment assessment of goodwill and intangible assets as a key audit matter because significant management judgements were used to determine key assumptions and the balance of goodwill and intangible assets at 31 March 2024 were significant.</p>	<p>Our major audit procedures relating to the impairment assessment of goodwill and intangible assets included the followings:</p> <ul style="list-style-type: none"> <li>• We discussed with management as to whether there was any indicator of impairment.</li> <li>• We obtained cash flow forecasts relating to each CGU prepared by management and approved by the directors of the Company.</li> <li>• We discussed with management in relation to the methodology, basis and assumptions used in arriving at the cash flow forecasts to see whether the methodology and assumptions used were reasonable.</li> <li>• We checked, on a sample basis, the accuracy and reliance of the input data used.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Siu Jimmy with Practising Certificate number P05898.

### **Elite Partners CPA Limited**

*Certified Public Accountants*

Hong Kong, 28 June 2024

Level 23, YF Life Tower  
33 Lockhart Road  
Wan Chai, Hong Kong

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	330,417	331,313
Cost of sales		(236,088)	(208,621)
Gross profit		94,329	122,692
Other income	7	28,497	36,281
Other gains and losses, net	8	16,013	(9,051)
Fair value change in contingent consideration payables		122,220	(1,009,876)
Impairment loss on goodwill	17	(228,298)	(106,814)
Impairment loss on intangible assets	18	(491,597)	–
Impairment loss on right-of-use assets	16	(1,997)	–
Loss on deemed disposal of an associate	19	(572)	–
Provision for impairment of loan receivables, net	24	(35,932)	(3,373)
Provision for impairment of trade receivables, net	23	(85,318)	(9,689)
Provision for impairment of other receivables and deposits, net	23	(585)	–
Selling and distribution expenses		(492)	(530)
Administrative expenses		(234,094)	(162,942)
Finance costs	9	(11,330)	(14,637)
Share of result of associates	19	5,163	(6,333)
Loss before tax	10	(823,993)	(1,164,272)
Income tax credit	12	136,573	1,283
Loss for the year		(687,420)	(1,162,989)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas operation		(483)	(1,916)
Item that will not be reclassified subsequently to profit or loss:			
Fair value changes of financial assets at fair value through other comprehensive income		19,002	(1,475)
Other comprehensive income/(expense) for the year, net of tax		18,519	(3,391)
Total comprehensive expense for the year		(668,901)	(1,166,380)
Loss for the year attributable to:			
Owners of the Company		(551,252)	(1,158,455)
Non-controlling interests		(136,168)	(4,534)
		(687,420)	(1,162,989)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(532,391)	(1,161,781)
Non-controlling interests		(136,510)	(4,599)
		(668,901)	(1,166,380)
Loss per share for loss attributable to owners of the Company	14		
Basic		(7.47) cents	(17.16) cents
Diluted		(7.47) cents	(17.16) cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	8,974	12,199
Right-of-use assets	16	6,095	8,578
Goodwill	17	7,452	235,750
Intangible assets	18	12,070	580,241
Investments in associates	19	13,582	74,055
Financial assets at fair value through profit or loss	20	150,557	66,060
Financial assets at fair value through other comprehensive income	21	22,729	1,775
Loan receivables	24	–	90
Deposits	23	1,924	1,192
		<b>223,383</b>	979,940
<b>Current assets</b>			
Financial assets at fair value through profit or loss	20	25	22
Inventories	22	26,979	46,290
Trade and other receivables, prepayments and deposits	23	131,969	367,263
Loan receivables	24	167,304	86,817
Amounts due from related companies	39	3,052	3,177
Tax recoverable		1,170	1,773
Pledged bank deposits	26	–	35,000
Bank balances held on behalf of clients	25	194,167	152,974
Bank balances and cash	26	118,552	111,051
		<b>643,218</b>	804,367
<b>Current liabilities</b>			
Trade and other payables	27	278,628	236,298
Contingent consideration payables	28	–	819,327
Tax payables		6,100	11,882
Bank and other borrowings	29	38,329	86,775
Lease liabilities	30	5,460	3,561
Amount due to a related company	39	294	50
Amount due to a former director	31	34	977
Amount due to a shareholder	31	16,625	6,500
Corporate bonds	32	75,982	73,434
		<b>421,452</b>	1,238,804
<b>Net current assets/(liabilities)</b>		<b>221,766</b>	(434,437)
<b>Total assets less current liabilities</b>		<b>445,149</b>	545,503

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	30	2,981	5,439
Corporate bonds	32	36,817	34,599
Deferred tax liabilities	33	336	131,627
		<b>40,134</b>	171,665
<b>Net assets</b>			
<b>Capital and reserve</b>			
Share capital	34	76,300	71,773
Reserves		329,797	168,764
Equity attributable to owners of the Company		<b>406,097</b>	240,537
Non-controlling interests		<b>(1,082)</b>	133,301
Total equity		<b>405,015</b>	373,838

The consolidated financial statements on pages 61 to 185 were approved and authorised for issue by the Board of Directors on 28 June 2024 and are signed on its behalf by:

**CHEUNG PUI KI GLORIA**  
DIRECTOR

**MONG CHEUK WAI**  
DIRECTOR



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to the owners of the Company								Attributable to non-controlling interests	Total	
	Share capital	Share premium	Merger reserve	Shares held for Share Award Scheme	Investments revaluation reserve	Translations reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2022	67,246	1,103,387	(7,122)	(4,978)	(6,750)	(19,366)	(1,998)	(340,128)	790,291	-	790,291
Loss for the year	-	-	-	-	-	-	-	(1,158,455)	(1,158,455)	(4,534)	(1,162,989)
Other comprehensive expense for the year											
Exchange difference on translation of financial statements of overseas operation	-	-	-	-	-	(1,851)	-	-	(1,851)	(65)	(1,916)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	(1,475)	-	-	-	(1,475)	-	(1,475)
Total comprehensive expense for the year	-	-	-	-	(1,475)	(1,851)	-	(1,158,455)	(1,161,781)	(4,599)	(1,166,380)
Issues of consideration shares (note 34)	4,527	656,367	-	-	-	-	-	-	660,894	-	660,894
Purchase of shares under Share Award Scheme (note 37)	-	-	-	(48,867)	-	-	-	-	(48,867)	-	(48,867)
Acquisition of subsidiaries (note 36)	-	-	-	-	-	-	-	-	-	137,900	137,900
At 31 March 2023 and 1 April 2023	71,773	1,759,754	(7,122)	(53,845)	(8,225)	(21,217)	(1,998)	(1,498,583)	240,537	133,301	373,838
Loss for the year	-	-	-	-	-	-	-	(551,252)	(551,252)	(136,168)	(687,420)
Other comprehensive expense for the year											
Exchange difference on translation of financial statements of overseas operation	-	-	-	-	-	(141)	-	-	(141)	(342)	(483)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	19,002	-	-	-	19,002	-	19,002
Total comprehensive expense for the year	-	-	-	-	19,002	(141)	-	(551,252)	(532,391)	(136,510)	(668,901)
Issues of consideration shares (note 34)	4,527	692,580	-	-	-	-	-	-	697,107	-	697,107
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	1,311	1,311	1,311
Disposal of partial interest in a subsidiary without losing control (note 43)	-	-	-	-	-	-	844	-	844	816	1,660
At 31 March 2024	76,300	2,452,334	(7,122)	(53,845)	10,777	(21,358)	(1,154)	(2,049,835)	406,097	(1,082)	405,015

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>			
Loss before tax		<b>(823,993)</b>	(1,164,272)
Adjustments for:			
Amortisation of intangible assets	18	<b>97,936</b>	40,815
Depreciation of right-of-use assets	16	<b>3,708</b>	3,532
Depreciation of property, plant and equipment	15	<b>1,067</b>	2,819
Fair value change in financial assets at fair value through profit or loss	8	<b>(19,482)</b>	9,200
Fair value change in contingent consideration payables	28	<b>(122,220)</b>	1,009,876
Gain on disposal of financial assets at fair value through profit or loss	8	<b>(76)</b>	(107)
Loss on deemed disposal of an associate	19	<b>572</b>	–
Interest income	7	<b>(4,889)</b>	(3,170)
Interest expenses	9	<b>11,330</b>	14,637
Write down of inventories	10	<b>728</b>	4,992
Impairment loss on goodwill	17	<b>228,298</b>	106,814
Impairment loss on intangible assets	18	<b>491,597</b>	–
Impairment loss on property, plant and equipment	8	<b>2,058</b>	–
Impairment loss on right-of-use assets	16	<b>1,997</b>	–
Provision for impairment of trade receivables, net	23	<b>85,318</b>	9,689
Provision for impairment of loan receivables, net	24	<b>35,932</b>	3,373
Provision for impairment of other receivables and deposits, net	23	<b>585</b>	–
Bad debt	10	<b>–</b>	1,224
Share of result of associates	19	<b>(5,163)</b>	6,333
Operating cash flows before movements in working capital		<b>(14,697)</b>	45,755
Decrease in inventories		<b>18,196</b>	13,523
Decrease (increase) in trade and other receivables, prepayments and deposits		<b>148,538</b>	(6,862)
Decrease in pledged bank deposits		<b>35,000</b>	–
(Increase) decrease in loan receivables		<b>(116,329)</b>	158,192
(Increase) decrease in bank balances held on behalf of clients		<b>(41,193)</b>	81,866
Increase (decrease) in trade and other payables		<b>40,574</b>	(57,954)
Decrease in amounts due from related companies		<b>125</b>	–
Increase (decrease) in amount due to a related company		<b>244</b>	(71)
Purchase of shares under Share Award Scheme		<b>–</b>	(48,867)
Cash generated from operating activities		<b>70,458</b>	185,582
Interest paid		<b>(2)</b>	(2)
Hong Kong Profits Tax refunded, net		<b>103</b>	514
<b>Net cash generated from operating activities</b>		<b>70,559</b>	186,094

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Investing activities</b>			
Interest received	7	4,889	399
Acquisition of financial assets at fair value through other comprehensive income		(1,952)	–
Acquisition of an associate	19	–	(64,740)
Net cash outflow from acquisition of subsidiaries	36	–	(46,201)
Proceeds from disposal of financial assets at fair value through profit or loss		122	21,545
Purchase of intangible assets	18	(21,500)	(30,300)
Purchase of property, plant and equipment	15	(24)	(12)
<b>Net cash used in investing activities</b>		<b>(18,465)</b>	<b>(119,309)</b>
<b>Financing activities</b>			
Addition of corporate bonds	45	70,200	46,025
Repayment of corporate bonds	45	(65,434)	(93,600)
Capital injection from non-controlling interests		1,311	–
Proceeds on disposal of partial interest in a subsidiary without losing control		1,660	–
New bank and other borrowings	45	106,111	30,101
Repayments of bank borrowings	45	(154,341)	(37,718)
Capital element of lease rentals paid	45	(3,797)	(2,589)
Interest element of lease rentals paid	45	(339)	(333)
Increase (decrease) in amount due to a shareholder	45	10,125	(4,500)
Decrease in amount due to a former director	45	(943)	(2,788)
Interest paid	45	(9,007)	(14,167)
<b>Net cash used in financing activities</b>		<b>(44,454)</b>	<b>(79,569)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>7,640</b>	<b>(12,784)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>111,051</b>	<b>124,448</b>
Effect of foreign exchange rate changes, net		(139)	(613)
<b>Cash and cash equivalents at the end of the year</b>		<b>118,552</b>	<b>111,051</b>
<b>Cash and cash equivalents represented by</b>			
Bank balances and cash		118,552	111,051

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. General

Kingkey Financial International (Holdings) Limited (the “Company”) is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2015.

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

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are provision of securities brokerage, insurance brokerage, assets management services, money lending services and provision of agency service related to trading in Hong Kong, fur skin brokerage and sale of pelted skin in Denmark, network and licensing business, membership and event business and insurance technology business in the People’s Republic of China (the “PRC”).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

### Amendment to HKAS 1

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following 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 related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenant <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <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 2024, earlier application is permitted

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

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

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

## 3. Material Accounting Policy Information

### Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described 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.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### **Basis of consolidation** *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### **Interests in subsidiaries**

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

### **Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Investments in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9 "Financial Instruments" ("HKFRS 9"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Revenue from contracts with customers *(Continued)*

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Description of the Group's performance obligation of main source of income under the scope of HKFRS 15 "Revenue from Contracts with Customers ("HKFRS 15") are as follows:

#### Brokerage commission from dealing in securities

Commission income from securities brokerage, net of commission income waived for certain customers, is recognised on a trade date basis at a point in time when the relevant transactions are executed in accordance with the agreed terms of the account opening agreements. The corresponding brokerage commission will be settled once the underlying securities transactions completed.

#### Brokerage commission from fur skin business

Commission income from the provision of fur skin brokerage services should be recognised at a point in time when the service is rendered to the customer.

#### Underwriting, sub-underwriting, placing and sub-placing commission

Commission income from underwriting and placing services are recognised at a point in time in accordance with the agreed terms of the relevant underwriting and placing agreements or deal mandate when the relevant significant acts have been completed.

#### Interest income from clients

Interest income from clients, net of interest income waived for certain customers, is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

#### Fund management services and assets management services income

Service income from the provision of fund management services and assets management services are recognised over time as customers simultaneously receive and consume benefits when the Company performs the management services.

#### Agency fee from trading

Agency fee from trading is recognised at a point in time when the control of products is transferred to the customer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Revenue from contracts with customers *(Continued)*

#### Insurance brokerage services

Commission income from the provision of insurance brokerage services are recognised at a point in time when the relevant transactions have been arranged or the relevant services have been rendered.

#### Interest income from financial assets

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably and it is accrued on a time basis, by reference to the principal outstanding and calculated at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Sales of fur

Revenue is recognised when fur is delivered which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership is transferred to the customer. Revenue is recognised from excluding value added tax or other sales taxes and is after deduction of any trade discounts.

#### Membership business income

Revenue from membership business income is recognised over the membership period.

#### Event business income

Revenue from event business income is recognised at a point in time when the event is held.

#### Insurance technology service income

Revenue from insurance technology service income is recognised at a point in time when the relevant services have been rendered.

#### Network and licensing business income

Revenue from network and licensing business income as respected the sale of entertainment content and products which is recognised at a point in time on a transfer of respective rights in accordance with the respective agreement and on delivery of the content concerned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Group as lessee

##### **(a) Allocation of consideration to components of a contract**

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### **(b) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases of plant and equipment and premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### **(c) Right-of-use assets**

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

## 3. Material Accounting Policy Information *(Continued)*

### Leasing *(Continued)*

#### The Group as lessee *(Continued)*

##### (c) **Right-of-use assets** *(Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### (d) **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Leasing *(Continued)*

#### The Group as lessee *(Continued)*

##### **(d) Lease liabilities** *(Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

#### The Group as a lessor

##### **Classification and measurement of leases**

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income is presented under “other income” in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are presented under “other income” in profit or loss.

### **Employee benefits**

#### **Retirement benefit costs**

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered services entitling them to the contribution.

#### **Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Share-based payment arrangements

#### Equity-settled share-based payment transactions

##### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before taxation" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Taxation *(Continued)*

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Taxation *(Continued)*

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

#### Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses, if any.

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Property, plant and equipment *(Continued)*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful life, using the straight-line method, at the following rates per annum:

Mink farm buildings	2–5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5–20%
Office equipment	20%–33%
Motor vehicle	20%
Freehold land	0%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 3. Material Accounting Policy Information *(Continued)*

### Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### **Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be established.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Financial assets

#### **Classification and subsequent measurement of financial assets**

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### **Classification and subsequent measurement of financial assets** *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### *(i) Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### Classification and subsequent measurement of financial assets *(Continued)*

##### *(ii) Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments/partnership interests, and will be reclassified directly to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's rights to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

##### *(iii) Financial assets as at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### **Impairment of financial assets subject to impairment assessment under HKFRS 9**

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables (excluding prepayments and other items which were not financial instruments), deposits, loan receivables, amounts due from related companies, pledged bank deposits, bank balances held on behalf of clients and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with debtors having similar credit ratings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### *(i) Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

##### (i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### **Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)***

##### *(i) Significant increase in credit risk *(Continued)**

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### *(ii) Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### **Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)***

##### *(iv) Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### *(v) Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### **Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)***

##### *(v) Measurement and recognition of ECL *(Continued)**

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial assets at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

#### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial liabilities and equity instruments

##### **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

### Financial liabilities and equity instruments *(Continued)*

### Financial liabilities *(Continued)*

#### *Financial liabilities at FVTPL (Continued)*

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to investment revaluation reserve upon derecognition of the financial liability.

#### *Financial liabilities at amortised cost*

Other financial liabilities (including trade payables and other payables, amount due to a related company/a former director/a shareholder, bank and other borrowings and corporate bonds) are subsequently measured at amortised cost, using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Financial instruments *(Continued)*

#### Financial liabilities and equity instruments *(Continued)*

##### **Derecognition/modification of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10%.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

##### **Offsetting a financial asset and a financial liability**

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand, bank deposits having been within three months of maturity at acquisition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Related parties

A party is considered to be related to the Group if:

- (i) A person, or a close member of that person's family, is related to the Group if that person:
  - 1. has control or joint control over the Group;
  - 2. has significant influence over the Group; or
  - 3. is a member of the key management personnel of the Group or the Group's parent.
  
- (ii) An entity is related to the Group if any of the following conditions applies:
  - 1. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - 2. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - 3. both entities are joint ventures of the same third party;
  - 4. one entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;
  - 5. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - 6. the entity is controlled or jointly-controlled by a person identified in (i);
  - 7. a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - 8. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. Material Accounting Policy Information *(Continued)*

### Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future period, if the revision affects both current and future periods.

### Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value in use calculation requires the management of the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

#### Estimated impairment of goodwill *(Continued)*

The carrying amount of goodwill as at 31 March 2024 was HK\$7,452,000 (2023: HK\$235,750,000), impairment loss HK\$228,298,000 (2023: HK\$106,814,000) was recognised in the consolidated statement of profit or loss during the year ended 31 March 2024. Details of the recoverable amount calculation are set out in Note 17 to the consolidated financial statements.

#### Impairment of property, plant and equipment and right-of-use assets

The Group assesses at the end of the reporting period whether property, plant and equipment and right-of-use assets have any indication of impairment in accordance with the accounting policy. The recoverable amount of property, plant and equipment and right-of-use assets is determined based on the value in use calculation. This calculation requires the use of judgement and estimates. Details of the property, plant and equipment and right-of-use assets are disclosed in Note 15 and 16 respectively to the consolidated financial statements.

As at 31 March 2024, the carrying amount of property, plant and equipment was HK\$8,974,000 and right-of-use assets was HK\$6,095,000 (2023: property, plant and equipment of HK\$12,199,000 and right-of-use assets of HK\$8,578,000) respectively. Impairment losses of HK\$2,058,000 and HK\$1,997,000 in respect of property, plant and equipment and right-of-use assets respectively have been recognised for the year ended 31 March 2024 (2023: Nil and Nil respectively).

#### Estimation on net realisable value of inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses.

The management of the Group reviews and identifies at the end of each financial year, provision for inventories (if any) is based on recent sales performance, management experience and assessment of the product's alignment with current market trend. The management estimates the net realisable value for inventories based primarily on the latest market prices and current market conditions. The carrying amount of inventories as at 31 March 2024 was HK\$26,979,000 (2023: HK\$46,290,000). Details of the inventories are disclosed in Note 22 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

#### Fair value of other financial instruments

As at 31 March 2024, certain of the Group's financial assets (including financial assets at FVTPL and financial assets at FVTOCI) are measured at fair value using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of the fair value measurement are disclosed in Note 41 to the consolidated financial statements.

#### Provision of ECL on trade receivables

The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

In assessing the ECL, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. The management uses estimates based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral value and any other qualitative factors in determining the impairment. The methodology and assumptions for estimating the amount is reviewed regularly to reduce material differences between loss estimates and actual loss experience. As at 31 March 2024, the carrying amount of trade receivables is HK\$87,392,000 (2023: HK\$284,620,000). The Group have recognised a provision for the net impairment loss of HK\$85,318,000 (2023: net impairment loss of HK\$9,689,000) during the year. Details of the key factors used in ECL assessment are disclosed in Note 41 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

#### Provision of ECL on loan receivables

The Group reviews its loan portfolios to assess impairment periodically. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in the Group. The management uses estimates based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral value and any other qualitative factors. The methodology and assumptions used for estimating the amount is reviewed regularly to reduce any differences between loss estimate and actual loss experience and are disclosed in Note 41 to the consolidated financial statements.

As at 31 March 2024, the carrying amount of loan receivables is HK\$167,304,000 (2023: HK\$86,907,000). Impairment loss of HK\$35,932,000 was recognised (2023: impairment loss of HK\$3,373,000) during the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. Revenue

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

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers</b>		
Insurance brokerage services income	<b>89,697</b>	47,237
Commission income from		
– securities brokerage	<b>3,212</b>	1,803
– underwriting, sub-underwriting, placing and sub-placing	<b>299</b>	908
Brokerage of fur skin	<b>91</b>	74
Sale of pelted skin	<b>33,141</b>	11,154
Fund management services income	<b>2,219</b>	1,200
Assets management services income	<b>11,964</b>	4,423
Membership business income	<b>26,794</b>	56,161
Insurance technology service income	<b>68,776</b>	70,109
Network and licensing business income	<b>51,935</b>	85,600
Agency fee from trading	<b>352</b>	–
<b>Revenue from other sources</b>		
Interest income from margin financing services	<b>24,403</b>	26,979
Interest income from money lending services	<b>17,534</b>	25,665
	<b>330,417</b>	331,313

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information

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

During the year, the Group commenced the business engaging in provision of agency service related to trading business, and it is considered as new operating and reportable segments.

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

Securities	–	Provision of securities brokerage, margin financing, underwriting, sub-underwriting, placing, sub-placing and consultancy services
Insurance brokerage	–	Provision of insurance brokerage services
Fur	–	Sale of pelted skin and fur skin brokerage
Assets management	–	Provision and arrangement of fund management services and assets management services
Money lending	–	Provision and arrangement of money lending services
Membership and event	–	Carrying out membership business and event hosting business
Insurance technology	–	Development and operations of intelligent digital sales platforms and information technology services related to insurance business
Network and licensing	–	Provision of multi channel network and licensing service
Trading	–	Provision of agency service related to trading

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information (Continued)

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

### For the year ended 31 March 2024

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Membership and event HK\$'000	Insurance technology HK\$'000	Network and licensing HK\$'000	Trading HK\$'000	Total HK\$'000
Revenue	27,914	89,697	33,232	14,183	17,534	26,794	68,776	51,935	352	330,417
<b>RESULTS</b>										
Segment operating results	23,819	(6,344)	(3,209)	6,222	15,641	16,739	(973)	902	338	53,135
Amortisation of intangible assets	-	-	-	-	-	(93,992)	(3,944)	-	-	(97,936)
Impairment loss on intangible assets	-	-	-	-	-	(491,597)	-	-	-	(491,597)
Impairment loss on goodwill	-	-	-	-	-	(228,298)	-	-	-	(228,298)
Impairment of right-of-use assets	-	-	-	-	-	(1,997)	-	-	-	(1,997)
Provision of impairment of trade receivables, net	(77,918)	-	-	-	-	(2,771)	(81)	(289)	(4,259)	(85,318)
Provision of impairment of other receivables and deposits, net	-	-	(367)	-	-	-	-	-	-	(367)
Provision for impairment of loan receivables, net	-	-	-	-	(35,932)	-	-	-	-	(35,932)
Segment results	(54,099)	(6,344)	(3,576)	6,222	(20,291)	(801,916)	(4,998)	613	(3,921)	(888,310)
Other gains and losses, net										16,013
Fair value change of contingent consideration payables										122,220
Provision for impairment of other receivables and deposits, net										(218)
Finance costs										(11,330)
Share result of associates										5,163
Unallocated corporate income										102
Unallocated corporate expenses										(67,633)
Loss before tax										(823,993)
Income tax credit										136,573
Loss for the year										(687,420)
<b>ASSETS</b>										
Segment assets	257,014	3,087	20,698	2,141	167,304	8,770	20,687	21,014	7,814	508,529
Unallocated corporate assets										358,072
Total assets										866,601
<b>LIABILITIES</b>										
Segment liabilities	204,567	7,144	-	1,210	1,000	5,297	746	5,869	-	225,833
Unallocated corporate liabilities										235,753
Total liabilities										461,586

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information (Continued)

For the year ended 31 March 2024 (Continued)

### Other information

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur management HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Membership and event HK\$'000	Insurance technology HK\$'000	Network and licensing HK\$'000	Trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions of property, plant and equipment	-	18	-	-	-	-	6	-	-	-	24
Additions of intangible assets	-	-	-	-	-	21,500	-	-	-	-	21,500
Write down of inventories	-	-	(728)	-	-	-	-	-	-	-	(728)
Impairment loss on intangible assets	-	-	-	-	-	(491,597)	-	-	-	-	(491,597)
Impairment loss on goodwill	-	-	-	-	-	(228,298)	-	-	-	-	(228,298)
Impairment loss on property, plant and equipment	-	-	(2,058)	-	-	-	-	-	-	-	(2,058)
Impairment loss on right-of-use assets	-	-	-	-	-	(1,997)	-	-	-	-	(1,997)
Provision for impairment of trade receivables, net	(77,918)	-	-	-	-	(2,771)	(81)	(289)	(4,259)	-	(85,318)
Provision for impairment of other receivables and deposits, net	-	-	(367)	-	-	-	-	-	-	(218)	(585)
Provision for impairment of loan receivables, net	-	-	-	-	(35,932)	-	-	-	-	-	(35,932)
Amortisation of intangible assets	-	-	-	-	-	(93,992)	(3,944)	-	-	-	(97,936)
Depreciation of property, plant and equipment	(173)	(576)	-	(16)	-	(47)	(11)	-	-	(244)	(1,067)
Depreciation of right-of-use assets	(57)	(2,447)	-	-	-	(922)	(244)	-	-	(38)	(3,708)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information (Continued)

### For the year ended 31 March 2023

	Securities HK\$'000	Insurance brokerage HK\$'000	Fur HK\$'000	Assets management HK\$'000	Money lending HK\$'000	Membership and event HK\$'000	Insurance technology HK\$'000	Network and licensing HK\$'000	Total HK\$'000
Revenue	29,690	47,237	11,228	5,623	25,665	56,161	70,109	85,600	331,313
<b>RESULTS</b>									
Segment operating results	19,469	907	(3,040)	3,753	19,543	43,854	(747)	1,400	85,139
Bad debts	-	-	-	-	-	(1,224)	-	-	(1,224)
Amortisation of intangible assets	-	-	-	-	-	(37,523)	(3,292)	-	(40,815)
Impairment loss on goodwill	(106,814)	-	-	-	-	-	-	-	(106,814)
Provision of impairment of trade receivables, net	(9,635)	-	-	-	-	(54)	-	-	(9,689)
Provision for impairment of loan receivables, net	-	-	-	-	(3,373)	-	-	-	(3,373)
Segment results	(96,980)	907	(3,040)	3,753	16,170	5,053	(4,039)	1,400	(76,776)
Other gains and losses, net									(9,051)
Fair value change of contingent consideration payables									(1,009,876)
Finance costs									(14,637)
Share result of associates									(6,333)
Unallocated corporate income									4,320
Unallocated corporate expenses									(51,919)
Loss before tax									(1,164,272)
Income tax credit									1,283
Loss for the year									(1,162,989)
<b>ASSETS</b>									
Segment assets	429,654	6,092	57,185	1,066	86,907	812,587	23,097	25,600	1,442,188
Unallocated corporate assets									342,119
Total assets							1174	105	1,784,307
<b>LIABILITIES</b>									
Segment liabilities	225,088	8,436	12,523	-	2,500	135,941	458	34,000	418,946
Unallocated corporate liabilities							2398		991,523
Total liabilities									1,410,469

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information (Continued)

For the year ended 31 March 2023 (Continued)

### Other information

	Securities	Insurance	Fur	Assets	Money	Membership	Insurance	Network and	Unallocated	Total
	HK\$'000	brokerage	HK\$'000	management	lending	and event	technology	licensing	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions of property, plant and equipment	-	-	-	-	-	3	-	-	9	12
Write down of inventories	-	-	(4,992)	-	-	-	-	-	-	(4,992)
Impairment loss on goodwill	(106,814)	-	-	-	-	-	-	-	-	(106,814)
Provision for impairment of trade receivables, net	(9,635)	-	-	-	-	(54)	-	-	-	(9,689)
Provision for impairment of loan receivables, net	-	-	-	-	(3,373)	-	-	-	-	(3,373)
Amortisation of intangible assets	-	-	-	-	-	(37,523)	(3,292)	-	-	(40,815)
Depreciation of property, plant and equipment	(1,057)	(1,262)	-	(16)	-	(211)	(25)	-	(248)	(2,819)
Depreciation of right-of-use assets	-	(1,836)	(68)	-	-	(1,628)	-	-	-	(3,532)

Segment results represent the result from each segment without allocation of central administration costs including directors' remuneration, other gains and losses excluded impairment of property, plant and equipment, net, share result of associates, fair value change of contingent consideration payables, unallocated other income, finance costs and income tax credit, which are reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

- all assets other than other receivables, prepayments and deposits, financial assets at FVTPL, financial assets at FVTOCI, certain property, plant and equipment, goodwill, intangible assets, amounts due from related companies, pledged bank deposit, bank balances and cash and tax recoverable are allocated to reportable segments. Assets used jointly by reportable segment are allocated on the basis of the revenues earned by individual reportable segment; and
- all liabilities other than accruals and other payables, amount due to a former director/a shareholder/a related company, contingent consideration payables, corporate bonds and tax payables are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. Segment Information (Continued)

### Geographical information

The Group mainly operates in Hong Kong, the PRC and Denmark.

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

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
The PRC	147,596	211,870	19,494	818,685
Hong Kong	149,680	108,215	19,960	81,243
Denmark	33,141	11,228	8,719	10,895
	<b>330,417</b>	331,313	<b>48,173</b>	910,823

Note: Non-current assets excluded financial instruments.

### Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A (Segment: Network and licensing) (Note b)	51,700	–
Customer B (Segment: Network and licensing) (Note a)	–	40,000
Customer C (Segment: Insurance technology)	66,494	51,250
Customer D (Segment: Insurance brokerage) (Note c)	45,709	–

Notes:

- (a) Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2024.
- (b) No revenue contributed from this customer for the year ended 31 March 2023.
- (c) Revenue from the customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2023.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. Other Income

	2024 HK\$'000	2023 HK\$'000
Administrative fee income	1,544	590
Award, bonus and commission rebate	–	374
Bank interest income	4,889	399
Bond interest income	–	2,771
Government grants	15,563	8,173
Handling fee income	1,028	1,878
Management service income	888	7,028
Share profit for event management	1,359	2,872
Referral income	1,120	11,015
Rental and utilities income (short-term leases)	25	122
Securities marketing service income	180	115
Others	1,901	944
	<b>28,497</b>	<b>36,281</b>

During the year ended 31 March 2024, the Group recognised government grants of which HK\$340,000, Nil and HK\$15,223,000 (2023: Nil, HK\$1,232,000 and HK\$6,815,000) related to Reimbursement of Maternity Leave Pay Scheme and Employment Support Scheme provided by the Hong Kong government and the compensation from the Danish government for the mink farming business respectively.

## 8. Other Gains and Losses, Net

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

	Notes	2024 HK\$'000	2023 HK\$'000
Foreign exchange (loss)/gain, net		(1,487)	42
Impairment loss on property, plant and equipment	15	(2,058)	–
Change in fair value of financial assets at FVTPL		19,482	(9,200)
Gain on disposal of financial assets at FVTPL		76	107
		<b>16,013</b>	<b>(9,051)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. Finance Costs

	2024 HK\$'000	2023 HK\$'000
Interest on:		
– Bank and other borrowings	4,305	4,557
– Corporate bonds (effective)	6,684	9,745
– Lease liabilities (effective)	339	333
– Securities clients' accounts	2	2
	<b>11,330</b>	14,637

## 10. Loss before Tax

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	1,193	1,379
Provision for impairment of trade receivables, net	85,318	9,689
Provision for impairment of loan receivables, net	35,932	3,373
Provision for impairment of other receivables and deposits, net	585	–
Cost of inventories recognised as expenses	84,188	97,512
Amortisation of intangible assets	97,936	40,815
Depreciation of property, plant and equipment	1,067	2,819
Depreciation of right-of-use assets	3,708	3,532
Impairment loss on property, plant and equipment	2,058	–
Write down of inventories	728	4,992
Bad debts	–	1,224
Foreign exchange loss/(gain), net	1,487	(42)
Operating lease rental for short-term leases and low value assets	5,577	7,625
Staff costs (including directors' remuneration – Note 11)		
– salaries and benefits in kind	42,271	42,466
– discretionary bonus	–	–
– retirement benefits scheme contributions	1,124	1,093

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. Directors' Remuneration and Five Highest Paid Employees

### (a) Directors' remuneration

Directors' remuneration for the year ended 31 March 2024, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Emoluments	Retirement				Total HK\$'000
	Fees HK\$'000	Salaries and benefits in kind HK\$'000	benefit scheme contributions HK\$'000	Discretionary bonus HK\$'000	
<b>Executive directors</b>					
Mr. Chen Jiajun (Note 1)	-	563	-	-	563
Mr. Mong Cheuk Wai	-	576	-	-	576
Ms. Cheung Pui Ki Gloria (Note 2)	-	32	-	-	32
<b>Independent non-executive directors</b>					
Ms. Mak Yun Chu	120	-	-	-	120
Mr. Hung Wai Che	120	-	-	-	120
Mr. Leung Siu Kee	120	-	-	-	120
Mr. Chan Ting Fung	120	-	-	-	120
	480	1,171	-	-	1,651

Notes:

- (1) Mr. Chen Jiajun has been removed as an executive director of the Company with effect from 8 March 2024.
- (2) Ms. Cheung Pui Ki Gloria has been appointed as an executive director of the Company with effect from 12 March 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their service as directors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. Directors' Remuneration and Five Highest Paid Employees (Continued)

### (a) Directors' remuneration (Continued)

Directors' remuneration for the year ended 31 March 2023, as disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Emoluments	Fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Discretionary bonus HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Chen Jiajun	–	600	–	–	600
Ms. Kwok Yin Ning (Note 1)	–	245	–	–	245
Mr. Mong Cheuk Wai	–	576	–	–	576
<b>Independent non-executive directors</b>					
Ms. Mak Yun Chu	120	–	–	–	120
Mr. Hung Wai Che	120	–	–	–	120
Mr. Leung Siu Kee	120	–	–	–	120
Mr. Chan Ting Fung (Note 2)	90	–	–	–	90
	450	1,421	–	–	1,871

Notes:

- (1) Ms. Kwok Yin Ning has retired as an executive director and the Chief Executive Officer of the Company with effect from 13 September 2022.
- (2) Mr. Chan Ting Fung has been appointed as an independent non-executive director of the Company with effect from 1 July 2022.

The directors' and chief executive's emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments (2023: Nil).

During the years ended 31 March 2024 and 2023, no share options were granted to directors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. Directors' Remuneration and Five Highest Paid Employees (Continued)

### (b) Five highest paid employees

No directors included in the five highest paid employees of the Group during the year (2023: Nil). Detail of the remuneration for the year for the five highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	6,578	8,201
Discretionary bonus	–	–
Defined contribution and retirement benefit scheme contributions	72	90
	<b>6,650</b>	<b>8,291</b>

The number of the highest paid employees are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2024 Number of employees	2023 Number of employees
HK\$500,001–HK\$1,000,000	1	–
HK\$1,000,001–HK\$1,500,000	3	2
HK\$1,500,001–HK\$2,000,000	1	2
HK\$2,000,001–HK\$2,500,000	–	1
	<b>5</b>	<b>5</b>

During the year, the five (2023: five) employees have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. Income Tax Credit

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
Current year provision	1,275	4,873
Over-provision in prior years	(6,598)	–
	<b>(5,323)</b>	4,873
PRC Enterprise Income Tax		
Current year provision	41	–
Deferred tax		
In respect of current year	(131,291)	(6,156)
Tax credit for the year	<b>(136,573)</b>	(1,283)

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

Subsidiary in Denmark is subjected to Denmark Corporation Tax at 22% for the year (2023: 22%). No provision has been made for Denmark corporate tax as the tax losses brought forward from previous year exceed the estimated assessable profits for the years.

Subsidiary in the PRC is subjected to PRC enterprise income tax at a statutory rate of 25%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. Income Tax Credit (Continued)

The income tax credit for the year can be reconciled to the loss before tax as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	<b>(823,993)</b>	(1,164,272)
Tax at Hong Kong Profits Tax of 16.5% (2023: 16.5%)	<b>(135,959)</b>	(192,105)
Tax effect of income not taxable for tax purposes	<b>(44,372)</b>	(5,381)
Tax effect of expenses not deductible for tax purposes	<b>75,056</b>	192,912
Tax effect on tax concession	<b>–</b>	(165)
Tax effect on tax losses not recognised	<b>21,635</b>	3,914
Tax effect of share result of associates	<b>(852)</b>	1,045
Over provision in prior years	<b>(6,598)</b>	–
Utilisation of tax losses previously not recognised	<b>(597)</b>	(1,455)
Effect of different tax rates of group entities operating in other jurisdictions	<b>(44,886)</b>	(48)
Income tax credit for the year	<b>(136,573)</b>	(1,283)

## 13. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

## 14. Loss per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2024 of HK\$551,252,000 (2023: HK\$1,158,455,000) and the weighted average number of 7,382,350,353 ordinary shares (2023: number of 6,749,366,420 ordinary shares) in issue during the year.

### Diluted loss per share

No adjustment was made in calculating the diluted loss per share for both years ended 31 March 2024 and 2023 as there was no potential ordinary shares in issues outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. Property, Plant and Equipment

	Land HK\$'000	Mink farm buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Office equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>COST</b>							
At 1 April 2022	11,109	86,218	8,901	52,562	3,759	593	163,142
Additions	-	-	-	-	12	-	12
Acquisition of subsidiaries	-	-	112	-	242	19	373
Exchange difference	(214)	(1,660)	(3)	(1,012)	(14)	(13)	(2,916)
At 31 March 2023 and 1 April 2023	10,895	84,558	9,010	51,550	3,999	599	160,611
Additions	-	-	-	-	24	-	24
Written off	-	-	-	-	-	(142)	(142)
Exchange difference	(127)	(989)	(5)	(603)	(11)	(7)	(1,742)
At 31 March 2024	10,768	83,569	9,005	50,947	4,012	450	158,751
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
At 1 April 2022	-	86,218	5,594	52,562	3,312	593	148,279
Charge for the year	-	-	2,410	-	395	14	2,819
Exchange difference	-	(1,660)	(1)	(1,012)	(1)	(12)	(2,686)
At 31 March 2023 and 1 April 2023	-	84,558	8,003	51,550	3,706	595	148,412
Charge for the year	-	-	900	-	167	-	1,067
Written off	-	-	-	-	-	(142)	(142)
Impairment	2,058	-	-	-	-	-	2,058
Exchange difference	(9)	(989)	(4)	(603)	(6)	(7)	(1,618)
At 31 March 2024	2,049	83,569	8,899	50,947	3,867	446	149,777
<b>CARRYING AMOUNTS</b>							
At 31 March 2024	8,719	-	106	-	145	4	8,974
At 31 March 2023	10,895	-	1,007	-	293	4	12,199

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. Property, Plant and Equipment *(Continued)*

Land represents freehold land situated in Denmark. No depreciation is provided accordingly. All mink farm buildings are located on the freehold land situated in Denmark.

As at 31 March 2024, plant and machinery with amount before impairment of DKK5,612,000 (approximately HK\$6,354,000) were pledged to secure banking facilities granted to the Group (2023: DKK5,612,000 (approximately HK\$6,429,000)). Details of the assets pledged are disclosed in Note 35 to the consolidated financial statements.

### Impairment testing on property, plant and equipment

For the years ended 31 March 2024 and 2023, the recoverable amounts of the land were determined based on the assets' fair values less costs of disposal, determined by reference to a valuation performed by the valuer. At the end of the reporting period, the Group tests whether the carrying values of land have suffered any impairment in accordance with the accounting policy on impairment of non-financial assets (Note 3). The Group assessed the recoverable amounts of land and the Group had recognised impairment loss on property, plant and equipment of HK\$2,058,000 (2023: Nil). The estimates of recoverable amounts were based on the assets' fair values less costs of disposal, determined by reference to a valuation performed by the valuer. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. Right-of-use Assets

	HK\$'000
<b>COST</b>	
At 1 April 2022	821
Addition	7,342
Acquisition of subsidiaries	4,828
Eliminated on termination of lease term	(1,643)
Exchange difference	(133)
At 31 March 2023 and 1 April 2023	11,215
Addition	3,377
Exchange difference	(209)
At 31 March 2024	14,383
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2022	753
Charge for the year	3,532
Reversed on termination of lease term	(1,643)
Exchange difference	(5)
At 31 March 2023 and 1 April 2023	2,637
Charge for the year	3,708
Impairment	1,997
Exchange difference	(54)
At 31 March 2024	8,288
<b>NET CARRYING AMOUNT</b>	
<b>At 31 March 2024</b>	<b>6,095</b>
At 31 March 2023	8,578

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. Right-of-use Assets (Continued)

	2024 HK\$'000	2023 HK\$'000
Expense relating to short-term leases	5,577	7,625
Total cash outflow for leases on right-of-use assets	4,136	2,922
Total cash outflow for leases	9,713	10,547

For both years, the Group leased various offices for its operations. Lease contracts are entered into with terms of 24 months to 60 months (2023: 36 months to 60 months).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for offices. As at 31 March 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expense disclosed above.

As described in the Note 17, in respect of the membership and event segment, the management has recognised impairment loss of HK\$1,997,000 for the year ended 31 March 2024.

## 17. Goodwill

	2024 HK\$'000	2023 HK\$'000
<b>COST</b>		
At beginning of the year	438,533	202,783
Acquisition of subsidiaries	–	235,750
At end of the year	438,533	438,533
<b>ACCUMULATED IMPAIRMENT</b>		
At beginning of the year	202,783	95,969
Impairment loss recognised in the year	228,298	106,814
At the end of the year	431,081	202,783
<b>CARRYING AMOUNT</b>		
At end of the year	7,452	235,750

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. Goodwill (Continued)

### Impairment testing on Goodwill

Goodwill is assessed for impairment annually irrespective of whether there is any indication of impairment.

At the end of the reporting period, the carrying amount of goodwill represents goodwill arising from the acquisition of:

	2024 HK\$'000	2023 HK\$'000
Securities segment	-	-
Membership and event segment	-	228,298
Insurance technology segment	7,542	7,452

For the purpose of impairment testing, the recoverable amounts of the CGUs are determined by value in use calculations. The key assumptions for the value in use calculations are those regarding the financial forecast approved by management covering a 5-year period and discount rates.

### Securities segment

#### For the year ended 31 March 2023

The recoverable amount of this CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 13.33%. Cash flows beyond the 5-year period are extrapolated using a long term 3% growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value in use calculation related to the estimation of financial forecast includes budget revenue and operating expenses. Such estimation is based on the past performance of the securities business and the management's expectations for market development.

The valuation was performed by an independent valuer, not connected to the Group. With reference to the valuation, the management of the Group has reviewed the recoverable amount of the CGU the goodwill is allocated to, impairment loss of HK\$106,814,000 was recognised in consolidated statement of profit or loss for the year ended 31 March 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. Goodwill (Continued)

### Membership and event segment

#### For the year ended 31 March 2023

The recoverable amount of this CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 18.76%. Cash flows beyond the 5-year period are extrapolated using a long term 2.2% growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value in use calculation related to the estimation of financial forecast includes budget revenue and operating expenses. Such estimation is based on the past performance of the membership and event business and the management's expectations for market development.

The valuation was performed by an independent valuer, not connected to the Group. With reference to the valuation, the management of the Group has reviewed the recoverable amount of the CGU the goodwill is allocated to, no impairment loss was recognised in consolidated statement of profit or loss for the year ended 31 March 2023.

#### For the year ended 31 March 2024

On 19 February 2024, the Group received a notice of termination of sub-license agreement between FGA (Hong Kong) Limited (the "Sub-Licensee") (non-wholly own subsidiary of the Company) and the Licensor dated 6 June 2022 (the "Sub-License Agreement") from the Licensor. After the management reviewed the terms of the Sub-License Agreement and negotiated with the Licensor in relation to the termination, the management has recognised impairment loss on goodwill of HK\$228,298,000 in consolidated statement of profit or loss for the year ended 31 March 2024.

On 20 June 2024, the Group received a final notice of termination of sub-license agreement and the terminate will be effect on 30 June 2024.

### Insurance technology segment

The recoverable amount of this CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 23.21% (2023: 23.14%). Cash flows beyond the 5-year period are extrapolated using a long term 2.02% (2023: 2.20%) growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value in use calculation related to the estimation of financial forecast includes budget revenue and operating expenses. Such estimation is based on the past performance of the insurance technology business and the management's expectations for market development.

The valuation was performed by an independent valuer, not connected to the Group. With reference to the valuation, the management of the Group has reviewed the recoverable amount of the CGU which the goodwill is allocated to. The amount of value-in-use is HK\$15,860,000, the amount of carrying amount of CGU is HK\$14,239,000 and the headroom amount is HK\$1,621,000 for the year ended 31 March 2024. No impairment loss (2023: Nil) was recognised in consolidated statement of profit or loss for the year ended 31 March 2024 accordingly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. Intangible Asset

	Trademark license HK\$'000	Software HK\$'000	IT platform HK\$'000	Usage rights HK\$'000	Trading rights HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 April 2022	–	–	–	–	500	500
Additions	–	–	15,500	14,800	–	30,300
Acquisition of subsidiaries	548,900	6,285	23,485	11,750	–	590,420
Exchange difference	–	(170)	–	–	–	(170)
At 31 March 2023 and 1 April 2023	548,900	6,115	38,985	26,550	500	621,050
Additions	–	–	12,000	9,500	–	21,500
Exchange difference	–	(187)	–	–	–	(187)
At 31 March 2024	548,900	5,928	50,985	36,050	500	642,363
<b>Accumulated amortisation</b>						
At 1 April 2022	–	–	–	–	–	–
Charge for the year	24,222	1,611	5,919	9,063	–	40,815
Exchange difference	–	(6)	–	–	–	(6)
At 31 March 2023 and 1 April 2023	24,222	1,605	5,919	9,063	–	40,809
Charge for the year	75,647	1,859	11,728	8,702	–	97,936
Impairment	449,031	739	23,542	18,285	–	491,597
Exchange difference	–	(49)	–	–	–	(49)
At 31 March 2024	548,900	4,154	41,189	36,050	–	630,293
<b>Carrying values</b>						
<b>At 31 March 2024</b>	–	1,774	9,796	–	500	12,070
At 31 March 2023	524,678	4,510	33,066	17,487	500	580,241

The trading rights that confer eligibility of the Company to trade on The Stock Exchange of Hong Kong Limited. The trading rights is considered by the management as having an indefinite useful life since it is expected to contribute net cash inflows to the Company indefinitely and therefore, it is required to be tested for impairment annually and it will not be amortised until its useful life is determined to be finite.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. Intangible Asset (Continued)

The management believes that any reasonable possible change in any assumption of the carrying amount of the intangible asset would not exceed the recoverable amount. At the end of reporting period, the management determined that there is no impairment of its trading rights which is belong to securities segment.

The IT platform and trademark license have finite useful life and are amortised on a straight-line basis over the terms of 3 years to 5 years and 10 years respectively.

The usage rights have finite useful life and amortised on a straight-line basis over the terms of 2 years to 5 years.

As described in the Note 17, in respect of the membership and event segment, the management has recognised impairment loss of HK\$449,031,000, HK\$739,000, HK\$23,542,000 and HK\$18,285,000 for the trademark license, software, IT platform and usage rights respectively for the year ended 31 March 2024.

As described in the note 17, in respect of insurance technology segment, no impairment loss was recognised for software and IT platform for the year ended 31 March 2024.

## 19. Investments in Associates

	2024 HK\$'000	2023 HK\$'000
Cost of investment in an associate	10,100	74,840
Gain on bargain purchase	5,578	5,578
Share of post-acquisition loss	(2,096)	(6,363)
	<b>13,582</b>	74,055

Particulars of the material associates of the Group, which were incorporated in Hong Kong and BVI, are as follows:

Name	Proportion of ownership interest and voting right held by the Group		Principal activities
	2024	2023	
Sky Asia Construction Engineering Limited ("Sky Asia")	49%	49%	Investment holding
Skyroar Limited ("Skyroar") (Note)	14.61%	36.03%	Investment holding

Note: During the year ended 31 March 2024, the Group had lost significant influence over the operating and financing activities of Skyroar, due to the capital injection by other Skyroar's shareholders. Upon the completion of capital injection, the Group's interests in Skyroar had been reduced from 36.03% to 14.61%. As a result, the Group has reclassified its 14.61% equity interests in Skyroar from an investment in an associate to financial asset as at FVTPL as at 31 March 2024. A loss arising from the remeasurement of Skyroar to fair value at the time when the Group lost significant influence over Skyroar of HK\$572,000 was recognised in profit or loss for the year ended 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. Investments in Associates (Continued)

The Group's shareholding in Sky Asia and Skyroar are held through subsidiaries of the Company.

Investments in associates are accounted for using the equity method.

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

### Sky Asia

	2024 HK\$'000	2023 HK\$'000
Current assets	12,044	11,992
Non-current assets	22,750	27,761
Current liabilities	(7,076)	(9,296)
Net assets	27,718	30,457
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	49%	49%
Group's share of net assets of the associate	13,582	14,924
Carrying amount of the investment	13,582	14,924
Revenue	2,833	2,833
Loss and total comprehensive loss for the year	(2,739)	(1,479)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. Investments in Associates (Continued)

### Skyroar

	2024 HK\$'000	2023 HK\$'000
Current assets	N/A	3,986
Non-current assets	N/A	164,143
Current liabilities	N/A	(4,142)
Net assets	N/A	163,987
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	N/A	36.03%
Group's share of net assets of the associate	N/A	59,084
Goodwill	N/A	47
Carrying amount of the investment	N/A	59,131
Revenue	-	-
Profit/(loss) and total comprehensive income/(loss) for the period	18,054	(15,567)

## 20. Financial Assets at Fair Value through Profit or Loss

	2024 HK\$'000	2023 HK\$'000
Unlisted funds (Note a)	67,327	66,060
Equity securities listed in Hong Kong (Note c)	25	22
Unlisted equity (Note b)	83,230	-
	150,582	66,082



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. Financial Assets at Fair Value through Profit or Loss (Continued)

Notes:

- (a) These represent interests in unlisted funds. The financial assets are measured at fair value and was categorised as level 2 in the fair value hierarchy. Details of which are disclosed in Note 41 to the consolidated financial statements.

The Group has invested in two (2023: three) private equity funds as a limited partner:

- (i) The Group invested in Horizon Growth Fund Limited (the “Horizon Growth Fund”) during the year ended 31 March 2024. It is a BVI business company incorporated with limited liability under the BVI Business Companies Act 2004. The Horizon Growth Fund has been established and is approved as an approved fund under the Securities and Investment Business (Incubator and Approved Funds) Regulations, 2015 (as amended). The Horizon Growth Fund invested in entities based in Hong Kong which hold intellectual property assets including patents, trademarks, copyrights, confidential information and other rights. The Horizon Growth Fund might issue debt securities including but not limited to bonds, debenture or secured notes as part of the leverage instruments.
- (ii) Long Roll Absolute Return Fund SP (“Return Fund”), a segregated portfolio registered with the United States Internal Revenue Service. The Return Fund invested in a wide range of instruments including, but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. The Return Fund has been disposed during the year.
- (iii) Innovest Special Opportunities SP (“SP”), a segregated portfolio registered with the United States Internal Revenue Service. The Segregated Portfolio is to seek high total investment return by providing a high level of current income and the potential for capital appreciation over a three-year time horizon, and to provide a guaranteed return equal to a fixed annualized non-compounding appreciation of six percent per annum during the initial eighteen months from the end of the Initial Offering Period. The SP has been disposed during the year.
- (iv) Privilege Global Absolute Return Fund (“Privilege Global”), an exempted company incorporated with limited liability under the laws of the Cayman Islands. The Privilege Global invested in entering contracts or bills with financial companies, fixed income fund mortgage fund is in Hong Kong and fixed income debt securities issued by listed companies in Hong Kong.
- (b) During the year ended 31 March 2024, the Group has lost significant influence over the operating and financing activities of Skyroar, hence the Group’s investment in Skyroar has been reclassified from investment in an associate to financial assets at FVTPL (Note 19). The financial assets are measured at fair value and was categorised as level 3 in the fair value hierarchy. Details of which are disclosed in Note 41 to the consolidated financial statements.
- (c) The fair values of the listed securities are determined based on the quoted market bid prices at the end of each reporting period.

	2024 HK\$'000	2023 HK\$'000
Analysed for reporting purposes as:		
Current assets	25	22
Non-current assets	150,557	66,060
	<b>150,582</b>	<b>66,082</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 21. Financial Assets at Fair Value through Other Comprehensive Income

	2024 HK\$'000	2023 HK\$'000
Equity securities listed in		
– Hong Kong (Notes a, b)	1,425	1,775
– Australia (Notes a, b)	21,304	–
	<b>22,729</b>	1,775

Notes:

- (a) The fair values of listed securities are based on quoted closing prices as at the end of the reporting period.
- (b) These investments are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

At initial recognition, the management made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends income from such investments continue to be recognised in profit or loss as "other income" when the Group's rights to receive payments is established.

## 22. Inventories

	2024 HK\$'000	2023 HK\$'000
Trading goods		
– Pelted skins	11,979	46,290
– Song licenses	15,000	–
	<b>26,979</b>	46,290

All of the inventories are carried at lower of cost or net realisable value as at 31 March 2024 and 2023 respectively.

As at 31 March 2024, inventories of DKK10,579,000 (approximately HK\$11,979,000) were pledged to secure banking facilities granted to the Group (2023: DKK40,404,000 (approximately HK\$46,290,000)). Details of the assets pledged are disclosed in Note 35 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits

	2024 HK\$'000	2023 HK\$'000
Trade receivables from:		
Securities brokerage business (Note a)		
– Cash clients	4	116
– Margin clients	157,295	270,146
– Clearing house	11,396	27
– Brokers	6	6
	<b>168,701</b>	270,295
Assets management business (Note b)	2,109	1,018
Network licensing, insurance technology and trading business (Note c)	19,695	25,600
Membership and event business (Note d)	11,551	17,053
	<b>202,056</b>	313,966
Less: Provision for impairment of trade receivables	<b>(114,664)</b>	(29,346)
	<b>87,392</b>	284,620
Prepayments	9,850	22,347
Deposits	7,591	20,937
Bond interest receivable	–	1,021
Other receivables (Note e)	29,645	39,530
Less: Provision for impairment of deposits and other receivables	<b>(585)</b>	–
	<b>46,501</b>	83,835
	<b>133,893</b>	368,455
Analysis for reporting purpose as:		
Current assets	131,969	367,263
Non-current assets – deposits	1,924	1,192
	<b>133,893</b>	368,455

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

Notes:

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

### Cash clients

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

### Margin clients

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

As at 31 March 2024, the fair value of the pledged securities held by the Group amounted to HK\$194,384,000 (2023: HK\$1,091,043,000).

### Clearing house

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

- (b) The Group allows a credit period ranging from 0 day to 90 days to its customers from the business of assets management.
- (c) The Group allows a credit period ranging from 0 day to 90 days to the customers from network and licensing business, insurance technology business and trading business.
- (d) No credit period for the customers from membership and event business.
- (e) The other receivables included HK\$19,572,000 which from Copenhagen Fur (for auction house) (2023: HK\$30,000,000 which is the balance of the disposal of the convertible bond receivable).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Margin clients balances:		
No due date	50,085	240,854
Cash clients balances:		
Neither past due nor impaired	–	–
Past due but not impaired	4	116
	4	116
Other balances:		
Neither past due nor impaired	11,396	27
Past due but not impaired	6	6
	11,402	33
	<b>61,491</b>	241,003

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

	2024 HK\$'000	2023 HK\$'000
Balance at beginning of the year	29,292	19,657
Provision for impairment under ECL	79,005	9,688
Recovery during the year	(1,087)	(53)
Balance at end of the year	<b>107,210</b>	29,292

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

Details of impairment assessment of securities business for prior and current year are set out in "Financial risk management objectives and policies" in Note 41 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

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

	2024 HK\$'000	2023 HK\$'000
0–60 days	2,109	1,017
61–90 days	–	–
Over 90 days	–	1
	<b>2,109</b>	<b>1,018</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:

	2024 HK\$'000	2023 HK\$'000
Overdue by:		
1–30 days	–	–
31–90 days	–	–
Over 90 days	–	1
	<b>–</b>	<b>1</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

Receivables were related to customers for whom there was no recent history of default. As at 31 March 2024, 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.

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:

	2024 HK\$'000	2023 HK\$'000
0-60 days	1,449	10,020
61-90 days	489	2,372
Over 90 days	6,788	4,607
	<b>8,726</b>	16,999

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

	2024 HK\$'000	2023 HK\$'000
Overdue by:		
1-30 days	1,449	10,020
31-90 days	489	2,372
Over 90 days	6,788	4,607
	<b>8,726</b>	16,999

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

Provision of ECL allowance of trade receivables from the business of membership and event is as follow:

	2024 HK\$'000	2023 HK\$'000
Balance at beginning of the year	54	–
Provision for impairment under ECL	2,825	54
Recovery during the year	(54)	–
Balance at end of the year	2,825	54

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement after the end of the reporting period.

Details of impairment assessment of business of membership and event for prior and current year are set out in “Financial risk management objectives and policies” in Note 41 to the consolidated financial statements.

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

	2024 HK\$'000	2023 HK\$'000
0–60 days	1,238	25,600
61–90 days	–	–
Over 90 days	13,828	–
	15,066	25,600

The aging analysis of the Group’s trade receivables from the business of network and licensing, insurance technology and trading which are past due but not impaired are as follows:

	2024 HK\$'000	2023 HK\$'000
Overdue by:		
1–30 days	–	25,600
31–90 days	–	–
Over 90 days	13,828	–
	13,828	25,600



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. Trade and Other Receivables, Prepayments and Deposits (Continued)

Provision of ECL allowance of trade receivables from business of network and licensing, insurance technology and trading is as follow:

	2024 HK\$'000	2023 HK\$'000
Balance at beginning of the year	–	–
Provision for impairment under ECL	4,629	–
Balance at end of the year	4,629	–

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement after the end of the reporting period.

Details of impairment assessment of business of network and licensing, insurance technology and trading for prior and current year are set out in “Financial risk management objectives and policies” in Note 41 to the consolidated financial statements.

## 24. Loan Receivables

	2024 HK\$'000	2023 HK\$'000
Loans from money lending business – unsecured	86,817	51,311
Loans from money lending business – secured	112,190	38,100
Interest receivables	9,756	3,023
	<b>208,763</b>	92,434
Less: Provision for impairment	<b>(41,459)</b>	(5,527)
	<b>167,304</b>	86,907
Analysed as		
Current	<b>167,304</b>	86,817
Non-current	–	90
	<b>167,304</b>	86,907

The Group offered a credit period ranging from 3 months to 2 years for the loans to its customers in money lending business with fixed interest rate ranging from 10% p.a. to 48% p.a. (2023: from 10% p.a. to 48% p.a.). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance are reviewed regularly by the management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 24. Loan Receivables (Continued)

The following is an aging analysis of the Group's loan receivables by age, presented based on the due date and net of allowance for ECL at 31 March 2024 and 2023:

	2024 HK\$'000	2023 HK\$'000
No past due	132,378	85,690
Overdue by:		
1–30 days	9,340	312
31–60 days	8,150	–
61–90 days	181	–
Over 90 days	17,255	905
	<b>167,304</b>	86,907

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

	2024 HK\$'000	2023 HK\$'000
Balance at beginning of the year	5,527	2,154
Recovered during the year	(1,420)	(389)
Provision for the year	37,352	3,762
Balance at end of the year	<b>41,459</b>	5,527

Details of impairment assessment of loan receivables for prior and current year are set out in “Financial risk management objective and policies” in Note 41 to the consolidated financial statements.

## 25. Bank Balances Held on Behalf of Clients

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities business. The Group has classified clients' monies as bank balances held on behalf of clients under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. Pledged Bank Deposits/Bank Balances and Cash

As at 31 March 2023, pledged bank deposits represent the Group's security given to banks for facilities granted to a wholly owned subsidiary. The pledged bank deposits would be released within one year and therefore are classified as current assets. Details of assets pledged are disclosed in Note 35 to the consolidated financial statements.

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 4.2% (2023: from 0.001% to 1.65%) per annum with an original maturity of three months or less.

## 27. Trade and Other Payables

	2024 HK\$'000	2023 HK\$'000
Trade payables from:		
Securities brokerage business (Note a)		
– Cash clients	31,980	29,135
– Margin clients	171,710	124,453
– Clearing house	–	1,500
	<b>203,690</b>	155,088
Membership and event business (Note b)	3,309	1,701
Network and licensing business (Note b)	5,869	34,000
Assets management business (Note b)	1,210	–
Insurance brokerage business (Note b)	3,789	2,507
	<b>217,867</b>	193,296
Other payables:		
Accruals	3,214	3,160
Corporate bonds interest payable	2,206	1,692
Other loan interest payable	1,577	109
Amount due from a shareholder of a subsidiary (Note c)	15,112	12,404
Contract liabilities (Note d)	13,034	13,737
Value-added tax payable	7,151	–
Other operating expenses payable	14,680	11,417
Others	3,787	483
	<b>278,628</b>	236,298

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. Trade and Other Payables (Continued)

Notes:

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

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

Included in trade payables from margin clients, five of the margin clients claimed against for the cash balances with total sum of approximately HK\$47.3 million in five margin accounts. Further details refer to Note 46 to the consolidated financial statements.

- (b) Based on the invoice dates, aging analysis of trade payables from membership and event business, assets management business, network and licensing business and insurance brokerage business are as follows:

	2024 HK\$'000	2023 HK\$'000
0-60 days	4,840	1,889
61-90 days	-	49
91-120 days	27	34,569
Over 120 days	9,310	1,701
	<b>14,177</b>	<b>38,208</b>

- (c) 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.

- (d) Contract liabilities are mainly from membership and event and insurance technology.

Revenue recognised during the year ended 31 March 2024 that was included in the contract liabilities in prior year is HK\$7,882,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. Contingent Consideration Payables

	2024 HK\$'000	2023 HK\$'000
Contingent consideration shares	–	819,327

On 6 June 2022, the Company acquired 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) (“Total Consideration”) which settled by the follows:

- (i) 20%, or an aggregate sum of up to US\$7,000,000 (equivalent to approximately HK\$54,320,000) 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 amortisation (“EBITDA”) for the period from 1 January 2022 to 31 December 2022 (the “1st Relevant Period”) or the period from 1 July 2022 to 30 June 2023 (the “2nd Relevant Period”) is less than US\$0.92 million (equivalent to approximately HK\$7.14 million), being 20% of the target EBITDA of US\$4.6 million (equivalent to approximately HK\$35.7 million) (“Target EBITDA”), the Cash Consideration shall be refunded in the following manner:

### 1st Relevant Period

10% of the Total Consideration x (1 – (actual EBITDA for the 1st Relevant Period/20% of the Target EBITDA)) (“1st Tranche Cash Refund”)

### 2nd Relevant Period

10% of the Total Consideration x (1 – (actual EBITDA for the 2nd Relevant Period/20% of the Target EBITDA)) (“2nd Tranche Cash Refund”)

The refund will be triggered if the actual EBITDA is less than 20% of the Target EBITDA 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 10% of the Total Consideration for each of the 1st Relevant Period and 2nd Relevant Period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. Contingent Consideration Payables (Continued)

- (ii) 40%, or an aggregate sum of up to US\$14,000,000 (equivalent to approximately HK\$108,640,000) (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, the 1st Tranche Shares Consideration shall be adjusted downward as calculated in the following manner:

The 1st Tranche Shares Consideration x (actual EBITDA for the 1st Relevant Period/Target EBITDA)

No 1st Tranche Shares Consideration is required to be issued if the actual EBITDA for the 1st Relevant Period is less than 20% of the Target EBITDA.

- (iii) 40%, or an aggregate sum of up to US\$14,000,000 (equivalent to approximately HK\$108,640,000) (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, the 2nd Tranche Shares Consideration shall be adjusted downward as calculated in the following manner:

The 2nd Tranche Shares Consideration x (actual EBITDA for the 2nd Relevant Period/Target EBITDA)

No 2nd Tranche Shares Consideration is required to be issued if the actual EBITDA for the 2nd Relevant Period is less than 20% of the Target EBITDA.

The fair values of these contingent consideration payables as at 31 March 2023 were categorised as Level 3 under the fair value measurement hierarchy and were determined by an independent qualified valuer engaged by the Company with the key assumptions and input described below:

### Key inputs

### Sensitivity analysis

Market price of the share of the Company

The higher the market price of share of the Company, the higher the contingent consideration and vice versa

During the year ended 31 March 2023, the actual EBITDA of the 1st Relevant Period was higher than the Target EBITDA, accordingly the 1st Tranche Shares Consideration was issued on 21 February 2023 and fair value loss amounting to HK\$425,721,000 was recognised in profit or loss due to the fact that the share price of the Company at issue date was significantly higher than the date of acquisition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. Contingent Consideration Payables (Continued)

The 2nd Tranche Shares Consideration will be issued if the EBITDA of the 2nd Relevant Period was greater than US\$4.6 million (equivalent to approximately HK\$35.7 million).

As at 31 March 2023, the fair value loss of the 2nd Tranche Shares Consideration of HK\$584,155,000 was recognised in profit or loss due to the fact that the share price of the Company at 31 March 2023 was significantly higher than the date of acquisition.

During the year ended 31 March 2024, the actual EBITDA of the 2nd Relevant Period was higher than the Target EBITDA, accordingly the 2nd Tranche Shares Consideration was issued on 31 August 2023 and fair value gain amounting to HK\$122,220,000 was recognised in profit or loss due to the fact that the share price of the Company at issue date was significantly lower than 31 March 2023.

## 29. Bank and Other Borrowings

	2024 HK\$'000	2023 HK\$'000
Revolving loans	–	70,000
Bank overdrafts	–	12,523
Loans from other creditors	<b>38,329</b>	4,252
	<b>38,329</b>	86,775

The bank overdrafts were charged at an interest rate of 4.5% (2023: 4.5%) per annum. Details of assets pledged to secure the bank borrowings are disclosed in Note 35 to the consolidated financial statements.

Revolving loans are repayable within one year from the draw down date and are interest bearing at Hong Kong Inter-bank Offered Rate (“HIBOR”) plus 2.75% p.a.. As at 31 March 2023, revolving loans were secured by cash deposits of HK\$35,000,000. Details of bank deposits pledged to secure the bank borrowings are disclosed in Note 35 to the consolidated financial statements.

The loans from other creditors were charged at an interest rate from 6% to 24% (2023: 6% to 8%) per annum and repayable within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. Bank and Other Borrowings (Continued)

The amounts repayable as extracted from agreed repayment schedules were as follows:

	2024 HK\$'000	2023 HK\$'000
On demand or within one year	<b>38,329</b>	86,775

## 30. Lease Liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the year:

	31 March 2024		31 March 2023	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within one year	5,460	5,754	3,561	3,886
In more than one year but not more than two years	2,981	3,040	4,378	4,535
In more than two years but not more than five years	-	-	1,061	1,074
	<b>8,441</b>	<b>8,794</b>	9,000	9,495
Less: Future finance charges		<b>(353)</b>		(495)
Present value of lease liabilities		<b>8,441</b>		9,000

The weighted average incremental borrowing rate applied to the lease liabilities is 4.6% (2023: 4.5%).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. Amount due to a Former Director/Shareholder

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

## 32. Corporate Bonds

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

	2024 HK\$'000	2023 HK\$'000
Maturity:		
Within one year	75,982	73,434
In more than one year but not more than two years	20,817	22,282
In more than two years but not more than five years	16,000	12,317
	112,799	108,033
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(75,982)	(73,434)
Amounts due for settlement after 12 months (shown under non-current liabilities)	36,817	34,599

During the year, the Group has issued corporate bonds with aggregate amount of HK\$70,200,000 (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 effective interest rate ranging from 6%–7.5% (2023: 0% to 6%), which are payable either semi-annually or annually.

Both parties do not have the rights to exercise partial or full early redemption. No conversion rights were granted under the corporate bond agreements. Corporate bonds of HK\$3,000,000 as at 31 March 2024 (2023: HK\$32,309,000) were secured by personal guarantee from Mr. Chen Jiajun.

As at 31 March 2023, a corporate bond of HK\$10,125,000, which was matured in July 2023, was held by Mr. Chen Jiajun, as disclosed in Note 39 (e) to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. Deferred Taxation

The deferred tax liabilities are made up of the following:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period	131,627	–
Acquisition of subsidiaries	–	137,783
Credit to profit or loss	(131,291)	(6,156)
At the end of the reporting period	336	131,627

At the end of the reporting period, the Group has estimated unrecognised tax losses of HK\$428,446,000 (2023: HK\$300,940,000) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses do not have expiry date under the current tax legislation. The Group had no material unprovided deferred tax liabilities at the end of the years of 2023 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 34. Share Capital

	Note	Number of ordinary shares of HK\$0.01 each	HK\$'000
Authorised:			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2022		6,724,629,735	67,246
Issue of consideration shares	(a)	452,666,666	4,527
At 31 March 2023 and 1 April 2023		7,177,296,401	71,773
Issue of consideration shares	(b)	452,666,666	4,527
At 31 March 2024		7,629,963,067	76,300

During the years ended 31 March 2024 and 2023, the movements in the Company's share capital are as follows:

- (a) On 21 February 2023, 452,666,666 new ordinary shares of HK\$1.46 each of the Company were issued as the first tranche consideration shares 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.
- (b) On 31 August 2023, 452,666,666 new ordinary shares of HK\$1.54 each of the Company were issued as the second tranche consideration shares for the acquisition of 70% equity interest in FGA Holdings Limited. Share capital and share premium of approximately HK\$4,527,000 and HK\$692,580,000 respectively were recorded.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. Pledge of Assets

The Group pledged plant and machinery with amount before impairment of DKK5,612,000 (approximately HK\$6,354,000) and inventories of DKK10,579,000 (approximately HK\$11,979,000) to secure banking facilities granted to the Group (2023: plant and machinery of DKK5,612,000 (approximately HK\$6,429,000) and inventories of DKK40,404,000 (approximately HK\$46,290,000)).

During the year ended 31 March 2023, the Group had pledged bank deposits amounting to HK\$35,000,000 to secure banking facilities granted to a wholly owned subsidiary.

## 36. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. Acquisition of Subsidiaries (Continued)

### Acquisition of First Achiever Ventures Limited and its subsidiaries ("First Achiever Group") (Continued)

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

	6 June 2022
	HK\$'000
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)
Total identifiable net assets	26,579
Less: non-controlling interests	(10,631)
Identifiable net assets acquired	15,948
Goodwill	7,452
Total purchase consideration	23,400
Total purchase consideration	
– Settled by deposit of acquisition of subsidiaries	11,700
– Payable	11,700
	23,400
Cash and cash equivalents in subsidiaries acquired	337
Cash inflow on acquisition of subsidiaries	337

The acquired company contributed revenue of HK\$70,109,000 and net loss of HK\$4,039,000 to the Group for the period from the acquisition date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. Acquisition of Subsidiaries *(Continued)*

### 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 acquired 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 described in Note 28:

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. Acquisition of Subsidiaries (Continued)

### Acquisition of FGA Holdings Limited and its subsidiaries ("FGA Group") (Continued)

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

	<b>6 June 2022</b>
	HK\$'000
Property, plant and equipment	319
Intangible assets	571,420
Right-of-use assets	4,828
Trade and other receivables	5,784
Cash and cash equivalents	8,376
Trade and other payables	(24,954)
Lease liabilities	(4,318)
Deferred tax liabilities	(137,225)
<b>Total identifiable net assets</b>	<b>424,230</b>
Less: non-controlling interests	(127,269)
<b>Identifiable net assets acquired</b>	<b>296,961</b>
Goodwill	228,298
<b>Total purchase consideration</b>	<b>525,259</b>
<b>Total purchase consideration</b>	
– Settled by cash	54,914
– Contingent consideration payables	470,345
	<b>525,259</b>
<b>Consideration settled in cash</b>	<b>(54,914)</b>
Cash and cash equivalents in subsidiaries acquired	8,376
<b>Cash outflow on acquisition of subsidiaries</b>	<b>(46,538)</b>

The acquired company contributed revenue of HK\$59,033,000 and net profit of HK\$5,053,000 to the Group for the period from the acquisition date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. Share Award Scheme

On 14 September 2018 (the “Adoption Date”), the Company has entered into a trust deed (the “Trust Deed”) with Core Pacific-Yamaichi International (H.K.) Nominees Limited (the “Trustee”) to set up a trust for the share award scheme (the “Scheme”) and the Trustee will exercise its powers to purchase Shares to be held upon the Trust pursuant to the rules relating to the Scheme Rules and the Trust Deed. To the best of knowledge of the Directors, information and belief, after having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties of the Company and its connected persons under the definitions of Chapter 14 of the Listing Rules.

Pursuant to the terms of the Scheme, the remuneration committee of the Company (“Remuneration Committee”) and the Board shall determine the number of Shares to be purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee (the “Awarded Shares”) awarded by the Board to be awarded to the employees selected by the Remuneration Committee and the Board (the “Selected Employees”). Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from open market by utilising the Company’s resources provided to the Trustee.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders’ approval is required to adopt the Scheme.

The purposes of the Scheme are to recognise the contributions by the Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of Shares awarded by the Board throughout the duration of the Scheme to be in excess of 5% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As at the date of the Adoption Date, the number of issued Shares of the Company is 4,615,489,735 Shares.

Detail of the Scheme were set out in the Company’s announcement dated 14 September 2018.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. Share Award Scheme (Continued)

During the year ended 31 March 2024, the directors resolved to contribute Nil (2023: HK\$48,867,000) to the Scheme, pursuant to which the Trustee to purchase Nil (2023: 50,570,000) shares in the Company for the benefits of certain employees and members of the management of the Group. The Trustee purchased a total of 59,620,000 (2023: 59,620,000) shares in the Company on the Stock Exchange and no Awarded Shares have been granted to Selected Employees. On 30 April 2024, the Share Award Scheme has been terminated.

Movements of Awarded Shares purchased are as follows:

	Number of shares purchased '000	Cost of Purchase HK\$'000
At 1 April 2022	9,050	4,978
Shares purchased from the market during the year	50,570	48,867
At 31 March 2023, 1 April 2023 and 31 March 2024	59,620	53,845

## 38. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The total cost recognised in profit or loss of HK\$1,005,000 (2023: HK\$970,000) represent contributions paid to the MPF Scheme by the Group in respect of the current year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. Retirement Benefit Plans *(Continued)*

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 March 2024, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

The total cost recognised in profit or loss of RMB64,000 (approximately HK\$69,000) (2023: RMB53,000 (approximately HK\$58,000)) represent contributions paid to the central pension scheme by the Group in respect of the current year.

Pursuant to the relevant labour rules and regulations in Denmark, the Group participates in a pension fund scheme organised by the local government, whereby the Group is required to make contributions to the pension fund scheme at certain percentage of the employees' relevant basic salaries.

The total cost recognised in profit or loss of DKK44,000 (approximately HK\$50,000) (2023: DKK60,000 (approximately HK\$65,000)) represent contributions paid to the pension fund scheme by the Group in respect of the current year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. Related Party Transactions

### (a) Transactions with related parties

During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related party	Nature of transaction	2024 HK\$'000	2023 HK\$'000
Kingkey Enterprise Hong Kong Limited and KK Culture Holdings Limited (Notes 1, 2, 3, 4)	Rental expenses of premise and utilities expenses	(4,068)	(5,563)
Kingkey Enterprise Hong Kong Limited and KK Culture Holdings Limited (Notes 2, 3)	Utilities income	38	9
Kingkey Intelligence Culture Holdings Limited and Kingkey E-commerce Limited (Note 5)	Management services income	202	274
	Sundry expense	–	(100)
Energetic Force Investments Limited and its subsidiaries (Note 7)	Sub-license fee	2,686	5,616
	Share profit for event management	1,359	2,872

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follow:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	3,071	4,442
Post-employment benefits	36	36
	<b>3,107</b>	<b>4,478</b>

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. Related Party Transactions (Continued)

### (c) Amounts due from (to) related companies

The analysis of amounts due from related companies is as follow:

Name of related companies	Maximum balance outstanding during the year HK\$'000	2024	2023
		HK\$'000	HK\$'000
Easy Sino Investments Limited (Notes 5, 8)	2,723	<b>2,723</b>	2,723
Kingkey Intelligence Culture Holdings Limited (Notes 5, 8)	125	–	125
Sun Long Investment Management Limited (Notes 6, 8)	63	<b>63</b>	63
Sun Long Fund SPC (Notes 6, 8)	266	<b>266</b>	266
		<b>3,052</b>	3,177

The analysis of amount due to a related company is as follow:

Name of related company	2024	2023
	HK\$'000	HK\$'000
Kingkey E-Commerce Limited (Notes 5, 8)	–	50
Kingkey Enterprise Hong Kong Limited (Notes 2, 8)	<b>294</b>	–
	<b>294</b>	50

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. Related Party Transactions *(Continued)*

### (c) Amount due from (to) related companies *(Continued)*

Notes:

- (1) The transaction also constituted a continuing connected transaction or connected transaction under the Listing Rules.
- (2) Kingkey Enterprise Hong Kong Limited is wholly owned by Mr. Chen Jiarong, brother of Mr. Chen Jiajun, who is considered as a related company to the Group.
- (3) Mr. Chen Jiajun is the substantial shareholder of KK Culture Holdings Limited. Therefore, KK Culture Holdings Limited is considered as a related company of the Group.
- (4) The amounts were actual amounts paid to the related parties.
- (5) Mr. Chen Jiajun is the indirect substantial shareholder of Easy Sino Investments Limited, Kingkey Intelligence Culture Holdings Limited and Kingkey E-commerce Limited. Therefore, Easy Sino Investments Limited, Kingkey Intelligence Culture Holdings Limited and Kingkey E-commerce Limited are considered as related companies of the Group.
- (6) Sun Long Investment Management Limited and Sun Long Fund SPC are wholly owned by Mr. Chen Jiajun and therefore, they are considered as related companies to the Group.
- (7) Energetic Force Investments Limited is the shareholder of FGA Holdings Limited, a non-wholly owned subsidiary of the Company.
- (8) All amounts are unsecured, interest free and repayable on demand.

### (d) Personal guarantee for corporate bonds

Corporate bonds of HK\$3,000,000 as at 31 March 2024 (2023: HK\$32,309,000), as disclosed in Note 32 to the consolidated financial statements, were secured by personal guarantee from Mr. Chen Jiajun.

### (e) Corporate bond holder

As at 31 March 2023, a corporate bond of HK\$10,125,000 was held by Mr. Chen Jiajun, as disclosed in Note 32 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 40. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged as compared to that in prior year.

The capital structure of the Group consists of net debts, which includes bank and other borrowings and corporate bonds, disclosed in Notes 29 and 32 to the consolidated financial statements respectively, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will balance its overall capital structure through the payment of dividends, issuance of new shares as well as issuance of new debts or redemption of existing debts. No changes were made in the objectives, policies or processes as compared to those in prior years.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which are regulated entities under the SFO and subject to the relevant minimum paid-up share capital and minimum liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The management closely monitors, on a daily basis, the capital level of these entities to ensure compliance with the minimum capital requirements under the SF(FR)R.

The management calculated the gearing ratio at the year ended as follows:

	2024 HK\$'000	2023 HK\$'000
Total borrowings:		
Bank and other borrowings	38,329	86,775
Corporate bonds	112,799	108,033
	151,128	194,808
Total equity	405,015	373,838
Gearing ratio	37.31%	52.11%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies

### Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Financial assets at FVTPL	150,582	66,082
Financial assets at FVTOCI	22,729	1,775
Financial assets at amortised cost:		
– Trade and other receivables and deposits (excluding prepayments)	124,043	346,108
– Loan receivables	167,304	86,907
– Amounts due from related companies	3,052	3,177
– Pledged bank deposits	–	35,000
– Bank balances held on behalf of clients	194,167	152,974
– Bank balances and cash	118,552	111,051
	<b>780,429</b>	803,074

	2024 HK\$'000	2023 HK\$'000
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
– Trade and other payables	278,628	236,298
– Amount due to a former director	34	977
– Amount due to a shareholder	16,625	6,500
– Amount due to a related company	294	50
– Bank and other borrowings	38,329	86,775
– Lease liabilities	8,441	9,000
– Corporate bonds	112,799	108,033
	<b>455,150</b>	447,633

### Financial risk management objectives and policies

The Group's major financial instruments include items disclosed above under section "Categories of financial instruments". Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Market risk

#### (a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to trade receivables arising from cash and margin clients, bank balances, trade payables to cash and margin clients and bank borrowings. The Group's cash flow interest rate risk is mainly related to the fluctuation of prevailing rate quoted by the banks arising from the Group's interest-bearing financial instruments. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is not exposed to fair value interest rate risk in relation to the fixed-rate corporate bonds, loan receivables, other borrowings and lease liabilities. The management will monitor its exposure periodically.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

#### **Sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bearing financial instruments. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax result for the year ended 31 March 2024 would decrease/increase by HK\$255,000 (2023: increase/decrease by HK\$846,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies (Continued)

### Market risk (Continued)

#### (b) Foreign currency risk

The Group carries out its fur skin brokerage business and mink farming business in Denmark and most of the transactions are denominated in US\$, DKK and AUD, while business of assets management, securities, insurance brokerage and money lending are carried out mainly in Hong Kong and all the transactions are entered in HK\$ primarily. The business of membership and event, insurance technology and network and licensing are carried out mainly in the PRC and all the transactions are entered in RMB primarily. Hence, mainly the sales and purchases transactions in relation to the business of fur skin brokerage and mink farming expose the Group to foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may enter into foreign currency forward contracts to hedge the exposure to foreign currency risk. As the HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rates between the HK\$ and the US\$ to be insignificant.

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the functional currency of the Company are as follows:

	Assets		Liabilities	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
DKK	89	31	-	-
US\$	109,214	23,870	(12,943)	(10,633)
AUD	21,304	-	-	-
EUR	57	26	-	-
RMB	99	1,778	(1,629)	(1)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Market risk *(Continued)*

#### (b) Foreign currency risk *(Continued)*

##### Sensitivity analysis

	2024		2023	
	Increase (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Increase (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000
DKK	10%	7	10%	3
	(10%)	(7)	(10%)	(3)
AUD	10%	1,779	10%	–
	(10%)	(1,779)	(10%)	–
EUR	10%	5	10%	2
	(10%)	(5)	(10%)	(2)
RMB	10%	(128)	10%	148
	(10%)	128	(10%)	(148)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Market risk *(Continued)*

#### (c) Equity price risk

The Group is exposed to equity price risk through its investments which are classified as financial assets at FVTPL and FVTOCI with the underlying assets are listed equity securities. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the quoted closing prices in active market of the listed equity securities or fair value of the unlisted investments. The Group's listed investments are listed on the Stock Exchange or Australian Securities Exchange. Listed investments held in the portfolio have been chosen based on their longer-term growth potential and are monitored regularly for performance against expectations. The management manages this risk exposure by maintaining a portfolio of investments with different risk and return profiles.

#### **Sensitivity analysis**

For the year ended 31 March 2024, if the price of the equity instruments had been 5% (2023: 5%) higher/lower, the Group's post-tax profit would increase/decrease by HK\$1,000 (2023: HK\$1,000) as a result of the changes in fair value of financial assets at FVTPL, while the other comprehensive income would increase/decrease by HK\$949,000 (2023: increase/decrease by HK\$74,000) as a result of the changes in fair value of financial assets at FVTOCI.

### **Credit risk and impairment assessment**

At the respective reporting dates, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The risk management department is responsible for developing and maintaining the processes for measuring ECL in accordance with the impairment requirements under HKFRS 9. ECL are assessed by the Group periodically. The Group applies simplified approach to measure ECL on trade receivables (except for trade receivables arising from margin clients); and general approach to measure ECL on trade receivables arising from margin clients, loan receivables, other receivables, deposits, pledged bank deposit, bank balance held on behalf of clients, bank balances and amounts due from related companies. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12m ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

Definition of Stage 1, Stage 2 and Stage 3 are as below:

Internal recognition credit rating	Description	Basis of ECL provision
Stage 1	There has not been a significant increase in credit risk since initial recognition and are not credit-impaired upon origination.	12m ECL
Stage 2	There has been a significant increase in credit risk since initial recognition but are not credit-impaired.	Lifetime ECL – not credit-impaired
Stage 3	There is objective evidence of impairment as at the reporting date.	Lifetime ECL – credit-impaired

The credit risk on pledged bank deposits, bank balances (including segregated account and house account) is limited because the counterparties are reputable bank located in Hong Kong and Denmark.

For the year ended 31 March 2024, the Group has concentration of credit risk where 37% (2023: 24%) and 75% (2023: 48%) of trade receivables were due from the Group's largest customer and three largest customers respectively. All the three largest customers are margin clients from securities business.

### Fur skin brokerage business and mink farming business

In order to minimise the credit risk of trade receivables from fur skin brokerage business and mink farming business (collectively refer to the "fur business"), the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Securities business

The credit risk from securities business is primarily attributable to trade receivables due from clients and clearing house without taking account of the value of any collateral obtained. The management of the regulated entity has a credit policy and a team to monitor the credit risk on an on-going basis.

In order to manage the credit risk on trade receivables due from clients, individual credit evaluation is performed on all clients including cash and margin clients. Trade receivables from cash clients are generally settled within two trading days after trade date. In order to minimise the credit risk, the regulated entity has put in place monitoring procedures to ensure that overdue debts are recovered promptly. Accordingly, the credit risk arising from the trade receivables due from cash clients is considered minimal.

For margin clients, the regulated entity normally obtains liquid securities and/or cash deposits as collateral based on the margin requirements. The margin requirement is closely monitored on a daily basis by the designated team. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by the management of the regulated entity on a daily basis. Margin calls and forced liquidation are made where necessary. In addition, the regulated entity reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the management of the Group considers that the credit risk arising from securities business is significantly reduced.

In respect of trade receivables from clearing house, credit risk is considered low as the regulated entity normally enters into transactions with a clearing house which is registered with a regulatory body.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Securities business *(Continued)*

#### **ECL allowance for trade receivable arising from margin clients**

Analysis of the gross carrying amount of trade receivable arising from margin clients is as follows:

	<b>12m Stage 1</b>	<b>Lifetime Stage 2</b>	<b>Lifetime Stage 3</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	285,400	–	31,590	316,990
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(1)	–	1	–
Addition	37,796	–	1,375	39,171
Repayments	(85,935)	–	(80)	(86,015)
As at 31 March 2023 and 1 April 2023	237,260	–	32,886	270,146
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(122,035)	–	122,035	–
Addition	36,994	–	1,624	38,618
Repayments	(151,011)	–	(458)	(151,469)
As at 31 March 2024	1,208	–	156,087	157,295

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies (Continued)

### Credit risk and impairment assessment (Continued)

#### Securities business (Continued)

#### ECL allowance for trade receivable arising from margin clients (Continued)

Analysis of the ECLs allowance for trade receivable arising from margin clients is as follows:

	12m Stage 1 HK\$'000	Lifetime Stage 2 HK\$'000	Lifetime Stage 3 HK\$'000	Total HK\$'000
Balance as at 1 April 2022	285	–	19,372	19,657
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(1)	–	1	–
Recoveries	(53)	–	–	(53)
Net remeasurement of ECL arising from transfer of stage	503	–	9,184	9,687
New lending	1	–	–	1
Balance as at 31 March 2023 and 1 April 2023	735	–	28,557	29,292
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(73,375)	–	73,375	–
Recoveries	(965)	–	(122)	(1,087)
Net remeasurement of ECL arising from transfer of stage	62,411	–	5,400	67,811
New lending	11,194	–	–	11,194
Balance as at 31 March 2024	–	–	107,210	107,210

#### ECL allowance for trade receivable arising from cash clients and clearing house

For the trade receivables arising from cash clients and clearing house, there has not been a significant increase in credit risk since its initial recognition and are not credit-impaired at the end of reporting period. For the year ended 31 March 2024, the Group assessed the ECL for trade receivable arising from cash clients, no impairment loss was recognised (2023: Nil) in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Membership and event business

The Group applies a simplified approach in calculating ECL for trade receivables from membership and event business and recognises loss allowances based on lifetime ECL at each reporting date. The management estimated the expected credit losses taking into account the historical credit loss experience and market credit loss rate, adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables.

In order to minimise the credit risk of trade receivables from membership and event business, the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The information about the exposure to credit risk and ECL for trade receivables at 31 March 2024 and 2023 is summarised as follows:

2024	Expected loss rate	Gross carrying amount HK\$'000	Loss allowances HK\$'000
Not past due	–	–	–
Within 30 days past due	7.35%	1,564	115
31 to 90 days past due	8.26%	533	44
Over 90 days past due	28.20%	9,454	2,666
		11,551	2,825



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies (Continued)

### Credit risk and impairment assessment (Continued)

#### Membership and event business (Continued)

2023	Expected loss rate	Gross carrying amount HK\$'000	Loss allowances HK\$'000
Not past due	–	–	–
Within 30 days past due	0.06%	10,026	6
31 to 90 days past due	0.21%	2,377	5
Over 90 days past due	0.92%	4,650	43
		17,053	54

The Group does not hold any collateral over trade receivables at 31 March 2024 and 2023.

#### Assets management business

In order to minimise the credit risk of trade receivables from assets management business, the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

#### Network and licensing, insurance technology and trading business

The Group applies a simplified approach in calculating ECL for trade receivables from network and licensing, insurance technology and trading business and recognises loss allowances based on lifetime ECL at each reporting date. The management estimated the expected credit losses taking into account the historical credit loss experience and market credit loss rate, adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Network and licensing, insurance technology and trading business *(Continued)*

In order to minimise the credit risk of trade receivables from network and licensing, insurance technology and trading business, the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The information about the exposure to credit risk and ECL for trade receivables at 31 March 2024 is summarised as follows:

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowances HK\$'000
Not past due	–	1,238	–
Within 30 days past due	–	–	–
31 to 90 days past due	–	–	–
Over 90 days past due	25.08%	18,457	4,629
		19,695	4,629

No allowance for ECL has been recognised for the year ended 31 March 2023 as the receivable was settled subsequent to the end of the financial period.

### Money lending

In respect of loan receivables from clients, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. It is the Group's policy that all clients who wish to obtain loans from the Group are subject to management review. Receivable balances are monitored on an ongoing basis, the management makes periodic individual assessment on the recoverability of loans receivables based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral ratio and any other qualitative factors and ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client rather than the industry or country in which the clients operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual clients. As at 31 March 2024, 34% (2023: 22%) and 76% (2023: 76%) of the total loan receivables due from clients were from the Group's largest client and the three largest clients respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Money lending *(Continued)*

#### ECL allowance for loan receivables

Analysis of the gross carrying amount of loan receivable is as follows:

	12m Stage 1 HK\$'000	Lifetime Stage 2 HK\$'000	Lifetime Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2022	–	228,507	22,119	250,626
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	(788)	788	–
Addition	–	20,596	1,842	22,438
Repayments	–	(159,707)	(20,923)	(180,630)
As at 31 March 2023 and 1 April 2023	–	88,608	3,826	92,434
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	(55,938)	55,938	–
Addition	–	125,032	7,828	132,860
Repayments	–	(13,901)	(2,630)	(16,531)
As at 31 March 2024	–	143,801	64,962	208,763

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### Money lending *(Continued)*

#### ECL allowance for loan receivables *(Continued)*

Analysis of the ECLs allowance for loan receivables is as follows:

	<b>12m Stage 1</b>	<b>Lifetime Stage 2</b>	<b>Lifetime Stage 3</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	–	1,331	823	2,154
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	(48)	48	–
Provision for the year	–	2,024	1,738	3,762
Recovery	–	(389)	–	(389)
As at 31 March 2023 and 1 April 2023	–	2,918	2,609	5,527
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	(2,347)	2,347	–
Provision for the year	–	6,631	30,721	37,352
Recovery	–	(7)	(1,413)	(1,420)
As at 31 March 2024	–	7,195	34,264	41,459

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies *(Continued)*

### Credit risk and impairment assessment *(Continued)*

#### ECL allowance for other receivables, deposits and amounts due from related companies

For other receivables, deposits and amounts due from related companies, the management of the Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also reasonable and supportive forward-looking information since initial recognition. For the year ended 31 March 2024, the Group assessed the ECL for other receivables, the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables, deposits and amounts due from related companies and the Group has recognised a provision for the net impairment loss of HK\$585,000 (2023: Nil).

#### ECL allowance for pledged bank deposits, bank balance held on behalf of clients and bank balances

Credit risk on pledged bank deposits, bank balance held on behalf of clients and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit.

### Liquidity risk

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

At 31 March 2024, the Group has available banking facilities of approximately HK\$34 million (2023: approximately HK\$100 million) in which the Group has not utilised of the facilities. Details of bank borrowings are set out in Note 29 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies (Continued)

### Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed repayment date.

	2024						Carrying amount HK\$'000
	Interest rate %	On demand HK\$'000	Within 1 year HK\$'000	1 year to 2 years HK\$'000	3 years to 5 years HK\$'000	Total	
						undiscounted cash flows HK\$'000	
<b>Financial liabilities</b>							
Trade and other payables	-	278,628	-	-	-	278,628	278,628
Amount due to a former director	-	34	-	-	-	34	34
Amount due to a related company	-	294	-	-	-	294	294
Amount due to a shareholder	-	16,625	-	-	-	16,625	16,625
Bank and other borrowings	8.0-24.0	-	40,037	-	-	40,037	38,329
Lease liabilities	3.6-6.5	-	5,754	3,040	-	8,794	8,441
Corporate bonds	6.0-7.5	-	80,606	22,623	16,469	119,698	112,799
		295,581	126,397	25,663	16,469	464,110	455,150

	2023						Carrying amount HK\$'000
	Interest rate %	On demand HK\$'000	Within 1 year HK\$'000	1 year to 2 years HK\$'000	3 years to 5 years HK\$'000	Total	
						undiscounted cash flows HK\$'000	
<b>Financial liabilities</b>							
Trade and other payables	-	236,298	-	-	-	236,298	236,298
Amount due to a former director	-	977	-	-	-	977	977
Amount due to a related company	-	50	-	-	-	50	50
Amount due to a shareholder	-	6,500	-	-	-	6,500	6,500
Bank and other borrowings	3.7-8.0	-	87,016	-	-	87,016	86,775
Lease liabilities	3.7-5.0	-	3,886	4,535	1,074	9,495	9,000
Corporate bonds	0.0-6.0	-	77,758	23,433	12,572	113,763	108,033
		243,825	168,660	27,968	13,646	454,099	447,633

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. Financial Risk Management Objectives and Policies (Continued)

### Fair value

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial asset/ Financial liability	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
	31.03.2024	31.03.2023					
Financial assets at fair value through profit or loss	<b>Unlisted funds HK\$67,327,000</b>	Unlisted funds HK\$66,060,000	Level 2	Based on the net asset value with reference to the prices of underlying investment portfolio quoted by fund administrator.	N/A	N/A	N/A
	<b>Listed Hong Kong equity securities HK\$25,000</b>	Listed Hong Kong equity securities HK\$22,000	Level 1	Quoted bid prices in an active market.	N/A	N/A	N/A
	<b>Unlisted equity HK\$83,230,000</b>	N/A	Level 3	Based on the net asset value with reference to the market price of the land use right.	Unit price per square meter	RMB3,100 to RMB10,000	Increase/(decrease) in unit price per square meter would result in increase/ (decrease) in fair value
Financial assets at fair value through other comprehensive income	<b>Listed Hong Kong equity securities HK\$1,425,000</b>	Listed Hong Kong equity securities HK\$1,775,000	Level 1	Quoted bid prices in an active market.	Discount for lack of marketability ("DLOM")	23.3%	Increase/(decrease) in DLOM would result in (decrease)/ increase in fair value
	<b>Listed Australian equity securities HK\$21,304,000</b>	N/A	Level 1	Quoted bid prices in an active market.	N/A	N/A	N/A

There were no transfers between Level 1, 2 and 3 in both years.

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 42. Offsetting Financial Assets and Financial Liabilities

The Group currently has a legally enforceable rights to set off the trade receivables arising from clearing house, cash clients and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

For the trade receivable or payable to cash clients, they do not meet the criteria for offsetting in the consolidated statement of financial position since the rights of set-off of the recognised amounts is only enforceable following an event of default. In addition, the Group does not intend to settle the balances on a net basis.

### Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial liabilities/assets set off in the consolidated statement of financial position			Related amounts not set off in the consolidated statement of financial position		Net amount
	Gross amounts of recognised financial assets/liabilities HK\$'000	consolidated statement of financial position HK\$'000	Net amounts presented in the consolidated statement of financial position HK\$'000	Financial instruments HK\$'000	Financial collateral pledged HK\$'000	
<b>As at 31 March 2024</b>						
<b>Financial assets</b>						
Trade receivables						
– Clearing house (Note 23)	12,233	(837)	11,396	-	-	11,396
– Cash clients (Note 23)	844	(840)	4	(2)	-	2
– Margin clients (Note 23)	157,312	(17)	157,295	-	(18,354)	138,941
– Brokers (Note 23)	6	-	6	-	-	6
	<b>170,395</b>	<b>(1,694)</b>	<b>168,701</b>	<b>(2)</b>	<b>(18,354)</b>	<b>150,345</b>
<b>Financial liabilities</b>						
Trade payables						
– Clearing house (Note 27)	837	(837)	-	-	-	-
– Cash clients (Note 27)	32,820	(840)	31,980	-	-	31,980
– Margin clients (Note 27)	171,727	(17)	171,710	-	-	171,710
	<b>205,384</b>	<b>(1,694)</b>	<b>203,690</b>	<b>-</b>	<b>-</b>	<b>203,690</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 42. Offsetting Financial Assets and Financial Liabilities (Continued)

### Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

	Gross amounts of recognised financial liabilities/ assets set off in the consolidated statement of financial position	Gross amounts of recognised financial assets/liabilities	Net amounts presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	HK\$'000	HK\$'000	HK\$'000	Financial instruments	Financial collateral pledged	HK\$'000
<b>As at 31 March 2023</b>						
<b>Financial assets</b>						
Trade receivables						
- Clearing house (Note 23)	948	(921)	27	-	-	27
- Cash clients (Note 23)	398	(282)	116	(106)	-	10
- Margin clients (Note 23)	270,146	-	270,146	-	(5,375)	264,771
- Brokers (Note 23)	6	-	6	-	-	6
	271,498	(1,203)	270,295	(106)	(5,375)	264,814
<b>Financial liabilities</b>						
Trade payables						
- Clearing house (Note 27)	2,421	(921)	1,500	-	-	1,500
- Cash clients (Note 27)	29,417	(282)	29,135	-	-	29,135
- Margin clients (Note 27)	124,453	-	124,453	-	-	124,453
	156,291	(1,203)	155,088	-	-	155,088

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 43. Particulars of Principal Subsidiaries

### (a) General information of subsidiaries

Name of subsidiaries	Place of incorporation/ establishment	Paid up issued/ registered ordinary share capital HK\$/US\$/DKK/RMB	Percentage of equity attributable to the Company	Principal activities and place of operation
Loyal Speed Limited	British Virgin Islands	US\$100 (2023: US\$100)	100% (2023: 100%)	Provision of fur brokerage and financing services/Hong Kong
Trade Region Limited	British Virgin Islands	US\$2 (2023: US\$2)	100% (2023: 100%)	Investment holdings/Hong Kong
UKF (Denmark) A/S	Denmark	DKK500,000 (2023: DKK500,000)	100% (2023: 100%)	Mink farming/Denmark
Kingkey Finance Limited	Hong Kong	HK\$1,000,000 (2023: HK\$1,000,000)	100% (2023: 100%)	Money lending/Hong Kong
U.K. Fur Limited	British Virgin Islands	US\$10,000 (2023: US\$10,000)	100% (2023: 100%)	Trading of fur skins/Hong Kong
Kingkey Management Limited	Hong Kong	HK\$10,000 (2023: HK\$10,000)	100% (2023: 100%)	Operating expense/Hong Kong
Pearl Bay Investments Limited	British Virgin Islands	US\$1 (2023: US\$1)	100% (2023: 100%)	Investment holdings/Hong Kong
Kingkey Securities Group Limited	Hong Kong	HK\$200,000,000 (2023: HK\$200,000,000)	100% (2023: 100%)	Provision of securities brokerage service/Hong Kong
Apex Height Investments Limited	British Virgin Islands	US\$1 (2023: US\$1)	100% (2023: 100%)	Investment holdings/Hong Kong
Kingkey Asset Management Limited	Hong Kong	HK\$4,000,000 (2023: HK\$4,000,000)	100% (2023: 100%)	Provision of asset management services/Hong Kong
Kingkey Capital Limited	Hong Kong	HK\$1 (2023: HK\$1)	100% (2023: 100%)	Investment holdings/Hong Kong
Noble Zenith International Limited	British Virgin Islands	US\$1 (2023: US\$1)	100% (2023: 100%)	Investment holdings/Hong Kong
Affluent Range Limited	British Virgin Islands	US\$1,335,000 (2023: US\$1,335,000)	100% (2023: 100%)	Investment holdings/Hong Kong

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 43. Particulars of Principal Subsidiaries (Continued)

### (a) General information of subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Paid up issued/ registered ordinary share capital HK\$/US\$/DKK/RMB	Percentage of equity attributable to the Company	Principal activities and place of operation
Kingkey Privilege Wealth Management Limited	Hong Kong	HK\$3,600,000 (2023: HK\$3,600,000)	51% (Note 1) (2023: 100%)	Provision of wealth management services/Hong Kong
Kingkey Family Office Limited	Hong Kong	HK\$10,000 (2023: HK\$10,000)	100% (2023: 100%)	Inactive/Hong Kong
Kingkey Privilege Management Services Limited	Hong Kong	HK\$1 (2023: HK\$1)	100% (2023: 100%)	Operating expense/Hong Kong
Kingkey Investment Fund SPC	Cayman Islands	US\$1 (2023: US\$1)	100% (2023: 100%)	Inactive/Cayman Islands
FGA Holdings Limited	British Virgin Island	US\$1 (2023: US\$1)	70% (2023: 70%)	Investment holding/Hong Kong
FGA (Hong Kong) Limited	Hong Kong	HK\$10,000 (2023: HK\$10,000)	70% (2023: 70%)	Investment holding/Hong Kong
福滙協源(上海)管理諮詢有限公司 FGA (China) Limited	PRC	RMB24,640,000 (2023: RMB24,640,000)	70% (2023: 70%)	Membership business and event hosting/PRC (Note 2)
First Achiever BVI Ventures Limited	British Virgin Island	US\$250 (2023: US\$250)	60% (2023: 60%)	Investment holding/Hong Kong
寧波趣行智能科技有限公司 Ningbo Quxing Intelligent Technology Co., Ltd.	PRC	RMB1,000,000 (2023: RMB1,000,000)	60% (2023: 60%)	Information technology services related to insurance business/ PRC (Note 3)
北京銷鋒信息服務有限公司	PRC	RMB1,500,000	60%*	Information technology services/ PRC (Note 3)

\* Established during the year ended 31 March 2024

Notes:

- (1) During the year ended 31 March 2024, the Group has disposed 49% of equity interest of Kingkey Privilege Wealth Management Limited with consideration of HK\$1,660,000.
- (2) This Company is a wholly foreign-owned enterprise.
- (3) This Company is a wholly domestic-owned enterprise.

None of the subsidiaries had any debt securities outstanding at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 44. Statement of Financial Position and Reserves of the Company

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Investment in subsidiaries	23,410	548,669
Financial assets at fair value through other comprehensive income	1,425	1,775
	<b>24,835</b>	550,444
<b>Current assets</b>		
Financial assets at fair value through profit or loss	25	22
Prepayment and other receivables	747	39,898
Amounts due from subsidiaries	513,691	611,295
Amounts due from related companies	323	323
Bank balances and cash	2,436	25,414
	<b>517,222</b>	676,952
<b>Current liabilities</b>		
Other payable and accruals	5,876	1,817
Contingent consideration payables	–	819,327
Amounts due to subsidiaries	45,775	48,291
Amounts due to a shareholder	16,625	6,500
Loan from a subsidiary	149,333	119,000
Other borrowings	35,700	–
Corporate bonds	75,814	72,331
	<b>329,123</b>	1,067,266
<b>Net current assets/(liabilities)</b>	<b>188,099</b>	(390,314)
<b>Total assets less current liabilities</b>	<b>212,934</b>	160,130
<b>Non-current liability</b>		
Corporate bonds	36,352	33,104
	<b>36,352</b>	33,104
Net assets	<b>176,582</b>	127,026
<b>Capital and reserve</b>		
Share capital	76,300	71,773
Reserves	100,282	55,253
	<b>176,582</b>	127,026

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2024 and are signed on its behalf by:

**CHEUNG PUI KI GLORIA**  
DIRECTOR

**MONG CHEUK WAI**  
DIRECTOR

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 44. Statement of Financial Position and Reserves of the Company (Continued)

### Movement in the Company's reserves

	Share premium HK\$'000	Shares held for Share Award Scheme HK\$'000	Investments revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	1,103,387	(4,978)	(6,750)	(550,039)	541,620
Loss for the year	–	–	–	(1,092,392)	(1,092,392)
Other comprehensive expense for the year					
Fair value changes of financial assets at fair value through other comprehensive income	–	–	(1,475)	–	(1,475)
Total comprehensive expense for the year	–	–	(1,475)	(1,092,392)	(1,093,867)
Issues of consideration shares	656,367	–	–	–	656,367
Purchase of shares under Share Award Scheme (Note 37)	–	(48,867)	–	–	(48,867)
At 31 March 2023 and 1 April 2023	1,759,754	(53,845)	(8,225)	(1,642,431)	55,253
Loss for the year	–	–	–	(647,201)	(647,201)
Other comprehensive expense for the year					
Fair value changes of financial assets at fair value through other comprehensive income	–	–	(350)	–	(350)
Total comprehensive expense for the year	–	–	(350)	(647,201)	(647,551)
Issues of consideration shares	692,580	–	–	–	692,580
At 31 March 2024	2,452,334	(53,845)	(8,575)	(2,289,632)	100,282

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 45. Reconciliation of Liabilities Arising from Financing Activities

	Interest payables from financing activities	Bank and other borrowings	Leases liabilities	Amount due to a former director	Amount due to a shareholder	Corporate bonds	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	1,666	95,330	71	3,765	11,000	155,608	267,440
<b>Changes from financing cash flows:</b>							
Raise	–	30,101	–	–	–	46,025	76,126
Repayments/Redemption	(14,167)	(37,718)	–	(2,788)	(4,500)	(93,600)	(152,773)
Capital element of lease rentals paid	–	–	(2,589)	–	–	–	(2,589)
Interest element of lease rentals paid	–	–	(333)	–	–	–	(333)
<b>Other changes:</b>							
Interest expenses	14,302	–	333	–	–	–	14,635
New lease	–	–	7,342	–	–	–	7,342
Acquisition of subsidiaries	–	–	4,318	–	–	–	4,318
Exchange differences	–	(938)	(142)	–	–	–	(1,080)
At 31 March 2023 and 1 April 2023	1,801	86,775	9,000	977	6,500	108,033	213,086
<b>Changes from financing cash flows:</b>							
Raise	–	106,111	–	–	10,125	70,200	186,436
Repayments/Redemption	(9,007)	(154,341)	–	(943)	–	(65,434)	(229,725)
Capital element of lease rentals paid	–	–	(3,797)	–	–	–	(3,797)
Interest element of lease rentals paid	–	–	(339)	–	–	–	(339)
<b>Other changes:</b>							
Interest expenses	10,989	–	339	–	–	–	11,328
New lease	–	–	3,377	–	–	–	3,377
Exchange differences	–	(216)	(139)	–	–	–	(355)
At 31 March 2024	3,783	38,329	8,441	34	16,625	112,799	180,011

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 46. Litigation

### Claims against Kingkey Securities Group Limited by Margin Clients

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

The directors of the Company consider that no provision for the Claims is required as these margin clients had withdrawn approximately HK\$7 million during the year ended 31 March 2021 and the remaining amounts of the Claims of approximately HK\$47.3 million have already been recorded as liabilities in Note 27 to the consolidated financial statements.

### The HCMP Case

On 19 January 2024, the Company obtained a copy of the originating summons filed with the Court of First Instance of the High Court of the Hong Kong Administrative Region (the “High Court”) (the “HCMP Case”) from Kingkey Holdings (International) Limited, a then substantial shareholder of the Company, against the Company, the other Directors except for Mr. Chen Jiajun, and the subscriber under the intended share subscription announced by the Company on 15 January 2024 (the “Share Subscription”). The HCMP Case was in relation to the Share Subscription which subsequently lapsed on 5 February 2024. After negotiation among the parties under the HCMP Case between 11 March 2024 to 3 April 2024, an order was granted by the High Court for the discontinuance of the proceedings under the HCMP Case on 5 April 2024.

For further details of the HCMP Case, please refer to the announcements of the Company dated 19 January 2024, 25 January 2024, 26 January 2024 and 8 April 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 46. Litigation *(Continued)*

### The Hong Kong winding-up petition

On 2 March 2024, the Company was served with a winding-up petition (“HK Petition”) filed with the High Court against the Company in respect of the outstanding sum of HK\$1,030,000, being the principal amount of the bond issued by the Company to the creditor together with interest accrued thereon. After the Company’s negotiation with the petitioner under the HK Petition, a settlement was reached. On 9 May 2024, the HK Petition was withdrawn pursuant to an order granted by the High Court.

For further details of the HK Petition, please refer to the announcements of the Company dated 15 February 2024, 4 March 2024 and 9 May 2024.

### The Cayman winding-up petition and appointment of the joint provisional liquidators

On 23 February 2024 (Cayman time), a winding-up petition for restructuring purposes (“Cayman Petition”) was presented with the Grand Court of the Cayman Islands (“Cayman Court”) with the intention to seek an appointment of the joint provisional liquidators (“JPLs”) over the Company to provide impartial guidance and supervision over the management of the Group’s financial affairs and debt restructuring. On 6 March 2024 (Cayman time), an order was given by the Cayman Court for the appointment of the JPLs to monitor, oversee and supervise the Directors in carrying on the Group’s business.

After working closely with the JPLs for over three months, the Company has (i) completed restructuring to improve the financial position of the Group; and (ii) resolved its major issues including internal conflict among the Directors, complaints received by the Company and the litigation proceedings against the Company. On 21 May 2024 (Cayman time), with the support of the JPLs, an application to discharge the JPLs’ appointment and withdraw the Petition (the “Application”) was filed with the Cayman Court by the Cayman Legal Adviser. On 6 June 2024 (Cayman time), the Cayman Court granted an order (the “Final Order”) to approve the Application. Pursuant to the Final Order, (i) the JPLs have been discharged from their appointment over the Company; (ii) the Petition has been withdrawn; and (iii) the Company is no longer under provisional liquidation.

For further details of the Cayman Petition, please refer to the announcements of the Company dated 25 February 2024, 1 March 2024, 7 March 2024 and 10 June 2024.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 47. Event After the Reporting Period

Except as disclosed elsewhere in the consolidated financial statements, the Company has the following significant events after the reporting period.

### Termination of Sub-License Agreement

On 21 June 2024, the Company was informed by FGA (Hong Kong) Limited (“FGA HK”) that the licensor served a notice to FGA HK to end the sub-license agreement with effect from 30 June 2024 (the “Notice”) pursuant to the terms of the sub-license agreement. According to the advice of the Company’s legal adviser, the directors are of the view that the Notice is valid. For details, please refer to the Company’s announcement dated 21 June 2024.

### Placing of new shares

- (a) On 17 June 2024, the Company and the placing agent entered into the placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 1,000,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.25 per Placing Share. For details, please refer to the Company’s announcement dated 17 June 2024.
- (b) On 27 March 2024, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 1,525,992,613 placing shares to not less than six Placees at the Placing Price of HK\$0.060 per placing share who and whose ultimate beneficial owners shall be Independent Third Parties.

On 26 April 2024, all the conditions precedent set out in the placing agreement had been fulfilled and completion of the placing took place in accordance with the terms and conditions of the placing agreement. For details, please refer to the Company’s announcement dated 26 April 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 47. Event After the Reporting Period *(Continued)*

### Termination of Share Award Scheme

On 30 April 2024, the share award scheme of the Company (the “Scheme”) was terminated.

As at 30 April 2024, no award was made by the Company pursuant to the Scheme. Given that the Company did not expect to grant any awards under the Scheme prior to its expiry on 13 September 2028 and in order to reduce administrative cost and improve the cashflow position of the Company, the Directors resolved to terminate the Scheme with effect from 30 April 2024. For details, please refer to the Company’s announcement dated 30 April 2024.

# FINANCIAL SUMMARY

For the year ended 31 March 2024

## Results

	For the years ended 31 March				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Revenue	125,041	148,642	127,041	331,313	<b>330,417</b>
Loss before tax	(70,729)	(4,899)	(71,415)	(1,164,272)	<b>(823,993)</b>
Income tax (expense)/credit	(151)	(3,541)	(1,714)	1,283	<b>136,573</b>
Loss for the year	(70,880)	(8,440)	(73,129)	(1,162,989)	<b>(687,420)</b>
Loss for the year attributable to:					
Owners of the Company	(70,314)	(8,440)	(73,129)	(1,158,455)	<b>(551,252)</b>
Non-controlling interests	(566)	–	–	(4,534)	<b>(136,168)</b>
	(70,880)	(8,440)	(73,129)	(1,162,989)	<b>(687,420)</b>

## Assets and Liabilities

	As at 31 March				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Total assets	643,114	915,575	1,316,260	1,784,307	<b>866,601</b>
Total liabilities	(215,976)	(489,749)	(525,969)	(1,410,469)	<b>(461,586)</b>
Non-controlling interests	–	–	–	(133,301)	<b>1,082</b>
Equity attributable to the owners of the Company	427,138	425,826	790,291	240,537	<b>406,097</b>