



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2024 (JAJ)

IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS)
LIMITED

WINDING UP PETITION

TO: THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED (the "**Petitioner**" or the "**Company**") of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, shows that:

Background of the Company's Business

1. The Company was incorporated in the Cayman Islands on 31 March 2011 as an exempted company with limited liability pursuant to the laws of Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
2. The Company has its principal place of business in Hong Kong at 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong. The Company has been listed on the Main Board of the Hong Kong Stock Exchange ("**HKSE**") since 20 March 2015 under stock code 1468.

3. The authorized share capital of ordinary shares of the Company is HKD100,000,000 divided into 10,000,000,000 shares at HKD0.01 each.
4. The Company is an investment holding company which operates through its subsidiaries (together, the “**Group**”). The Group is primarily engaged in the following business segments:-
 - (a) Provision of securities brokerage, margin financing, underwriting, placing and consultancy services (“**Securities Brokerage**”). Kingkey Securities Group Limited (“**KSG**”), a wholly-owned subsidiary of the Company, is the flagship company of the Group for the Securities Brokerage. It has permitted licenses to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“**SFO**”).
 - (b) Provision of insurance brokerage services (“**Insurance Brokerage**”). Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Hong Kong Insurance Authority (“**IA**”) and Hong Kong Mandatory Provident Fund Schemes Authority (“**MPFA**”). As at 30 September 2023, it is operating a team of experienced insurance professionals with 168 licensed representatives under IA and 84 licensed representatives under MPFA, who provide financial advice and wealth management solutions and source investment tools with an aim to achieving desired returns. The platform provides 30 major life and general insurance providers for different types of clients.
 - (c) Sale of pelted skin in Denmark and fur skin brokerage.
 - (d) Provision and arrangement of fund and assets management services (“**Asset Management**”), operated through the Company’s wholly-owned subsidiary, Kingkey Asset Management Limited (“**KAML**”). The Asset Management business line commenced in early 2020. Its main objective is

to serve clients who are looking for fund managers to look after their assets, in return for a service fee. This business line has fund managers who are all qualified with type 9 (asset management) regulated activities license under the SFO and in return, the Group earns a service fee.

- (e) Provision and arrangement of money lending services.
- (f) Carrying out membership business and event hosting and management business (“**Event and Membership**”). The Event and Membership segment is principally engaged in the Forbes Global Alliance (“**FGA**”) membership business and events hosting business. This segment is operated by FGA Holdings Limited and its subsidiaries (“**FGA Group**”). The FGA Group leverages the Forbes brand to congregate and promote exchange amongst professionals, entrepreneurs and high net worth individuals through paid membership programs, as well as organise events with Forbes China Group. The Group acquired 70% interest in FGA Group in 2023, and entered into a sub-licence agreement with Energetic Force Investment Limited (the “**Licensor**”) prior to completion of the acquisition of FGA Group (the “**Sub-Licence Agreement**”). Pursuant to the Sub-Licence Agreement, the Group is entitled to use the trademark “Forbes Global Alliance” in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan). The Group relied on the Sub-Licence Agreement to carry out the Event and Membership business.
- (g) Development and operations of intelligent digital sales platforms and information technology services related to insurance business. This segment is in the business of providing marketing and information solutions to insurance brokerages through insurance premium calculation platform.
- (h) Provision of media, multi-channel network and licensing service. This segment is principally engaged in the business of licensing and sale of

movie and television content, such as broadcasting, and will also be expanding into the licensing and sales of art and branded intellectual property and the management of webcast celebrities.

5. The Group mainly operates in Hong Kong, the People's Republic of China ("PRC") and Denmark.

Board Resolution

6. On 23 February 2024, the Company's board of directors called a board meeting where it was proposed that the Board pass resolutions authorising the Board to present the Petition to the Grand Court of the Cayman Islands. The majority of the board resolved to present this winding up petition as it is expressly permitted to do pursuant to Article 162(1) of the Amended and Restated Articles of Association of the Company, thus complying with the provisions of section 94(2) of the Companies Act (2023 Revision).

Demands for Repayment of Debts and Other Overdue Debts owed to Creditors

Details of Debts and Creditors

7. At the Group level, the total debt is approximately HK\$543.3 million and at Company level, the total debt is approximately HK\$149.6 million as at 30 September 2023. The breakdown is as follows:-

Current liabilities	Company level HK\$'000	Subsidiary level HK\$'000	Group level HK\$'000
Trade and other payables	12,480	218,549	231,029
Tax payables	-	12,899	12,899
Bank and other borrowings	25,000	35,692	60,692

Lease liabilities	-	5,090	5,090
Amount due to a shareholder, i.e. Mr. Chen	16,625	-	16,625
Corporate bonds	61,802	-	61,802
Total	115,907	272,230	388,137

Non-current liabilities	Company level HK\$'000	Subsidiary level HK\$'000	Group level HK\$'000
Lease liabilities	-	1,969	1,969
Corporate bonds	33,717	-	33,717
Deferred tax liabilities	-	119,515	119,515
Total	33,717	121,484	155,201

8. Of the total debt above, the total debt already overdue and which remains overdue as at 2 February 2024 is approximately HK\$39.7 million (“**Overdue Amount**”). For ease of reference, below is a table setting out the overdue debt amounts and the percentage of the same as compared to the Overdue Amount.

	Creditor / description	Company level HK'000	Subsidiary level HK'000	Group level HK'000	
					Percentage
Loan from other creditors	Yarns Limited Term loan	10,000	-	10,000	25.19%

Loan from other creditors	New Harmony Ventures Limited Term Loan	15,000	-	15,000	37.79%
Licence Fee Payable	Energetic Force Investments Limited	-	14,688	14,688	37.02%
Total		25,000	14,688	39,688	100%

9. Below is a list of the Group's creditors as at 2 February 2024 in relation to liabilities due before 31 December 2024.

	Creditor / description	HK\$'000	Maturity date
Loan from other creditors	Yarns Limited Term loan	10,000	Overdue
Loan from other creditors	New Harmony Ventures Limited Term Loan	15,000	Overdue
Licence Fee Payable	Energetic Force Investments Limited/ the Licensor	14,688	Overdue
Loan from other creditors	KK Financial Holdings Limited (under Trust)	10,000	Repayable on demand
Corporate bond principal and interest	Various individuals and corporate entities	3,750	February 2024
Revolving loans	O-Bank Co., Ltd	5,000	14 February 2024
Loan from other creditors	Wu Xiufeng Term loan	1,000	24 February 2024

Corporate bond principal and interest	Various individuals and corporate entities	60,134	March to December 2024
Loan from other creditors	Kingkey Investment Fund SPC - KK Special Opportunities Income Fund SP Term loan	1,752	12 July 2024
Total		121,324	

Demands from Creditors

10. On 17 January 2024, the Group received an invoice from the Licensor for the outstanding licence fee of HK\$14,688,264 ("**License Fee Debt**") pursuant to the Sub-Licence Agreement.
11. On 7 February 2024, New Harmony Ventures Limited demanded the Group to immediately repay a loan in the principal amount of HK\$15 million together with interests at a rate of 8% per annum ("**New Harmony Debt**").
12. On 9 February 2024, the Company received a statutory demand dated 8 February 2024 from Messrs. W.Y.KU & Co. acting on behalf of Aurora Strategies Limited (BVI company no. 2136415) ("**Aurora**"), which is the assignee of the original creditor, Tang Joan ("**Mr. Tang**"). The statutory demand claimed for HK\$1 million plus interest calculated at 6% p.a. ("**Aurora Debt**"), arisen out of a bond subscription agreement entered into between Mr. Tang and the Company on 8 February 2021.
13. As at the date of this Affirmation, the License Fee Debt, New Harmony Debt and the Aurora Debt remain due and outstanding. The Company accepts that these are due and owing and the Company is currently unable to pay these debts.

Notice of termination of Sub-Licence Agreement

14. On 19 February 2024, the Group received a notice of termination of the Sub-Licence Agreement from the Licensor. The Licensor noticed the announcement issued by the Company on 15 February 2024 in relation to the receipt of statutory demand and claimed that in accordance with the Sub-Licence Agreement, the failure to pay creditors results in an event of default. Should the Company or the Sub-Licensee fail to rectify the situation, the Licensor will exercise its right to terminate the Sub-Licence Agreement.
15. In the event that the Sub-Licence Agreement is terminated, it will have adverse impact on the Group's business operation, in particular, in relation to the Event and Membership business, which will bring further damage to the Group's financial position.

The Company's Financial Position

16. According to the 2023 Annual Report, for the year financial year ended 31 March 2023 ("**Financial Year**"), the Group recorded:
 - (a) a total revenue of approximately HK\$331.3 million (2022: approximately HK\$127 million), representing an increase of HK\$204.3 mainly due to HK\$56.1 million and HK\$70.1 million contributed from new acquired membership and events business, and insurance technology business respectively, also HK\$85.6 million contributed by the start-up multi-channel network and licensing business.
 - (b) a consolidated gross profit of approximately HK\$122.7 million or gross profit margin of 37.0% for FY2023, compared with that of approximately HK\$86.0 million or 67.7% for the previous financial year.

- (c) bank balances and cash of approximately HK\$111.1 million (31 March 2022: approximately HK\$124.4 million) mainly in Hong Kong Dollar, Renminbi and United States Dollar
 - (d) net assets were approximately HK\$373.8 million (31 March 2022: approximately HK\$790.3 million) and total assets less current liabilities of HK\$390.3 million (31 March 2022: approximately HK\$648.5 million)
 - (e) outstanding principal of the short and medium-term bonds was approximately HK\$108 million (31 March 2022: approximately HK\$155.6 million), which were denominated in Hong Kong Dollar and US Dollar at fixed coupon rates ranging from 0% to 6%, of which approximately HK\$32,308,600 as at 31 March 2023 (31 March 2022: approximately HK\$104,526,000) were guaranteed by Mr. Chen and all the proceeds were planned and in actual utilised for supporting business development as at 31 March 2023.
17. In preparing the 2023 Annual Report, the Board considered that the Group had sufficient working capital to finance its operations and financial obligations as and when they fall due, in light of the various measures that it was taking to access financing sources and accordingly prepared the 2023 Annual Report on a going concern basis. However, material uncertainty exists in relation to the Company's ability to carry on as a going concern and maintain its listing status on the HKSE.
18. In the Group's latest unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023, the Group recorded:-
- (a) revenue of the Group of approximately HK\$282.4 million (2022: approximately HK\$97.1 million)
 - (b) gross profit of approximately HK\$53.0 million (2022: approximately HK\$62.1 million)

- (c) bank balances and cash of approximately HK\$93.0 million (31 March 2023: approximately HK\$111.1 million) mainly in Hong Kong Dollar, Renminbi and United States Dollar, which represented only approximately 12.7% of the Group's current assets in the amount of approximately HK\$732.4 million.
- (d) net assets were approximately HK\$1,141.7 million (31 March 2023: approximately HK\$373.8 million) and total assets less current liabilities of HK\$1,296.9 million (31 March 2023: approximately HK\$545.5 million)
- (e) outstanding principal of the short and medium-term bonds was approximately HK\$95.5 million (31 March 2023: approximately HK\$108.0 million), which were denominated in Hong Kong Dollar and US Dollar at fixed rates ranging from 5% to 7.5%. Corporate bonds of HK\$17,520,000 as at 30 September 2023 (31 March 2023: HK\$32,309,000) were guaranteed by Mr. Chen and the proceeds were planned to be utilised for business development and supporting business operation.
- (f) current liabilities of bank and other borrowings in aggregate amount of approximately HK\$60.7 million that would be due within a year;
- (g) corporate bonds in the aggregate principal amount of approximately HK\$61.8 million that would mature within a year; and
- (h) in view of the business nature of the subsidiaries of the Group including Securities Brokerage and Asset Management, it would have to ensure that certain cash levels are maintained to comply with relevant minimum liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) (the "**Financial Resources Rules**") and maintenance of sustainable business operation.

19. Subsequently, the Company's financial position continued to worsen after 30 September 2023, set out below are the details of the forecasted shortfall of the Group's bank balances and cash by 29 February 2024:
- (a) The bank balances and cash of the Group continued to drop. As at 2 February 2024, the bank balances and cash of the Group was approximately HK\$44.4 million.
 - (b) Approximately HK\$42.1 million of the aforementioned bank balances and cash was designated as reserved capital for fulfilment of the relevant minimum liquid capital requirements under the Financial Resources Rules, for the operation of the businesses of the two wholly-owned subsidiaries of the Company which are regulated entities under the SFO, namely (a) KSGI (principally engaged in Securities Brokerage); and (b) KAML (principally engaged in Asset Management); and the maintenance of other liquid capital requirements for the operation of the margin financing business of KSGI. Moreover, KSGI generally maintains a cash balance of not less than 50% of the closing balance of the previous month as reserve to ensure its liquid capital (as defined in the Financial Resources Rule) not to fall below 50% of its last reported liquid capital, which would otherwise be required to be reported to the SFC.
 - (c) In addition, the Company would need to incur the following cash outflow within February 2024, the details of which are set out as follow:
 - (i) approximately HK\$44.7 million for repayment of various loans and bonds;
 - (ii) approximately HK\$14.7 million for repayment of license fee to the Licensor under the Sub-Licence Agreement for carrying out membership business and the event hosting and management business;

- (iii) approximately HK\$5.6 million is needed for the payment of commission, referral fee and operating expense for the Group's insurance brokerage business; and
 - (iv) approximately HK\$3.2 million for professional fees, operating expenses and other miscellaneous expenses of the Group of.
 - (d) From March 2024 to December 2024, the Group has to repay approximately HK\$61.9 million of loans and bonds.
- 20. The bank balances and cash of the Group has dropped from approximately HK\$93.0 million as at 30 September 2023 to approximately HK\$44.4 million as at 2 February 2024.
- 21. The details of the Group's estimated cash requirement within February 2024 are set out as follows:
 - (a) For Securities Brokerage segment, the Group would need approximately HK\$37.7 million for (i) fulfilment of the relevant minimum liquid capital requirements under the Financial Resources Rules for the operation of the business of a wholly-owned subsidiary of the Company which is regulated entity under the SFO, namely KSGI; (ii) maintenance of other liquid capital requirements for the operation of the margin financing business of KSGI, where given the current volatile market conditions, it is crucial that sufficient liquid assets are reserved to account for the potential sudden fluctuations of share prices; and (iii) payment of expenses including one-month salary and other operating expenses and finance costs.
 - (b) For Asset Management segment, the Group would need approximately HK\$4.4 million for (i) fulfilment of the relevant minimum liquid capital requirements under the Financial Resources Rules for the operation of the business of a wholly-owned subsidiary of the Company which is regulated

entity under the SFO, namely KAML; and (ii) expenses including commission payment, other operating expense and finance cost;

- (c) For Event and Membership segment, the Group would need to pay approximately HK\$14.7 million for payment of the Forbes Global Alliance License Fee for 2021, 2022 and 2023, which was due on 17 January 2024;
 - (d) For Insurance Brokerage segment, the Group would need approximately HK\$5.6 million for payment of (i) AE Commission and Channel Referral Fee; and (ii) one-month operating expense;
 - (e) For the operation of the Company being the headquarter of the Group, the Group would need approximately HK\$7.0 million for (i) payment of expenses for general maintenance of the Company; and (ii) repayment of the principal of relevant corporate bond with interests accrued therein; and
 - (f) Repayment of outstanding debt consisting multiple loans and corporate bonds in aggregate of approximately HK\$102.9 million, of which approximately HK\$41.0 million is due by 29 February 2024 or on demand.
22. As a result, in absence of immediate new funds to support the Group's operation, it is estimated that the Group's remaining bank and cash balance of approximately HK\$44.4 million as at 2 February 2024 would not be sufficient to cover the cash requirements of the Group within February 2024, amounting to approximately HK\$110.3 million in aggregate.
23. The Company's status as a "going concern" will be in doubt, unless a debt restructuring process is carried out at this time under the guidance and supervision of provisional liquidators appointed by this Honourable Court.

The Petitioner therefore humbly prays that:

- (1) The Company be wound up by the Court pursuant to section 92(d) of the Companies Act (2023 Revision)
- (2) LAI Wing Lun and Osman Mohammed Arab of Acclime Corporate Advisory (Hong Kong) Limited and Martin Nicholas John Trott of R&H Restructuring (Cayman) Ltd, be appointed as joint official liquidators of the Company (“JOLs”) with the power to act jointly and severally
- (3) The JOLs shall not be required to give security for their appointment
- (4) The JOLs be authorised to exercise such of the powers specified in Part I of the Third Schedule to the Companies Act (2023 Revision) as the Court may direct
- (5) No suit, action or other proceeding may be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.
- (6) The remuneration and expenses of the JOLs be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioner’s Regulations 2018 and Order 20 of the Companies Winding Up Rules, 2018.
- (7) No disposition of the Company’s property by or with the authority of the JOLs in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Act (2023 Revision).
- (8) The JOLs be at liberty to appoint counsel, attorneys, and professional advisors, whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit and to remunerate them out of the assets of the Company.

- (9) The requirement to form a liquidation committee be dispensed with.
- (10) The JOLs be at liberty to apply generally.
- (11) The costs of this Petition shall be paid out of the assets of the Company, as an expense of the liquidation, to be taxed if not agreed.
- (12) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated this 23rd day of February 2024

Conyers Dill & Pearman LLP

Conyers Dill & Pearman LLP

This Petition was filed by Conyers Dill & Pearman LLP, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is SIX, Cricket Square, P. O. Box 2681, George Town, Grand Cayman, KY1-1111

Notice of Hearing

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on the 19 day of April 2024 at 10 am/pm.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.