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ALLEGRO CULTURE LIMITED

律齊文化有限公司

(formerly known as Kingkey Intelligence Culture Holdings Limited 京基智慧文化控股有限公司)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023; AND (2) CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$36.3 million, representing a decrease of 32.9% as compared with 2022.
- Gross profit was approximately HK\$20.3 million, representing a decrease of 34.5% as compared with 2022. Gross profit margin was approximately 56.0% in 2023.
- Loss for the year was approximately HK\$36.2 million, representing an increase of 317.9% as compared with 2022. Loss for the year attributable to equity shareholders of the Company was approximately HK\$35.9 million, representing an increase of 306.0% as compared with 2022.

The Board resolved not to recommend any dividend for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited) (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**us**”) prepared according to the HKFRS Accounting Standards (“**HKFRSs**”) for the year ended 31 December 2023 with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	36,332	54,154
Direct operating costs		<u>(15,991)</u>	<u>(23,096)</u>
Gross profit		20,341	31,058
Other income	5	1,933	2,195
Selling and distribution costs		(10,575)	(10,317)
Administrative expenses		(34,840)	(30,171)
Impairment on trade and other receivables and loan receivables, net of reversal		(6,162)	(30)
Impairment on intangible assets		(442)	–
Net loss arising on deconsolidation of subsidiary	6	(3,777)	–
Unrealised loss on revaluation of financial assets at fair value through profit or loss		(527)	–
Fair value loss on contingent consideration receivables		–	(867)
Finance costs	7	(67)	(540)
Share of result of an associate		<u>(2,122)</u>	–
Loss before income tax	8	(36,238)	(8,672)
Income tax	9	<u>–</u>	<u>–</u>
Loss for the year		<u>(36,238)</u>	<u>(8,672)</u>

	2023	2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense)/income		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss)/gain on equity instruments at fair value through other comprehensive income	<u>(48,830)</u>	<u>27,752</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(48,830)</u>	<u>27,752</u>
Total comprehensive (expense)/income for the year	<u>(85,068)</u>	<u>19,080</u>
Loss for the year attributable to:		
Equity shareholders of the Company	(35,934)	(8,850)
Non-controlling interests	<u>(304)</u>	<u>178</u>
	<u>(36,238)</u>	<u>(8,672)</u>
Total comprehensive (expense)/income attributable to:		
Equity shareholders of the Company	(84,764)	18,902
Non-controlling interests	<u>(304)</u>	<u>178</u>
	<u>(85,068)</u>	<u>19,080</u>
Loss per share		
– Basic and diluted	11	
	<u>(HK7.90 cents)</u>	<u>(HK1.98 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets		520	962
Property, plant and equipment		2,944	395
Right-of-use assets		2,342	1,797
Investment in an associate		13,922	–
Equity instruments at fair value through other comprehensive income		59,625	107,616
Financial asset at fair value through profit or loss		5,574	3,620
Loan receivables		–	776
Deposits and prepayments		–	9,362
		<u>84,927</u>	<u>124,528</u>
Current assets			
Inventories		–	188
Trade receivables	12	1,878	5,627
Other receivables, deposits and prepayments		6,673	8,102
Loan receivables		739	1,166
Cash and cash equivalents		30,081	69,917
		<u>39,371</u>	<u>85,000</u>
Current liabilities			
Contract liabilities		884	1,512
Trade and other payables	13	6,760	9,980
Current portion of lease liabilities		1,050	1,313
Provision for taxation		–	62
		<u>8,694</u>	<u>12,867</u>
Net current assets		<u>30,677</u>	<u>72,133</u>
Total assets less current liabilities		<u>115,604</u>	<u>196,661</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities		
Non-current portion of lease liabilities	<u>1,299</u>	<u>533</u>
Net assets	<u>114,305</u>	<u>196,128</u>
EQUITY		
Share capital	91,107	89,323
Reserves	<u>23,198</u>	<u>106,360</u>
Equity attributable to shareholders of the Company	114,305	195,683
Non-controlling interests	<u>–</u>	<u>445</u>
Total equity	<u>114,305</u>	<u>196,128</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 1506, 15/F, Wing On Centre, 111 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in (i) provision of advertising services, (ii) sale of medical and health products, (iii) e-commerce (mainly sales of household and personal care products), and (iv) provision of intellectual property ("IP") development design services.

The consolidated financial statements are presented in Hong Kong Dollars thousand ("HK\$'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 6 August 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all HKFRS Accounting Standards ("HKFRSs"), which include HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK.

Basis of deconsolidation

On 21 February 2024, 23 February 2024, 18 March 2024 and 18 April 2024, the Company announced that, the Company became aware in recent months that the Group was unable to obtain certain books and records and relevant supporting documents such as bank statements and vouchers (the "**Books and Records**") from its Hong Kong based subsidiary, KK Wecheck Medical Technology Limited ("**KK Wecheck**"). As a subsidiary of the Group, all books, records, and operations of KK Wecheck were, at all material times, maintained and controlled by the Group's former executive Director.

The Company had formally requested KK Wecheck to provide necessary assistance in preparing and auditing the Group's management accounts. Notwithstanding the Company's repeated requests, KK Wecheck failed to respond or provide the Books and Records to the Company.

In light of the above, the Company has engaged legal adviser to file writ of summons with the High Court of Hong Kong (the "**Court**") against the former Director of the Group, for, among other things, (1) breaches of fiduciary duties and/or knowing receipt of benefits from such breaches; (2) procurement of payments to entities without consent and/or authorization; (3) failure to maintain adequate books, accounts and records resulting the Group unable to locate certain assets, documents, records and accounting evidence, thereby causing hindrance and/or inability to complete compilation of financial information and the audit process; and (4) damages, equitable compensation and such further and/or other reliefs as the Court thinks fit. On the other hand, the Group has engaged an independent forensic investigator to investigate and prepare a forensic investigation (the "**Investigation Report**") to consider the effect of

the relevant events. Based on the findings in the Investigation Report and after careful consideration, the Board was of the view that the Company no longer has: (a) control over the KK Wecheck; (b) exposure, or rights, to variable returns from its involvement with the KK Wecheck; or (c) the ability to use its power over the KK Wecheck to affect the amount of the Company's returns.

Due to the situation described above, the directors of the Company (the “**Directors**”) considered that the Group was unable to exercise its rights as the shareholder either to control the assets and operations of the KK Wecheck or to exercise the decision-making rights over the KK Wecheck. As such, the Directors further considered that it is inappropriate to consolidate the financial results of the KK Wecheck into the Group. The Directors have resolved to deconsolidate the KK Wecheck with effect from 1 July 2023, the date when the Directors considered that it had effectively lost control of the KK Wecheck. In addition, the Directors were of the view that the recoverability of the amounts due from the KK Wecheck were remote and do not expect to be able to recover the outstanding balances in the foreseeable future.

Financial impact on deconsolidation

The deconsolidation had resulted in a net loss arising on deconsolidation of subsidiaries of approximately HK\$3,777,000 and impairment loss on amounts due from the KK Wecheck of approximately HK\$3,585,000 have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023, as the Board was of the view that the carrying values of the amounts due from the deconsolidated subsidiary were not recoverable in the foreseeable future.

Application of new and amendments to HKFRSs

During the year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRSs 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRSs Practice Statement 2	Disclosure of Accounting Policies

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

The amendments to HKAS 1 and HKFRSs Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities to provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as senior executive management. Senior executive management reviews the Group’s internal reporting in order to assess performance and allocate resources. Senior executive management has determined the operating segment based on these reports.

The Group is principally engaged in (i) the provision of advertising services; (ii) the sale of medical and health products; (iii) e-commerce (mainly the sales of household and personal care products); and (iv) the provision of IP development design service.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss before tax except that unallocated corporate income, unallocated corporate expenses, and finance costs are excluded from such measurement.

Segment assets exclude intangible assets, property, plant and equipment, right-of-use assets, investment in an associate, equity instruments at fair value through other comprehensive income (“**FVOCI**”), financial asset at fair value through profit or loss (“**FVTPL**”), loan receivables, other receivables, deposits and prepayments, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude lease liabilities and other payables as these liabilities are managed on a group basis.

Year ended 31 December 2023

	Provision of advertising services HK\$'000	Sale of medical and health products HK\$'000	E-commerce HK\$'000	Provision of IP development design service HK\$'000	Total HK\$'000
Segment revenue	32,483	373	2,900	576	36,332
Segment results	(595)	(619)	(2,004)	(6,859)	(10,077)
Reconciliation:					
Unallocated corporate income					1,035
Unallocated corporate expenses					(27,129)
Finance costs					(67)
Loss before income tax					<u>(36,238)</u>
Segment assets	6,919	–	30,163	–	37,082
Reconciliation:					
Intangible assets					520
Property, plant and equipment					2,938
Right-of-use assets					1,809
Investment in an associate					13,922
Equity instruments at FVOCI					59,625
Financial asset at FVTPL					3,267
Loan receivables					739
Other receivables, deposits and prepayments					748
Cash and cash equivalents					<u>3,648</u>
Total assets					<u>124,298</u>
Segment liabilities	3,327	–	–	–	3,327
Reconciliation:					
Lease liabilities					1,802
Other payables					<u>4,864</u>
Total liabilities					<u>9,993</u>
Other segment information					
Depreciation and amortisation	1,211	–	–	–	1,211
Impairment on trade and other receivables and loan receivables, net of reversal	1,690	–	2,868	(2)	4,556
Interest income	(9)	–	(7)	–	(16)

Year ended 31 December 2022

	Provision of advertising services <i>HK\$'000</i>	Sale of medical and health products <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Provision of IP development design service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	33,143	13,475	7,536	–	54,154
Segment results	556	363	(944)	–	(25)
Reconciliation:					
Unallocated corporate income					1,115
Unallocated corporate expenses					(9,222)
Finance costs					(540)
Loss before income tax					<u>(8,672)</u>
Segment assets	10,636	6,105	5,429	–	22,170
Reconciliation:					
Intangible assets					962
Property, plant and equipment					386
Right-of-use assets					305
Investment in an associate					–
Equity instruments at FVOCI					107,616
Financial asset at FVTPL					3,620
Loan receivables					1,942
Other receivables, deposits and prepayments					8,818
Cash and cash equivalents					<u>63,709</u>
Total assets					<u>209,528</u>
Segment liabilities	6,103	3,509	–	–	9,612
Reconciliation:					
Lease liabilities					148
Other payables					<u>3,640</u>
Total liabilities					<u>13,400</u>
Other segment information					
Depreciation and amortisation	1,251	–	–	–	1,251
Impairment on trade and other receivables and loan receivables, net of reversal	(170)	15	30	–	(125)
Interest income	<u>(3)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3)</u>

Geographical information

(a) Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	36,332	46,618
Mainland China	–	7,536
	<u>36,332</u>	<u>54,154</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	5,806	3,154
Mainland China	–	–
	<u>5,806</u>	<u>3,154</u>

The non-current asset information above is based on the physical locations of the non-current assets, excludes investment in associate, equity instruments at fair value through other comprehensive income, financial asset at fair value through profit or loss, loan receivables, and deposits and prepayments.

Information about major customers

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

	Operating segment	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	Provision of advertising services	N/A*	6,063

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

No single customer contributed 10% or more of the Group's revenue in 2023.

4. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment		
Provision of advertising services	32,483	33,143
Sales of medical and health products	373	13,475
E-commerce business	2,900	7,536
Provision of IP development design service	576	–
	<u>36,332</u>	<u>54,154</u>

5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	381	1,009
Gain on disposals of property, plant and equipment	70	–
Exchange gain	–	50
Government grant (<i>Note</i>)	–	595
Sales of e-cigarette	316	–
Sundry income	651	541
Waive of loan	515	–
	<u>1,933</u>	<u>2,195</u>

Note: For the year ended 31 December 2022, included in profit or loss amounted to approximately HK\$595,000 of government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have unfulfilled obligations relating to this program.

6. DECONSOLIDATION OF SUBSIDIARY

On 21 February 2024, 23 February 2024, 18 March 2024 and 18 April 2024, the Company announced that it had become aware in recent months that the Group was unable to obtain the books and records and relevant supporting documents (such as bank statements and vouchers, collectively the “**Books and Records**”) from its Hong Kong-based subsidiary, KK Wecheck. As a subsidiary of the Group, all books, records, and operations of KK Wecheck were, at all material times, maintained and controlled by the Group’s former Director.

The Company had formally requested KK Wecheck to provide necessary assistance in preparing and auditing the Group’s management accounts. Notwithstanding the Company’s repeated requests, KK Wecheck failed to respond or provide the Books and Records to the Company.

In light of the above, the Company has engaged legal counsel to file writ of summons with the High Court of Hong Kong against the former Director of the Group, for, among other things, (1) breaches of fiduciary duties and/or knowing receipt of benefits from such breaches; (2) procurement of payments to entities without consent and/or authorization; (3) failure to maintain adequate books, accounts and records resulting the Group unable to locate certain assets, documents, records and accounting evidence, thereby causing hindrance and/or inability to complete compilation of financial information and the audit process; and (4) damages, equitable compensation and such further and/or other reliefs as the Court thinks fit. On the other hand, the Group has engaged an independent forensic investigator to investigate and prepare a forensic investigation (the “**Investigation Report**”) to consider the effect of the relevant events. Based on the findings in the Investigation Report and after careful consideration, the Board was of the view that the Company no longer has: (a) control over the KK Wecheck; (b) exposure, or rights, to variable returns from its involvement with the KK Wecheck; or (c) the ability to use its power over the KK Wecheck to affect the amount of the Company’s returns.

Due to the situation described above, the directors of the Company (the “**Directors**”) considered that the Group was unable to exercise its rights as the shareholder either to control the assets and operations of the KK Wecheck or to exercise the decision-making rights over the KK Wecheck. As such, the Directors further considered that it is inappropriate to consolidate the financial results of the KK Wecheck into the Group. The Directors have resolved to deconsolidate the KK Wecheck with effect from 1 July 2023, the date when the Directors considered that it had effectively lost control of the KK Wecheck. In addition, the Directors were of the view that the recoverability of the amounts due from the KK Wecheck were remote and do not expect to be able to recover the outstanding balances in the foreseeable future. The resulting loss arising from the deconsolidation of the KK Wecheck of approximately HK\$3,777,000 and impairment loss on amounts due from the KK Wecheck of approximately HK\$3,585,000 have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Under HKFRS Accounting Standards 10 “Consolidated Financial Statements”, the carrying amounts of the assets and liabilities of the KK Wecheck should be derecognised from the consolidated financial statements of the Group at the date when control over the KK Wecheck was lost. Since the auditor was unable to gain access to the Books and Records and management personnel of the KK Wecheck, the auditor was unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the accounting treatment and amounts adopted by the Group of not treating the KK Wecheck as subsidiary of the Group on 1 July 2023. The auditor was also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the KK Wecheck. There were no alternative audit procedures that the auditor could perform to satisfy themselves as to whether the resulting loss arising from the deconsolidation of the KK Wecheck of approximately HK\$3,777,000 recorded in the consolidated statement of profit or loss are free from material misstatement. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Group and loss and cash flows of the Group for the year ended 31 December 2023, and the related disclosures thereof in the consolidated financial statements.

On 1 July 2023, the Group deconsolidated the entire equity interest in KK Wecheck due to loss of control.

The net assets of KK Wecheck at the date of deconsolidation were as follow:

	2023 HK\$'000
Trade receivables	168
Other receivables, deposits and prepayments	3,716
Cash and cash equivalents	132
Contract liabilities	(76)
Trade and other payables	(5)
Amount due to group companies	(3,585)
Provision for taxation	(62)
	<hr/>
	288
Non-controlling interests	(141)
	<hr/>
	147
Settlement of amounts due from deconsolidated a subsidiary	3,630
Less: consideration	–
	<hr/>
Loss on deconsolidation	3,777
	<hr/> <hr/>
Consideration	–
Less: cash disposed of	(132)
	<hr/>
Net cash outflow arising on the deconsolidation	(132)
	<hr/> <hr/>

7. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest charges on other borrowing with repayment on demand clause	–	478
Interest on lease liabilities	67	62
	<hr/>	<hr/>
	67	540
	<hr/> <hr/>	<hr/> <hr/>

8. LOSS BEFORE INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration for:		
– audit engagement	1,390	550
– other service	–	–
Depreciation of property, plant and equipment	455	205
Depreciation of right-of-use assets	1,519	1,850
Employee benefit expense (including directors' emoluments)	26,721	29,917
Exchange loss/(gain), net	211	(50)
Gain on disposals of property, plant and equipment	(70)	–
Impairment on trade and other receivables and loan receivables, net of reversal	6,162	30
Cost of inventories recognised in direct operating costs	<u>3,133</u>	<u>16,735</u>

9. INCOME TAX

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

Hong Kong Profits tax has not been provided for the current year and prior year as the Group did not derive any assessable profit in Hong Kong.

Reconciliation between income tax and accounting loss at applicable tax rates is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before income tax	<u>(36,238)</u>	<u>(8,672)</u>
Notional tax calculated at the rates applicable to the loss in the tax jurisdictions concerned	(5,979)	(1,431)
Tax effect of non-taxable revenue	(15)	(119)
Tax effect of non-deductible expenses	2,141	30
Tax effect of tax losses not recognised	3,503	1,520
Tax effect of share of results of an associate	<u>350</u>	<u>–</u>
Income tax	<u>–</u>	<u>–</u>

10. DIVIDENDS

The Directors do not recommend the payment of dividend for the years ended 31 December 2023 and 2022.

11. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to equity shareholders of the Company	<u>(35,934)</u>	<u>(8,850)</u>
	Number of shares	
	2023 <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>454,899</u>	<u>446,614</u>

The calculation of basic loss per share was based on the loss attributable to equity shareholders of the Company of approximately HK\$35,934,000 (2022: HK\$8,850,000) and the denominators used were the same as those detailed above for both basic and diluted loss per share.

In 2023 and 2022, diluted loss per share attributable to equity shareholders of the Company was the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	6,507	5,712
Less: Provision for impairment	<u>(4,629)</u>	<u>(85)</u>
Trade receivables – net	<u>1,878</u>	<u>5,627</u>

Movement in the provision for impairment loss on trade receivables is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	85	183
Impairment loss recognised during the year	4,629	85
Impairment loss reversed during the year	<u>(85)</u>	<u>(183)</u>
At 31 December	<u>4,629</u>	<u>85</u>

The Group recognised provision for impairment of trade receivables based on the accounting policy adopted for the years ended 31 December 2023 and 2022.

Ageing analysis of trade receivables, net of provision, based on invoice dates, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	1,338	3,614
31–60 days	533	174
61–90 days	7	1,194
91–120 days	–	627
121–150 days	–	15
Over 150 days	–	3
	<hr/>	<hr/>
Total trade receivables	1,878	5,627
	<hr/> <hr/>	<hr/> <hr/>

The Group allows a credit period from 0 to 120 days (2022: 3 to 120 days) to its customers.

The Directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group applies the simplified approach to provide the expected credit loss prescribed by HKFRS 9. A provision of approximately HK\$4,629,000 (2022: HK\$85,000) was made against the gross amounts of trade receivables during the year.

At 31 December 2023 and 2022, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

13. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	–	1,862
Accruals	5,741	5,474
Other payables	1,019	2,644
	<hr/>	<hr/>
	6,760	9,980
	<hr/> <hr/>	<hr/> <hr/>

Included in trade and other payables are trade payables with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	–	35
1 to 3 months	–	204
Over 3 months but within 6 months	–	1,623
	<hr/>	<hr/>
	–	1,862
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2022, the average credit period on purchase of goods was 30 days.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has issued the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2023, an extract of which is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2023. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. Deconsolidation of subsidiary

On 21 February 2024, 23 February 2024, 18 March 2024 and 18 April 2024, the Company announced that it had become aware in recent months that the Group was unable to obtain certain books and records and relevant supporting documents (such as bank statements and vouchers, collectively the "**Books and Records**") from its Hong Kong-based subsidiary, KK Wecheck. As a subsidiary of the Group, all books, records, and operations of KK Wecheck were, at all material times, maintained and controlled by the Group's former executive Director.

The Company had formally requested KK Wecheck to provide necessary assistance in preparing and auditing the Group's management accounts. Notwithstanding the Company's repeated requests, KK Wecheck failed to respond or provide the Books and Records to the Company.

In light of the above, the Company has engaged legal adviser to file writ of summons with the High Court of Hong Kong against the former Director of the Group, for, among other things, (1) breaches of fiduciary duties and/or knowing receipt of benefits from such breaches; (2) procurement of payments to entities without consent and/or authorization; (3) failure to maintain adequate books, accounts and records resulting the Group unable to locate certain assets, documents, records and accounting evidence, thereby causing hindrance and/or inability to complete compilation of financial information and the audit process; and (4) damages, equitable compensation and such further and/or other reliefs as the Court thinks fit. On the other hand, the Group has engaged an independent forensic investigator to investigate and prepare a forensic investigation (the "**Investigation Report**") to consider the effect of the relevant events. Based on the findings in the Investigation Report and after careful consideration,

the Board was of the view that the Company no longer has: (a) control over the KK Wecheck; (b) exposure, or rights, to variable returns from its involvement with the KK Wecheck; or (c) the ability to use its power over the KK Wecheck to affect the amount of the Company's returns.

Due to the situation described above, the directors of the Company (the “**Directors**”) considered that the Group was unable to exercise its rights as the shareholder either to control the assets and operations of the KK Wecheck or to exercise the decision-making rights over the KK Wecheck. As such, the Directors further considered that it is inappropriate to consolidate the financial results of the KK Wecheck into the Group. The Directors have resolved to deconsolidate the KK Wecheck with effect from 1 July 2023, the date when the Directors considered that it had effectively lost control of the KK Wecheck. In addition, the Directors were of the view that the recoverability of the amounts due from the KK Wecheck were remote and do not expect to be able to recover the outstanding balances in the foreseeable future. The resulting loss arising from the deconsolidation of the KK Wecheck of approximately HK\$3,777,000 and impairment loss on amounts due from the KK Wecheck of approximately HK\$3,585,000 have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Under HKFRS Accounting Standards 10 “Consolidated Financial Statements”, the carrying amounts of the assets and liabilities of the KK Wecheck should be derecognised from the consolidated financial statements of the Group at the date when control over the KK Wecheck was lost. Since we were unable to gain access to the Books and Records and management personnel of the KK Wecheck, we were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the accounting treatment and amounts adopted by the Group of not treating the KK Wecheck as subsidiary of the Group on 1 July 2023. We were also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the KK Wecheck. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the resulting loss arising from the deconsolidation of the KK Wecheck of approximately HK\$3,777,000 recorded in the consolidated statement of profit or loss are free from material misstatement. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Group and loss and cash flows of the Group for the year ended 31 December 2023, and the related disclosures thereof in the consolidated financial statements.

During the audit, due to the absence of complete accounting books and records of the KK Wecheck being provided to us, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the occurrence, completeness, accuracy, cut-off, classification and presentation and related disclosure of the results and any related party transactions of the KK Wecheck for the period from 1 January 2023 to 30 June 2023 which had been included in the consolidated statement of profit or loss and other comprehensive income.

Any adjustments found to be necessary in respect of the abovementioned matters might have significant consequential significant effects on the net liabilities of the Group as at 31 December 2023 and the loss and cash flows of the Group for the year ended 31 December 2023 and the related disclosure thereof in the consolidated financial statements.

In addition, due to circumstances described above, we have not been able to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Group were properly recorded and accounted for and in compliance with the requirements of applicable HKFRSs, including Hong Kong Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net assets of the Group as at 31 December 2023 and loss and cash flows of the Group for the year ended 31 December 2023, and the related disclosures thereof in the consolidated financial statements.

2. Limitation of scope concerning interest in associate

During the year, the Group acquired 45% interest in an associate, namely Aurora Medical Technology (HK) Corp. Limited (“**Aurora**”) for approximately HK\$16.04 million. Although the investment agreement granted the Group the right to appoint directors to Aurora’s board, the Group failed to exercise this right during the reporting period. Consequently, there is insufficient evidence to demonstrate that the Group exercises significant influence over Aurora, calling into question the appropriateness of classifying Aurora as an associate under HKAS 28.

Based on the findings in the Investigation Report, the existing Directors were unable to obtain the audited financial statements and books and records of Aurora for the year ended 31 December 2023. Notwithstanding the above classification issue, the former Director of the Group recorded a share of loss of approximately HK\$2.1 million from Aurora.

During the audit, we were unable to obtain sufficient appropriate audit evidence to:

- (i) ascertain the Group’s share of the associate’s results;
- (ii) determine whether any impairment loss was required in respect of the investment as at 31 December 2023; and
- (iii) determine whether any misclassification of this investment as at 31 December 2023.

Any adjustment to this amount could have a material impact on the Group’s net asset position as at 31 December 2023 and the net loss from ordinary activities attributable to shareholders for the year then ended.

3. Scope of limitation concerning revenues, cost of sales and impairment of trade receivables

During the year ended 31 December 2023, accounting records of a wholly-owned subsidiary, namely Kingkey E-Commerce Limited, recorded transactions whereby approximately HK\$2,791,000 was recorded as products purchases, which were subsequently sold to an undisclosed counterparty for approximately HK\$2,900,000. The expenditure of HK\$2,791,000 was recognised as direct operating costs for the year, while the proceeds of HK\$2,900,000 were recorded in E-commerce segment revenue and trade receivables. As at 31 December 2023, the trade receivables remain unsettled, and a full impairment loss provision has been recognised.

During the audit, we did not obtain any documentary evidence (such as contracts, delivery notes, invoices, and board resolutions) to confirm the Group's internal assessment of the trade supplier's background and capabilities. Additionally, we did not receive direct confirmation from the trade supplier regarding the amounts paid to us for the year ended 31 December 2023.

Due to incomplete records, we did not obtain documentary evidence (such as contracts, delivery notes, and invoices) to confirm the occurrence of the sales transactions. We were unable to obtain:

- (i) sufficient evidence and explanations in respect of these two transactions to achieve our audit objectives;
- (ii) the background and financial capacity of the undisclosed counterparty;
- (iii) sufficient appropriate audit evidence to satisfy us as to the recoverability of the related accounts receivable; and
- (iv) sufficient appropriate audit evidence to satisfy us as to the authenticity and validity of these two transactions.

We were also unable to perform interviews with the trade supplier and the customer to ascertain the amount, purpose and nature of the payment made to the trade supplier and the corresponding receivables. Therefore, we were unable to conclude whether the amounts included in the Group's trade receivables as of 31 December 2023, are free from material misstatement, or whether the recognition of any impairment losses provisions for the year ended 31 December 2023, was necessary. If any adjustments should be required in respect of the above matters, they would have a material impact on the Group's net liabilities as of 31 December 2023, the loss for the year, cash flows for the year ended 31 December 2023, and the related disclosures in the consolidated financial statements.

In 2022, a wholly-owned subsidiary of the Company, namely Hopeful Top Limited, have received a deposit of USD74,000 (equivalent to approximately HK\$576,000) from a Hong Kong-based customer (“**Company A**”), and the amount was recognised as Provision of IP development design service segment revenue for the year ended 31 December 2023.

During the audit process, we obtained a direct confirmation from Company A to confirm the balance of above amounts as at 31 December 2023 and 2022. However, due to incomplete records, we were unable to obtain other relevant supporting documentation, such as contracts, work progress reports, or any other records validating the transactions and relationships. Additionally, we were also unable to conduct interviews with Company A to ascertain the amounts and nature of the deposits paid by Company A.

Consequently, we were unable to obtain sufficient appropriate audit evidence or satisfactory management explanation to assess the background of Company A and the validity of the revenue recognised for the year ended 31 December 2023. There are no alternative audit procedures that we could perform to satisfy ourselves as to the completeness of these revenue. If any adjustments should be required for the above matters, there could have a material impact on the Group’s net assets as of 31 December 2023, the loss for the year, the cash flows for the year ended 31 December 2023, and the related disclosures in the consolidated financial statements.

In September 2022, Hopeful Top entered into a design service agreement (“**Design Service Agreement**”) with a service provider (“**Company B**”). In October 2022, the Company made prepayments amounting to USD880,000 (equivalent to approximately HK\$6,864,000) to Company B in accordance with the Design Service Agreement. Subsequently, in November 2023, the Company received a deliverable acknowledgment upon completion of the Design Service Agreement. The amount was recognised as direct operating costs for the year ended 31 December 2023.

During the audit process, we obtained a direct confirmation from Company B regarding the balance of the above amounts as at 31 December 2023 and 2022. However, due to incomplete records, we were unable to obtain other relevant supporting documentation, such as work progress reports or any other records validating the transactions and related relationships. We were also unable to conduct interviews with Company B to ascertain the amounts and nature of the prepayments received by Company B.

Accordingly, we were unable to determine whether the service costs included in the Group’s direct operating costs were free from material misstatement for the year ended 31 December 2023. If any adjustments should be required for the above matters, it could have a material impact on the Group’s net assets as of 31 December 2023, the loss and cash flows for the year ended 31 December 2023, and the related disclosures in the consolidated financial statements.

4. Opening balances and corresponding figures

During the course of the audit, due to the limitations described in Point (1) – (3) above, we were not provided with the complete accounting books and records of the Deconsolidated Subsidiary, limitation of scope concerning interest in associate and scope of limitation concerning revenue, cost of sales and impairment of trade receivables for the purpose of our audit.

Therefore, we were unable to obtain sufficient appropriate audit evidence to enable us to assess the possible effects of the disclaimed matters relating to those matters, including (i) the incomplete accounting books and records of the Deconsolidated Subsidiary; (ii) limitation of scope concerning interest in associate; and (iii) limitation concerning revenue, cost of sales and impairment of trade receivables. Any adjustments to the opening balances as at 1 January 2023 found to be necessary may affect the balance of accumulated losses as at 1 January 2023 and the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2023. The comparative figures shown in the consolidated financial statements may not be comparable with the figures for the current year.

5. Related party transactions

Having considered the above matters, significant scope limitations were identified during the audit, including but not limited to:

1. Inability to obtain sufficient appropriate audit evidence to ascertain the nature, terms, and economic substance of related party transactions;
2. Insufficient documentation and transparency regarding the identification of related parties and the valuation of transactions with such parties;
3. Lack of reliable confirmations or explanations from management and third parties regarding the completeness and accuracy of related party disclosures.

Consequently, we could not conclude whether all related party relationships, transactions, and balances were appropriately identified, measured, and disclosed in compliance with HKFRSs or applicable local accounting standards. The significance of these limitations precluded the auditor from forming an opinion on whether the financial statements as a whole are free from material misstatement, including misstatements arising from fraud or error in relation to related party transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group is principally engaged in (i) provision of advertising services, (ii) sales of medical and health products, (iii) e-commerce (mainly in sales of household and personal care products), and (iv) IP development design service income.

The revenue of the Group decreased by approximately 32.9% from approximately HK\$54.2 million in 2022 to approximately HK\$36.3 million in 2023. The decrease in revenue was mainly attributable to the decrease in sales of medical and health products and the decrease in revenue from e-commerce, mainly from the sales of household and personal care products.

Provision of advertising services

The Group engaged in provision of advertising services, mainly through operating the Recruit Magazine. The revenue of provision of advertising services was approximately HK\$32.5 million for 2023, representing a slightly decrease of approximately 2.0% compared to that of 2022.

Sales of medical and health products

The Group engaged in sales of medical and health products, mainly through operating its 51% owned subsidiary, namely KK Wecheck. However, as announced by the Company on 21 February 2024 and 23 February 2024, the former executive director failed and/or refused to provide assistance to deliver full document records regarding KK Wecheck after his departure since September 2023. The Company believes it has lost its control on such subsidiary and therefore de-consolidated since July 2023. Further, the World Health Organization declared in May 2023 that the coronavirus disease 2019 (COVID-19) epidemic would no longer be listed as a public health emergency has led to a significant drop of the overall demand on our medical and health products, mainly the testing kits. In light of the above, the revenue from this segment decreased by 97.2% from approximately HK\$13.5 million in year 2022 to approximately HK\$373,000 in year 2023.

E-commerce

The Group engaged in e-commerce, mainly in sales of household and personal care products, mainly through operating one of its subsidiaries, namely Kingkey E-Commerce Limited (“KKEC”). However, as announced by the Company on 21 February 2024 and 23 February 2024, the former executive director failed and/or refused to provide assistance to deliver full document records, having said that the Company managed to retrieve document records (including accounting records) of KKEC prior to September 2023. However, extensive management efforts were spent by the Company to review the pre-existing operation and recover certain investments in this segment, such that the Company slowed down its pace

on the development of new business in this segment and focused in recovering proceeds from various items of this segment, such as stock inventory and investments in concerts. In light of the above, the revenue from this segment decreased by approximately 61.5% from approximately HK\$7.5 million in 2022 to approximately HK\$2.9 million in 2023.

IP development design service income

The Group engaged in IP development design business mainly through Hopeful Top since December 2022. The Group recorded revenue from this segment of approximately HK\$576,000, compared to nil in 2022.

Gross profit and gross profit margin

	Year ended 31 December	
	2023	2022
Gross profit (<i>HK\$'000</i>)	20,341	31,058
Gross profit margin (%)	56.0	57.4

The gross profit of the Group decreased by approximately 34.5% from approximately HK\$31.1 million in 2022 to approximately HK\$20.3 million in 2023. The decrease in gross profit is mainly attributable to the decrease in revenue, mainly from the segments of sale of medical and health products and the e-commerce in sales of household and personal care products.

The gross profit margin of the Group remained at similar level of approximately 56.0% in 2023 compared to that of approximately 57.4% in 2022.

Other income

The other income of the Group decreased by approximately 11.9% from approximately HK\$2.2 million in 2022 to approximately HK\$1.9 million in 2023. The decrease in other income is mainly attributable to the decrease in interest income, mainly driven by the decrease in cash and bank balances.

Selling and distribution costs

The selling and distribution costs of the Group increased by approximately 2.5% from approximately HK\$10.3 million in 2022 to approximately HK\$10.6 million in 2023, mainly reflecting the inflated cost on selling and distribution activities related to the Group's advertising business.

Administrative expenses

The administrative expenses of the Group increased by approximately 15.4% from approximately HK\$30.2 million in 2022 to approximately HK\$34.8 million in 2023. The increase in administrative expenses is mainly attributable to the increase in legal and professional fees, along with the increase in staff cost.

Impairment on trade and other receivables and loan receivables, net of reversal

The impairment on trade and other receivable and loan receivables, net of reversal of the Group increased from approximately HK\$30,000 in 2022 to approximately HK\$6.2 million in 2023. The impairment in 2023 mainly represent the impairment on loan receivable made by the Company to another listed company in Hong Kong, and the trade receivable recorded from the e-commerce in sales of household and personal care products made in 2023.

Loss on deconsolidation of a subsidiary

The Group recorded a loss on deconsolidation of a subsidiary of approximately HK\$3.8 million, mainly represent the loss from de-consolidating a 51% owned subsidiary, KK Wecheck, since July 2023 due to the loss of control of this subsidiary by the Company.

Unrealised loss on revaluation of financial assets at fair value through profit or loss

The Group recorded an unrealised loss on revaluation of financial assets at fair value through profit or loss of approximately HK\$527,000 in 2023, mainly represented by the fair value change in the investment in funds and club membership with debenture.

Finance cost

The finance cost of the Group decreased by approximately 87.6% from approximately HK\$540,000 in 2022 to approximately HK\$67,000 in 2023. The decrease is mainly due to the fully repayment of other borrowing made in 2022.

Share result of an associate

The Group recorded a share result of an associate of approximately HK\$2.1 million loss in 2023, mainly representing the loss in relation to the investment in an associate made in 2023, namely, Aurora.

Loss before income tax

In light of the above, the Group recorded a loss before income tax of approximately HK\$36.2 million in 2023, representing an increase of approximately 317.9%, compared to the loss before income tax of approximately HK\$8.7 million in 2022.

BUSINESS REVIEW

Looking back at 2023, Hong Kong began the year by lifting its counter-epidemic measures and resuming normal travel arrangements with Mainland China. This marked a turning point in the city's post-pandemic recovery, contributing to a notable economic revitalization. Hong Kong's GDP recorded a 3.2% growth for the year, reflecting renewed momentum across key sectors. However, global economic conditions remained volatile, largely influenced by persistent core inflation, spikes in commodity prices stemming from geopolitical tensions in Gaza and Israel, and the ongoing war in Ukraine. These uncertainties continued to weigh on the economic outlook for both Mainland China and Hong Kong.

Advertising business

In 2023, the employment market was positively influenced by the broader economic recovery. The relaxation of COVID-19 related restrictions helped stimulate business sentiment, leading to increased employment activity. According to data from the Hong Kong Census and Statistics Department, the unemployment rate improved from 3.1% in Q1 to 2.9% in Q4, while the underemployment rate declined from 1.2% to 1.0% over the same period.

In response to these trends, the Group intensified its efforts to promote recruitment advertising and organized various job fairs, which received encouraging market responses. Physical copies of Recruit Magazine that operated by the Company were strategically distributed at high-traffic locations including MTR stations and commercial zones, NGOs, Labor Department employment centers, universities, and colleges. Simultaneously, the electronic version remained accessible online, ensuring broad reach and convenience for job seekers.

Medical and Health Products

The Group commenced the medical and health products segment in 2020, initially focusing on the distribution of COVID-19 testing kits. However, following the WHO's announcement in May 2023 that COVID-19 was no longer considered a global public health emergency, demand for testing kits declined significantly.

Moreover, as disclosed in the Company's announcements dated 21 February 2024 and 23 February 2024, the former executive director failed or refused to cooperate in handing over full documentation regarding KK Wecheck, being the key operating subsidiary in this segment, after his departure in September 2023. The Company believes that effective control over this key subsidiary was lost and therefore the Group has de-consolidated KK Wecheck since July 2023. Since then, the Group has ceased further development in this business segment.

E-commerce

The Group also engaged in the e-commerce business, mainly import and resale of household and personal care products, primarily sourced from Japan and sold in Mainland China and Hong Kong. However, the development of this segment was hindered by the former director's failure to properly hand over operational documents. Although the Company has since recovered some accounting and operational records dated prior to September 2023, substantial management effort was required to review historical operations and recover outstanding investments. As a result, the Group slowed the expansion of this business and has focused on recovering proceeds from existing assets, including inventory and investments in projects related to concerts.

IP Development and Design Services

The Group began exploring opportunities in the IP development and design services industry since December 2022. However, this segment generated only minimal revenue during 2023, and remained in an early-stage development phase. Similar to the medical and health products segment and the e-commerce segment, the development of this segment was also hindered by the former director's failure to properly hand over operational documents. Since then, the Group has also ceased further development in this business segment.

Despite the challenges encountered in 2023, particularly the business disruptions in connection with the delivery of documents involving a former executive director, the Group remains determined to restoring, and has restored, the normal operations. Our core advertising business has remained largely unaffected by these disruptions and continues to serve as the cornerstone of the Group's operations.

The Group will continue to strengthen its core advertising business while actively exploring new business opportunities that align with our strategic vision. We remain dedicated to creating long-term value for our shareholders and ensuring the sustainable growth of the Group.

PROSPECT

Looking ahead, the Group remains committed to strengthening its core competencies while actively pursuing opportunities for strategic expansion across Hong Kong and Mainland China. The business environment in Hong Kong has shown signs of gradual recovery post-pandemic, yet remains susceptible to global economic uncertainties. Nonetheless, the Group is well-positioned to capture growth in both recruitment advertising and promotional services, supported by its well-established brand, diversified platforms, and consistent operational execution.

The Group's flagship publication, *Recruit Magazine*, continues to serve as a trusted and effective platform for recruitment and commercial advertising in Hong Kong. With the easing of pandemic-related disruptions and positive labor market indicators, the demand for recruitment services is expected to improve alongside economic recovery. The Group's multi-platform approach – spanning print, web, app, and social media channels such as Facebook, Instagram, and Rednote (小紅書) – enables it to reach a broad and diverse audience, thus maintaining relevance in a fast-evolving media landscape.

To further expand its market reach, the Group is actively exploring advertising opportunities in Mainland China, where digital platforms such as Douyin offer significant potential. By partnering with authorized agents and leveraging its in-house design expertise, the Group aims to provide end-to-end advertising solutions to clients interested in penetrating the PRC market.

On the other hand, *Like Magazine*, the Group's lifestyle and leisure-focused online publication, has steadily built a loyal audience base since its full digitalization in 2020. With approximately 160,000 Facebook followers and a growing presence on Instagram and Rednote, the platform has demonstrated strong potential as a horizontal expansion of the Group's advertising business. Positioned as a one-stop portal for food, travel, health, beauty, and lifestyle deals, *Like Magazine* plays a key role in attracting advertising clients seeking to engage with a digitally savvy audience. The Group will continue to invest in content creation and platform optimization to drive traffic and enhance profitability.

Building on its successful track record of organizing job fairs and exhibitions in Hong Kong, the Group is actively expanding its promotional services and event management operations into Mainland China. As cross-border consumer behavior continues to evolve with the development of the Greater Bay Area, demand for high-quality promotional campaigns in PRC shopping malls is on the rise.

To support this expansion, the Group is establishing its own workshop in the PRC (expected to commence operations in July 2025), which will handle the production of event-related props and decorations. This vertical integration will significantly reduce reliance on third-party suppliers, enhance cost efficiency, and improve quality control. Additionally, the Group has onboarded experienced project management personnel with deep expertise in large-scale event execution in Mainland China, further strengthening its operational capabilities.

Despite certain disruptions on business segments other than the core advertising business of the Group that were mainly caused by the failure to deliver document records involving a former executive director, the Group is entering a promising period of transformation and growth in its core advertising segment. By reinforcing its core advertising business, leveraging digital and social media platforms, and expanding its footprint in the PRC through promotional campaigns and event services, the Group is laying the foundation for sustainable value creation. Supported by a solid financial position, experienced team, and diversified business model, the Group is confident in achieving long-term success and delivering enhanced returns to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had net current assets of approximately HK\$30.7 million (2022: HK\$72.1 million). The Group's current ratio as at 31 December 2023, which is defined as current assets over current liabilities, was 4.5 (2022: 6.6). As at 31 December 2023, the Group had a total cash and bank balance of approximately HK\$30.0 million (2022: HK\$69.9 million).

The Group has no bank loan nor other borrowing as at 31 December 2023 (2022: nil).

The Group adopts centralised financing and treasury policies in order to ensure the Group's funding is utilised efficiently. Conservative approach is adopted on monitoring foreign exchange exposure and interest rate risk. Forward contracts were used to hedge the foreign currency exposure in trading and capital expenditure when it was considered appropriate.

CAPITAL STRUCTURE

As at 31 December 2023, the total issued shares of the Company ("**Shares**") was 455,534,000 (2022: 446,614,000 Shares) at HK\$0.2 each.

Share Options

On 22 January 2021, a total of 22,300,000 share options of the Company were granted to certain of eligible persons (as defined in the rules of the share option scheme approved and adopted by the Company pursuant to an ordinary resolution passed by the shareholders of the Company on 29 December 2015) at an exercise price of HK\$0.38 per share. During the year, 8,920,000 share options were exercised, 13,380,000 share options were lapsed and no share options were granted or cancelled. As at 31 December 2023, no share options were outstanding.

Fund Raising Activity

As disclosed in the announcement of the Company dated 28 August 2018, a placing of new shares under general mandate was completed. The gross and net proceeds raised from the placing of a total of 74,000,000 Shares were approximately HK\$103.6 million and HK\$103.0 million (the "**Net Proceeds**") respectively where the intended use of proceeds was for general working capital and future business and investment opportunities.

As disclosed in the Company's announcement dated 7 January 2022, the unutilised Net Proceeds amounted to approximately HK\$82 million (the "**Unutilised Net Proceeds**"). The Board, having considered the then business environment and development of the Group, resolved to change the use of the Unutilised Net Proceeds.

Set out below is the table summarising (i) the allocation of net proceeds, (ii) the net proceeds utilised, and (iii) the net proceeds unutilised, before and since 7 January 2022 and up to 31 December 2023:

Intended use of proceeds	Before 7 January 2022 (in HK\$ million)			Since 7 January 2022 and up to 31 December 2023 (in HK\$ million)		
	Original allocation	Net proceeds utilised	Net proceeds unutilised	Revised allocation of unutilised net proceeds	Net proceeds utilised	Net proceeds unutilised
i. For general working capital in the daily operation of the Group	10	10	Fully utilised	33	33	Fully utilised
ii. For any potential investment opportunities as identified by the Group	93	11	82	49	49	Fully utilised
Total	103	21	82	82	82	Fully utilised

As at 31 December 2023, the net proceeds had been fully utilised by the Group according to its intended use.

Save as disclosed above, there was no fund raising activity taken place during the year ended 31 December 2023.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have any significant capital commitments (2022: nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no contingent liabilities (2022: nil).

DIVIDENDS

The Board does not recommend any payment of final dividend in respect of the reporting period (2022: nil).

EVENT AFTER REPORTING PERIOD

Disposal of subsidiaries

Subsequent to the reporting period but before the issue of this results announcement, the Company entered into the sale and purchase agreements with an independent third party to dispose (i) all the issued shares of Beyond Noble Holdings Limited (“**Beyond Noble**”), which is the legal and beneficial owner of 51% of the issued shares of KK Wecheck, for the consideration of HK\$19,000; and (ii) all the issued shares of Smart Path Enterprises Limited (“**Smart Path**”), which is the legal and beneficial owner of the entire issued share capital of Hopeful Top, for the consideration of HK\$1. The transaction was completed by December 2024. Upon completion, the Group ceased to hold any interest in Beyond Noble, KK Wecheck, Smart Path, and Hopeful Top.

For further detail of the transaction, please refer to the announcement of the Company dated 14 March 2025.

Disposal of associate company

Further, the Company disposed its entire interests in an investment of an associate company, namely Aurora, for the consideration of HK\$9,950,000. The transaction was completed in May 2025. Upon completion, the Company ceased to hold any interest in Aurora.

For further details of the transaction, please refer to the announcement of the Company dated 7 May 2025.

Litigation

HCA 281/2024

The Company and certain of its subsidiaries commenced an action against a former Director and his controlled company for damages and equitable compensation arising out of, among others, the said Director’s breach of fiduciary duties and/or knowing receipt of benefits from such breaches. The former Director and his controlled company had filed a defence and counterclaim. The Company had subsequently filed a reply and defence to counterclaim. As pleadings have now closed, the case shall proceed to the case management stage for further directions. No hearing date has been fixed for the proceedings as at the date of this results announcement.

HCA 241/2024

The Company commenced an action against another company concerning a dispute arising out of a subscription agreement. In the amended statement of claim, the Company sought (i) a declaration that the said subscription agreement was null and void and of no legal effect, (ii) rescission of the subscription agreement, and (iii) return of the consideration paid for the subscription of shares in the defendant. The defendant had filed a defence.

Upon the completion of the agreement of sales and purchase for the shares in dispute, the Company has disposed of the shares in dispute. Consequently, parties signed a consent summons to discontinue the action which the court had approved

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A former Director commenced an action against the Company for alleged defamatory statements contained in the Company's announcements published in compliance of the Listing Rules of Hong Kong. The Company had filed a defence in response to contest the former Director's alleged defamatory claim. No hearing date has been fixed for the proceedings as at the date of this results announcement.

HCMP 1474/2024

The Company commenced taxation proceedings against its former solicitors in relation to the invoices for service rendered. The former solicitors have provided further itemized breakdown regarding the invoices and the Company is reviewing the same.

Please refer to the announcements of the Company dated 21 February 2024, 23 February 2024, 18 March 2024 and 18 April 2024 respectively for further details.

The Company will make further disclosure and update wherever appropriate or necessary.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND/OR ASSOCIATE

In April 2023, the Company has paid the consideration of HK\$16,044,444 and subscribed 2,637,115 new shares (representing approximately 45% of total issued shares immediately after the completion of subscription) of Aurora and its subsidiaries, which were principally engaged in provision of breast health diagnosis and breast cancer treatment in the PRC. Upon completion, Aurora was accounted as an investment in associate company. Please refer to the announcements of the Company dated 3 April 2023 and 17 April 2023 for further details of the acquisition.

Subsequently on 7 May 2025, the Company disposed its entire shareholding of Aurora in the consideration of HK\$9,950,000. Please refer to the announcements of the Company dated 7 May 2025 for further details of the disposal.

Further, one subsidiary of the Group, namely KK Wecheck, was deconsolidated from the Group with effect from 1 July 2023, primarily due to the loss of control over such subsidiary. Please refer to the "Extract from Independent Auditor's Report – Basis for Disclaimer of Opinion – Deconsolidation of subsidiary" in this announcement for further details.

Subsequently on 23 December 2024, the Company disposed (i) its entire shareholding of Beyond Noble, being the holding company of KK Wecheck, for the consideration of HK\$19,000, and (ii) its entire shareholding of Smart Path, being the holding company of Hopeful Top, for the consideration of HK\$1. For the details of the disposal, please refer to Company's announcement dated 14 March 2025.

Save as disclosed, the Group did not have any other material acquisition or disposal of subsidiaries and/or associates during the year.

CHARGES ON GROUP ASSETS

The Group has no charges on group assets at the end of the reporting period (2022: nil).

OTHER SIGNIFICANT EVENTS

(1) Suspension of Trading on the Stock Exchange

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended pending the fulfillment of the Resumption Guidance as specified by the Stock Exchange.

(2) Resignation of Auditor

The Company's former auditor, BDO Limited, has tendered its resignation as the auditor of the Company with effect from 6 May 2024. For details of the resignation of BDO Limited, please refer to the announcement of the Company dated 6 May 2024.

(3) Resumption Guidance

On 20 June 2024, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on the Stock Exchange. On 30 October 2024, the Company received a letter from the Stock Exchange, in which the Stock Exchange notifies the Company to modify one of the guidance for the resumption of trading in the shares of the Company on the Stock Exchange. As a result, the latest resumption guidance (the "**Resumption Guidance**") as at the date of this announcement is as follows:

- (i) Conduct an appropriate independent forensic investigation into each of the Audit Issues, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions;

- (ii) Demonstrating that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (iii) Conducting an independent internal control review and demonstrating that the Company has in place adequate internal controls and procedures to comply with the Listing Rules;
- (iv) Publishing all outstanding financial results required under the Listing Rules and addressing any audit modifications;
- (v) Demonstrating the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (vi) Informing the market of all material information for Shareholders and investors to appraise the Company’s position.

For details of the Resumption Guidance, please refer to the announcement of the Company dated 24 June 2024 and 4 November 2024.

(4) Progress of Fulfillment of the Resumption Guidance

For quarterly update on status of resumption and the Company’s resumption plan in fulfilling the Resumption Guidance, please refer to the announcements of the Company dated 24 June 2024, 25 September 2024, 6 January 2025, 26 March 2025 and 27 June 2025.

(5) Appointment of New Auditor

The Company appointed Confucius International CPA Limited (“**Confucius**”) as the new auditor of the Company with effect from 6 June 2024 and to hold office until the conclusion of the next annual general meeting of the Company. For details of the appointment of Confucius, please refer to the announcement of the Company dated 6 June 2024.

(6) Investigation and Independent Control Review

In line with the requirements set out in the Resumption Guidance, the Independent Investigation Committee has engaged Frank Forensic and Corporate Recovery Limited to conduct an independent investigation into the Allegations as well as other issues that relates to certain Audit Issues. For key findings of the Investigation, the opinions of Independent Investigation Committee and the Board, and the recommendations and their completion status, please refer to the announcement dated 5 August 2025.

Further, as previously announced by the Company, it has engaged Zhonghui Anda Risk Services Limited (the “**Internal Control Consultant**”) to conduct an independent review of the internal control procedures of the Company and all the subsidiaries identified in the Investigation (the “**Internal Control Review**”). Considerable progress has been made. The Company will publish an announcement in relation to the key findings of the Internal Control Review, rectification recommendations and the implementation of remedial actions in due course.

Save for the matters disclosed above, there were no other important events affecting the Company nor any of its subsidiaries since the end of the Reporting Period and up to the date of this annual results announcement.

CORPORATE GOVERNANCE

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of the Shareholders’ value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules during the year ended 31 December 2023.

Currently, the positions of Chairman and Chief Executive Officer have been vacant but the Executive Director performs 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.

The amendments to the CG Code (the “**New CG Code**”) came into effect on 1 January 2023 and the requirements under the New CG code will apply to the Company’s corporate governance report in the financial year ending 31 December 2023. The Company continued to review its corporate governance practices with reference to the latest development of corporate governance. The Directors used their best endeavors to procure the Company to comply with the New CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2023.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company, consisting of Ms. Yang Wanning, Mr. Chan Chiu Hung, Alex and Mr. Li Chaobo, has reviewed the annual results for the year ended 31 December 2023 before the results were submitted to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company. As of 31 December 2023, there were no treasury shares (as defined under the Listing Rules) held by the Company.

DIVIDENDS

The Board resolved not to recommend any dividend for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be further postponed to dates to be determined by the Board (the “**AGM**”) and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The timetable for the closure of the Register of Members for the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM will be announced in separate announcement of the Company.

PUBLICATION OF ANNUAL RESULTS

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.allegroculture.com.hk).

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended until further notice.

Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.

By order of the Board
Allegro Culture Limited
Yiu Sze Wai
Executive Director

Hong Kong, 6 August 2025

As at the date of this announcement, the Board comprises Ms. Yiu Sze Wai as executive Director; Ms. Chung Anita Mei Yiu and Ms. Sun Jing as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. Chan Chiu Hung, Alex, Mr. Li Chaobo and Ms. Yang Wanning, as independent non-executive Directors.