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## **Imperium Group Global Holdings Limited**

**帝國集團環球控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0776)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the Year was approximately HK\$186,364,000, representing a decrease of approximately 20.2% over last year.
- Gross profit for the Year was approximately HK\$10,412,000, representing a decrease of approximately 50.8% over last year.
- Loss attributable to owners of the Company was approximately HK\$80,215,000, representing an increase of approximately 2.9% over last year.
- Basic and diluted loss per share amounted to HK\$0.28.

The board (“**Board**”) of directors (“**Directors**”) of Imperium Group Global Holdings Limited (“**Company**”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (“**Year**”), together with the comparative audited figures for the year ended 31 December 2019 which have been audited by and agreed with RSM Hong Kong and reviewed by the audit committee of the Company (“**Audit Committee**”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Note</i>	<b>2020</b> <b>HK\$</b>	2019 <b>HK\$</b>
<b>REVENUE</b>	4	<b>186,363,525</b>	233,566,651
Cost of sales		<u>(175,951,366)</u>	<u>(212,419,102)</u>
<b>Gross profit</b>		<b>10,412,159</b>	21,147,549
Other income	5	<b>11,370,846</b>	5,888,835
Impairment of receivables		<b>(3,221,627)</b>	(5,717,467)
Distribution costs		<b>(8,750,202)</b>	(26,542,898)
Administrative expenses		<b>(63,245,398)</b>	(55,961,544)
Other operating expenses		<u><b>(19,603,542)</b></u>	<u>(13,427,536)</u>
<b>LOSS FROM OPERATIONS</b>		<b>(73,037,764)</b>	(74,613,061)
Gain on disposal of subsidiaries		—	55,052
Finance costs	6	<u><b>(7,944,611)</b></u>	<u>(3,616,209)</u>
<b>LOSS BEFORE TAX</b>		<b>(80,982,375)</b>	(78,174,218)
Income tax expense	7	<u><b>(887,512)</b></u>	<u>(3,262,262)</u>
<b>LOSS FOR THE YEAR</b>	8	<u><b>(81,869,887)</b></u>	<u>(81,436,480)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(80,214,996)</b>	(77,936,393)
Non-controlling interests		<u><b>(1,654,891)</b></u>	<u>(3,500,087)</u>
		<u><b>(81,869,887)</b></u>	<u>(81,436,480)</u>
<b>LOSS PER SHARE</b>	10		
Basic		<u><b>(0.28)</b></u>	<u>(0.27)</u>
Diluted		<u><b>(0.28)</b></u>	<u>(0.27)</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Loss for the year</b>	<u>(81,869,887)</u>	<u>(81,436,480)</u>
<b>Other comprehensive loss:</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	<u>(2,059,000)</u>	<u>(1,810,996)</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	4,892,541	(2,554,896)
Exchange differences reclassified to profit or loss on disposal of foreign operations	<u>—</u>	<u>50</u>
	<u>4,892,541</u>	<u>(2,554,846)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>2,833,541</u>	<u>(4,365,842)</u>
<b>Total comprehensive loss for the year</b>	<u><u>(79,036,346)</u></u>	<u><u>(85,802,322)</u></u>
<b>Attributable to:</b>		
Owners of the Company	(77,381,455)	(82,302,235)
Non-controlling interests	<u>(1,654,891)</u>	<u>(3,500,087)</u>
	<u><u>(79,036,346)</u></u>	<u><u>(85,802,322)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Note</i>	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>8,575,540</b>	11,515,065
Investment properties		<b>23,389,782</b>	24,540,315
Right-of-use assets		<b>11,809,411</b>	12,529,460
Goodwill		<b>2,982,214</b>	10,982,214
Financial assets at FVTOCI		—	2,059,000
Deposits paid for acquisition of long-term assets		—	18,426,799
Intangible assets		<b>49,049,729</b>	6,858,032
		<b>95,806,676</b>	86,910,885
<b>Current assets</b>			
Inventories		<b>16,703,834</b>	26,399,199
Contract costs		<b>359,946</b>	620,194
Loan receivables and interest receivables	11	<b>10,458,154</b>	13,643,349
Trade receivables	12	<b>13,307,468</b>	25,874,427
Due from related companies		—	4,737,355
Deposits, other receivables and prepayments		<b>31,984,998</b>	10,512,609
Cash and bank balances		<b>55,148,931</b>	56,961,964
		<b>127,963,331</b>	138,749,097
<b>Current liabilities</b>			
Trade payables	13	<b>5,134,462</b>	10,334,445
Lease liabilities		<b>3,755,132</b>	5,026,973
Loan from related parties		<b>106,000,000</b>	—
Due to related companies		—	7,650,046
Other payables and accruals		<b>78,832,650</b>	40,424,354
Retirement benefit obligations		<b>64,710</b>	65,074
Contract liabilities		<b>3,810,739</b>	3,531,412
Current tax liabilities		<b>229,670</b>	208,255
Bank borrowings		—	41,416,419
		<b>197,827,363</b>	108,656,978
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(69,864,032)</b>	30,092,119

	<b>2020</b>	2019
	<i>HK\$</i>	<i>HK\$</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>25,942,644</b></u>	<u>117,003,004</u>
<b>Non-current liabilities</b>		
Lease liabilities	<b>4,681,383</b>	4,149,368
Long-term loan from related parties	<b>63,328,042</b>	93,328,042
Retirement benefit obligations	<b>490,848</b>	540,986
Deferred tax liabilities	<u><b>2,631,761</b></u>	<u>2,631,761</u>
	<u><b>71,132,034</b></u>	<u>100,650,157</u>
<b>NET (LIABILITIES)/ASSETS</b>	<u><u><b>(45,189,390)</b></u></u>	<u><u>16,352,847</u></u>
<b>CAPITAL AND RESERVES</b>		
Equity attributable to owners of the Company		
Share capital	<b>2,872,060</b>	2,872,060
Reserves	<u><b>(51,618,516)</b></u>	<u>15,718,751</u>
	<u><b>(48,746,456)</b></u>	<u>18,590,811</u>
<b>Non-controlling interests</b>	<u><b>3,557,066</b></u>	<u>(2,237,964)</u>
<b>(CAPITAL DEFICIENCIES)/ TOTAL EQUITY</b>	<u><u><b>(45,189,390)</b></u></u>	<u><u>16,352,847</u></u>

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 02, 26/F, One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacture and sale of stainless steel furnishings and home products, money lending, property investment, marketing and operation of mobile games and computer games and esports.

In the opinion of the Directors, Diamond State Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Cheng Ting Kong is the ultimate controlling party of the Company.

### 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("**the Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a net loss of HK\$81,869,887 during the Year and, as of that date, the Group had net current liabilities and net liabilities of HK\$69,864,032 and HK\$45,189,390 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

The borrowing facilities from three of the Group's related companies owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:

- (i) Up to the date of the announcement, two of the Group's related companies owned by the ultimate controlling party of the Company agreed to renew and not to demand for repayment for the borrowings amounting to approximately HK\$106,000,000 and HK\$63,328,042 currently included in the current liabilities and non-current liabilities respectively at 31 December 2020 for at least the next twelve months.
- (ii) Undrawn borrowing facilities amounting to HK\$50,000,000 and HK\$40,000,000 committed by a related company owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company respectively on 26 March 2021.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8      Definition of Material

Amendments to HKFRS 3                      Definition of a Business

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

#### *Amendments to HKAS 1 and HKAS 8 Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.



### *Amendments to HKFRS 3 Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The Group has elected to apply the optional concentration test on the acquisition of rights on an esports team and concluded that such acquisition does not constitute a business.

#### **(b) New and revised HKFRSs in issue but not yet effective**

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 16, COVID-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022

Amendments to HKAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. SEGMENT INFORMATION

The Group has five (2019: four) major operating segments as follows:

Esports	— participating in esports competitions, streaming and marketing event, and merchandise sales
Game publishing	— marketing and operation of mobile games and computer games
Household products	— manufacture and sale of stainless steel furnishings and home products
Money lending	— interest income from money lending business
Property investment	— rental income from investment properties

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated finance cost and unallocated corporate income and expenses. Segment assets do not include unallocated deposits, other receivables and prepayments, unallocated cash and bank balances and unallocated other corporate assets.

## Information about operating segment profit or loss and assets:

	Esports HK\$	Game publishing HK\$	Household products HK\$	Money lending HK\$	Property investment HK\$	Total HK\$
<b>Year ended 31 December 2020</b>						
Revenue from external customers	13,536,813	23,055,819	145,453,186	2,916,057	1,401,650	186,363,525
Intersegment revenue	-	-	-	-	-	-
Segment loss	(11,163,273)	(45,960,457)	(6,880,086)	(517,895)	(101,488)	(64,623,199)
Interest revenue	3,868	712	131,869	-	-	136,449
Interest expense	-	(70,042)	(1,965,793)	(2,593)	-	(2,038,428)
Depreciation and amortisation	(2,681,723)	(11,159,948)	(4,259,715)	(376,269)	(90,310)	(18,567,965)
Income tax credit/(expense)	-	(133,828)	(635,948)	12,529	(130,265)	(887,512)
Additions to segment non-current assets	26,582,525	16,426,189	153,228	-	-	43,161,942
Other material non-cash items:						
— Impairment of goodwill	-	(8,000,000)	-	-	-	(8,000,000)
— Impairment of assets	-	(3,488,596)	-	(1,300,000)	-	(4,788,596)
— Net fair value loss on investment properties	-	-	-	-	(1,490,726)	(1,490,726)
<b>As at 31 December 2020</b>						
Segment assets	<u>60,344,569</u>	<u>57,905,438</u>	<u>55,603,004</u>	<u>12,527,730</u>	<u>23,389,782</u>	<u>209,770,523</u>
		Game publishing HK\$	Household products HK\$	Money lending HK\$	Property investment HK\$	Total HK\$
<b>Year ended 31 December 2019</b>						
Revenue from external customers	44,028,950	182,810,198	5,264,445	1,463,058	233,566,651	
Intersegment revenue	-	-	-	-	-	
Segment profit/(loss)	(71,433,720)	(1,460,212)	(4,088,283)	1,822,468	(75,159,747)	
Interest revenue	3,572	159,240	-	-	162,812	
Interest expense	(78,156)	(2,505,370)	(37,909)	-	(2,621,435)	
Depreciation and amortisation	(1,333,696)	(2,353,002)	(58,831)	-	(3,745,529)	
Income tax expense	(117,573)	(3,100,100)	-	(44,589)	(3,262,262)	
Additions to segment non-current assets	1,843,300	723,379	-	-	2,566,679	
Other material non-cash items:						
— Impairment of goodwill	(5,500,000)	-	-	-	(5,500,000)	
— Impairment of assets	(5,324,106)	-	(6,976,409)	-	(12,300,515)	
— Net fair value gains on investment properties	-	-	-	1,081,328	1,081,328	
<b>As at 31 December 2019</b>						
Segment assets	<u>59,094,824</u>	<u>79,883,917</u>	<u>20,321,697</u>	<u>24,540,315</u>	<u>183,840,753</u>	

**Reconciliations of segment revenue and profit or loss:**

	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
<b>Revenue</b>		
Total revenue of reportable segments	<b>186,363,525</b>	233,566,651
Elimination of intersegment revenue	<u>—</u>	<u>—</u>
Consolidated revenue	<b><u>186,363,525</u></b>	<b><u>233,566,651</u></b>
	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
<b>Profit or loss</b>		
Total loss of reportable segments	<b>(64,623,199)</b>	(75,159,747)
Unallocated finance costs	<b>(5,906,183)</b>	(994,774)
Unallocated corporate income	<b>262,739</b>	545,849
Unallocated corporate expenses	<b>(11,603,244)</b>	(5,827,808)
Consolidated loss for the year	<b><u>(81,869,887)</u></b>	<b><u>(81,436,480)</u></b>

**Reconciliations of segment assets:**

<b>Assets</b>		
Total assets of reportable segments	<b>209,770,523</b>	183,840,753
Unallocated deposits, other receivables and prepayments	<b>1,017,715</b>	1,015,662
Unallocated cash and bank balances	<b>7,865,326</b>	34,334,318
Unallocated other corporate assets	<b>5,116,443</b>	6,469,249
Consolidated total assets	<b><u>223,770,007</u></b>	<b><u>225,659,982</u></b>

## Geographical information:

The Group's revenue from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2020 <i>HK\$</i>	2019 <i>HK\$</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Hong Kong	<b>103,636,353</b>	161,107,820	<b>34,822,087</b>	7,335,579
PRC excluding Hong Kong	<b>57,924,822</b>	27,024,723	<b>25,855,204</b>	7,289,639
East and South East Asia	<b>24,457,469</b>	45,434,108	<b>35,129,385</b>	70,226,667
Others	<b>344,881</b>	—	—	—
Consolidated total	<b><u>186,363,525</u></b>	<u>233,566,651</u>	<b><u>95,806,676</u></b>	<u>84,851,885</u>

## Revenue from major customer:

	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Household products segment Customer A	<b><u>120,273,838</u></b>	<b><u>178,578,853</u></b>

## 5. OTHER INCOME

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Bank interest income	136,466	163,027
Government grants ( <i>Note</i> )	1,296,602	36,386
Gain on disposal of property, plant and equipment	298,213	5,716
Exchange gain	—	2,435,532
Fair value gain on investment properties	—	1,081,328
Investment income	234,869	301,559
Gain on lease modification	4,575	—
Gain on disposal of an intangible asset	4,827,284	—
Gain on bargain purchase	455,616	—
Reversal of written off of other receivables	1,377,740	—
Performance bonus	—	1,800,000
Written off of deferred revenue	2,401,419	—
Others	338,062	65,287
	<u>11,370,846</u>	<u>5,888,835</u>

*Note:* Government grants mainly related to the subsidy received from the local government authority for the achievements of the Group of HK\$133,606. During the Year, the Group recognised government grants of HK\$1,162,996 in respect of COVID-19 related subsidies, of which HK\$957,730 relates to Employment Support Scheme provided by the Hong Kong Government.

## 6. FINANCE COSTS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Interest on bank borrowings and overdrafts	1,788,907	2,183,464
Interest on other borrowings	5,744,496	1,044,170
Interest on lease liabilities	411,208	388,575
	<u>7,944,611</u>	<u>3,616,209</u>

## 7. INCOME TAX EXPENSE

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Current tax — PRC Enterprise Income Tax Provision for the year	<u>635,948</u>	<u>3,100,100</u>
Current tax — Hong Kong Profits Tax Provision for the year	15,973	44,589
Under-provision in prior years	12,413	—
Over-provision in prior years	<u>(12,529)</u>	<u>—</u>
	<u>15,857</u>	<u>44,589</u>
Current tax — Malaysia Corporate Tax Provision for the year	—	117,573
Under-provision in prior years	<u>117,852</u>	<u>—</u>
	<u>117,852</u>	<u>117,573</u>
Current tax — Taiwan Corporate Tax Provision for the year	39,285	—
Under-provision in prior years	<u>78,570</u>	<u>—</u>
	<u>117,855</u>	<u>—</u>
	<u><u>887,512</u></u>	<u><u>3,262,262</u></u>

Under the two-tiered Profits Tax rate regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entitles not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

PRC Enterprise Income Tax has been provided at a rate of 25% (2019: 25%) on the estimated assessable profit for the year ended 31 December 2020.

Malaysia Corporate Tax has been provided at a rate of 24% (2019: 24%) on the estimated assessable profit for the year ended 31 December 2020.

Taiwan Corporate Tax has been provided at a rate of 20% (2019: 20%) on the estimated assessable profit for the year ended 31 December 2020.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Auditor's remuneration	900,000	1,020,000
Cost of inventories sold	134,065,957	212,419,102
Amortisation of other intangible assets (included in cost of sales)	11,537,767	9,674,373
Depreciation on property, plant and equipment	4,209,148	3,657,419
Depreciation on right-of-use assets	4,961,261	5,139,024
Written off of deposits paid for acquisition of long term assets ( <i>Note a</i> )	—	1,174,403
Impairment on intangible assets (included in other operating expenses)	1,566,969	6,583,048
Impairment on goodwill (included in other operating expenses)	8,000,000	5,500,000
Operating lease charges — buildings	1,715,353	—
Equity-settled share-based payments to consultants	923,408	3,167,000
Net exchange losses/(gain)	<u>2,647,532</u>	<u>(2,435,532)</u>

Cost of inventories sold includes staff costs and depreciation of approximately HK\$22,151,276 (2019: HK\$36,412,000) which are included in the amounts disclosed separately.

*Note:*

- (a) Due to the unsatisfactory development progress and quality of respective games, the results of the market research and testing were far poorer than the management's expectation. Deposits paid for acquisition of long term assets were written off by HK\$1,174,403 as at 31 December 2019.

## 9. DIVIDEND

No dividend has been paid or declared by the Company during the Year (2019: Nil).



## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share	<u><u>(80,214,996)</u></u>	<u><u>(77,936,393)</u></u>
	2020	2019
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>287,206,000</u></u>	<u><u>287,206,000</u></u>

As the Company's share options during the years ended 31 December 2019 and 2020 do not give rise to any dilutive effect to the loss per share, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2019 and 2020.

## 11. LOAN RECEIVABLES AND INTEREST RECEIVABLES

The maturity profile of loan receivables and interest receivables at the reporting date is analysed by the remaining periods to their contractual maturity dates as follows:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Within one year	5,205,225	4,514,164
In the second year	4,799,158	3,822,691
In the third year	453,771	4,848,096
In the fourth year	—	458,398
	<u><u>10,458,154</u></u>	<u><u>13,643,349</u></u>

The carrying amounts of the loan receivables and interest receivables are denominated in HKD.

At 31 December 2020 and 2019, all loan receivables are unsecured, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

## 12. TRADE RECEIVABLES

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Trade receivables	15,742,351	28,274,613
Allowance for doubtful debts	<u>(2,434,883)</u>	<u>(2,400,186)</u>
	<u><b>13,307,468</b></u>	<u><b>25,874,427</b></u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Overdue balances are reviewed regularly by Directors. The aging analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as follows:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
0–30 days	1,250,318	22,595,328
31–60 days	1,446,757	1,123,613
61–90 days	8,303,282	71,573
Over 90 days	<u>2,307,111</u>	<u>2,083,913</u>
	<u><b>13,307,468</b></u>	<u><b>25,874,427</b></u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
HKD	491,863	450,859
RMB	10,077,839	21,868,717
USD	2,561,974	3,433,865
Others	<u>175,792</u>	<u>120,986</u>
	<u><b>13,307,468</b></u>	<u><b>25,874,427</b></u>

### 13. TRADE PAYABLES

	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
Trade payables	<b><u>5,134,462</u></b>	<u>10,334,445</u>

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
0–30 days	<b>3,386,040</b>	7,236,774
31–60 days	<b>33,710</b>	1,401,405
61–90 days	<b>45,178</b>	—
Over 90 days	<b><u>1,669,534</u></b>	<u>1,696,266</u>
	<b><u>5,134,462</u></b>	<u>10,334,445</u>

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	<b>2020</b> <i>HK\$</i>	2019 <i>HK\$</i>
RMB	<b>2,702,079</b>	7,234,019
USD	<b>2,353,608</b>	2,829,654
THB	<b>54,965</b>	111,778
MYR	<b>23,810</b>	72,834
SGD	<b><u>—</u></b>	<u>86,160</u>
	<b><u>5,134,462</u></b>	<u>10,334,445</u>

## **EXTRACTS OF INDEPENDENT AUDITOR'S REPORT**

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the Year which has included an emphasis of matter paragraph for material uncertainty in relation to going concern, but without modification of opinion.

### **Basis of Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$81,869,887 during the year ended 31 December 2020 and, as of that date, the Group had net current liabilities and net liabilities of HK\$69,864,032 and HK\$45,189,390 respectively. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The business environment in 2020 was weak due to COVID-19 epidemic and intense trade dispute with the US, the total revenue of the Group decreased by approximately 20.2% compared with last year accordingly. The sales of household products business declined by approximately 20.4% as compared with last year. The revenue of game publishing business decreased by approximately 47.6% compared with 2019 due to poor performance of games launched. However, the Group has put effort in developing esports segment in order to sustain the long term growth of the Group.

#### Esports business

During the Year, the Group invested in Nova eSports International Limited (“**Nova**”) in order to penetrate the esports business. Nova’s brand name “NOVA ESPORTS” is associated with one of the leading esports clubs in the world, which has a massive fan base and followers from various social medias such as Weibo, Wechat, Facebook, Instagram and Twitter. Professional esports players under this brand name have been competing regularly in esports leagues. Nova will generate income from sponsorships, advertising, broadcast revenue, merchandise sales as well as prize money.

Also the Group acquired the interests of XQF team (“**Team**”), together with, among others, the eligibility to participate in the Peacekeeper Elite League organised by Tencent Group. The team ranked the first and third in the Esports Contests of Peacekeeper Elite (和平精英) held in 2019 and first half of 2020, respectively. The XQF Team was renamed as NVXQF Team to participate in the 2020 PEL S2. The Team is the champion of the 2020 PEL S2, the Peacekeeper Elite Championship 2020 (2020年度和平精英國際冠軍盃 “**PEC 2020**”) and PUBG Mobile Global Championship 2020 (2020年度和平精英PMGC全球總決賽 “**PMGC 2020**”) held in Dubai from 21 to 26 January 2021.

Furthermore, Nova is the champion of the Brawl Stars Championship (Mainland China Division) (荒野亂鬥全球錦標賽(中國大陸賽區)) (“**BSC (China)**”) for 2020 and champion of the 2020 Clash Royale League East Fall Season (2020年皇室戰爭職業賽東方賽區秋季賽). Nova also ranked the fourth of FIFA Online 4 League S7 and S8 (FIFA Online 4 職業聯賽 FSL S7及S8).

According to the marketing report issued by NewZoo, the global esports revenue will grow to approximately USD1.1 billion in 2020, with a growth rate of approximately 15.7%. China is the largest market by revenues, with total revenue of approximately USD385.1 million in 2020, with a growth rate of approximately 18.0%. Thus, the Group will integrate with Nova to establish the platform for growth of esports segment, especially focus on the huge esports market.

The revenue from esports business for the Year was approximately HK\$13,537,000 (2019: Nil). The segment loss for the reporting period was approximately HK\$11,163,000 (2019: Nil). The losses before interest, tax, depreciation and amortisation for the reporting period was approximately HK\$8,485,000 (2019: Nil).

### **Game publishing business**

The revenue from game publishing business for the Year was approximately HK\$23,056,000 (2019: approximately HK\$44,029,000) representing a decrease of approximately HK\$20,973,000 as compared with last year. The segment loss for the reporting period was approximately HK\$45,960,000 (2019: approximately HK\$71,434,000). The reduction was mainly due to the results from games launched in 2020 is below our expectations and delayed launch of products schedule. The LBITDA for the reporting period was approximately HK\$34,597,000 (2019: approximately HK\$69,904,000).

According to the marketing report issued by NewZoo, total revenue for mobile game is approximately USD77.2 billion in 2020, with a growth rate of approximately 13.3%. In 2023, it expects to break USD100 billion. In 2020, the total number of smartphone users worldwide will reach 3.5 billion, with a growth rate of approximately 6.7%. In 2023, there will be 4.1 billion smartphone users. Among all active smartphones, 199.7 million users can connect to 5G network in 2020, with a growth rate of approximately 1,214.7%. Due to above factors, the management is still positive on the outlook for this segment.

The Group will expand into the fast growing PRC gaming market and partner with major gaming companies to enhance its product portfolio quality and will be more emphasis on enhancing the effectiveness of online marketing activities for future products.

### **Household products business**

The revenue from household products business for the Year was approximately HK\$145,453,000 (2019: approximately HK\$182,180,000), representing a decrease of 20.2% as compared with last year. During the Year, the Group has terminated the business relationship with the major customer, as unilaterally demanded by major customer for the enhancement of the existing production facilities of household products business, including investments in automation, other production equipment and environmental protection facilities. Also, the market demand has decreased due to the growing tension between China and the U.S. and outbreak of COVID-19. The gross profit margin decreased to approximately 7.8% (2019: 8.4%). The segment loss for the reporting period was approximately HK\$6,880,000 (2019: approximately HK\$1,460,000). To mediate the impact of possible disruption to the termination of relationship with major customer, the Group has sourced new domestic customers and explores trading business to sustain the operations.

## **Property investment business**

The Group's revenue from property investment business during the reporting period was approximately HK\$1,402,000 (2019: approximately HK\$1,463,000). The segment loss was approximately HK\$101,000 (2019: segment profit of approximately HK\$1,822,000), mainly due to fair value loss on investment property which was non cash in nature.

## **Money lending business**

The Group's money lending business continued to provide stable income through its existing customer base. The Group's revenue from the money lending business during the reporting period was approximately HK\$2,916,000 (2019: approximately HK\$5,264,000) while the segment loss was approximately HK\$518,000 (2019: approximately HK\$4,088,000), mainly due to impairment loss on loan receivables for approximately HK\$1,300,000 (2019: approximately HK\$6,976,000).

## **RESULTS OF OPERATIONS**

For the fiscal year ended 31 December 2020, the Group reported a revenue of approximately HK\$186,364,000 (2019: approximately HK\$233,567,000), representing a decrease of 20.2% from that of the fiscal year of 2019. The decrease in revenue is mainly due to decrease of revenue from household products business in the PRC and game publishing business.

Gross profit margin decreased from 9.1% in 2019 to 5.6% in 2020 due to low profit margin for game publishing business during the year ended 31 December 2020.

Other income increased from approximately HK\$5,889,000 in 2019 to approximately HK\$11,371,000 in 2020, mainly due to increase in government grant, gain on disposal of intangible assets and reversal of written off of other receivables.

Distribution costs decreased from approximately HK\$26,543,000 in 2019 to approximately HK\$8,750,000 in 2020 due to decrease in marketing expenses for game publishing business.

Administrative expenses increased from approximately HK\$55,962,000 in 2019 to approximately HK\$63,245,000 in 2020, mainly due to increase in staff costs, amortisation of intangible assets and legal and professional fee.

Other operating expenses increased from approximately HK\$13,428,000 in 2019 to approximately HK\$19,604,000 in 2020, mainly due to impairment loss on intangible assets and goodwill and provision of staff economic compensation.

Finance costs increased from approximately HK\$3,616,000 in 2019 to approximately HK\$7,945,000 in 2020, attributable to the increase in loan from related parties during the year ended 31 December 2020.

Income tax expense decreased from approximately HK\$3,262,000 in 2019 to approximately HK\$888,000 in 2020, mainly due to decrease of assessable profit of subsidiaries during the year ended 31 December 2020.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 31 December 2020, the Group had cash and bank balances of approximately HK\$55,149,000 (2019: approximately HK\$56,962,000) and net current liabilities of approximately HK\$69,864,000 (net current assets of 2019: approximately HK\$30,092,000), the increase in net current liabilities is mainly due to decrease in inventories and trade receivable and increase in due to related companies and other payables and accruals. Excluding current portion of the loan from related parties of approximately HK\$106,000,000, there was resulted in net current assets of approximately HK\$36,136,000.

As at 31 December 2020, the Group had current liabilities of approximately HK\$197,827,000 (2019: approximately HK\$108,657,000). The increase in current liabilities was mainly due to the increase in loan from related parties, other payables and accruals. Excluding current portion of the loan from related parties of approximately HK\$106,000,000, current liabilities decreased to approximately HK\$91,827,000.

The Group had no bank borrowings as at 31 December 2020 (2019: approximately HK\$41,416,000). The Group's bank borrowings carried interests at fixed rate. The Group had loan from related parties of approximately HK\$169,328,000 as at 31 December 2020 (2019: approximately HK\$93,328,000). The loan from related parties carried interest at fixed rate and repayable within three years.

As at 31 December 2020, two of the Group's related companies owned by the ultimate controlling party of the Company agreed to renew and not to demand for repayment for the borrowings amounting to approximately HK\$169,328,000 for at least the next twelve months.

On 26 March 2021, a related company owned by the ultimate controlling party of the Company and the ultimate controlling party of the Company committed to provide loan facilities to approximately HK\$50,000,000 and HK\$40,000,000 respectively. Nevertheless, the Group will further seek for other financial resources as alternative means to meet working capital requirements.



## **BANK BORROWINGS**

No bank borrowings as at 31 December 2020 (2019: approximately HK\$41,416,000) were secured by corporate guarantee given by a related company.

## **GEARING RATIO**

The Group's gearing ratio, which was derived from the total bank borrowings and loan from related companies to total assets, increased from 59.7% in 2019 to 75.7% in 2020, as a result of the increase in long-term loan from related parties.

## **COMMITMENTS**

As at 31 December 2020, the Group had no material capital commitments (2019: approximately HK\$11,393,000), attributable to acquisition of licensing right and other video material of online game.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group had contingent liabilities amounted approximately HK\$5,970,000 for the economic compensation payable by a subsidiary in accordance with the relevant labour law for the PRC (2019: Nil).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES**

All transactions of the Group are denominated in RMB, HKD, and USD, MYR, SGD and THB. The Group is exposed to foreign exchange risk with respect to the fluctuation of RMB which may affect the Group's performance and assets. The Group has not entered into any derivative contract to hedged against the risk.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2020, the Group employed approximately 239 staffs. The Group's remuneration to employees, including Directors' emoluments, decreased by approximately HK\$5,002,000 to approximately HK\$61,749,000 for the fiscal year of 2020.

The Group reviews employee remuneration annually and rewards its employees with reference to the length of services and performance. The Group also has the liberty to grant share options and bonuses to employees of the Group at the discretion of the Directors based on the financial performance of the Group.

## **TREASURY POLICIES AND CAPITAL STRUCTURE**

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

## **FUTURE PROSPECTS**

To maximize returns to the shareholders, we would focus on cost saving measures and adopt more flexible structure to meeting the challenges in a rapidly changing economic environment. We will evaluate the business operations and financial position of the Group from time to time and also consider whether any restructuring and/or integration of the existing businesses of the Group will be appropriate in order to enhance long-term growth potential of the Company including but not limited to blockchain technology applications and cloud operation services. To better position of the game business, we are broadening our product range to console games and exploring possible expansion to the lubricant PRC market.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year.

## **CODE OF BEST PRACTICE**

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the principles and the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**"), amended from time to time, contained in Appendix 14 of the Listing Rules. As far as the CG Code is concerned, during the year and up to the date of this announcement, the Company complies with all aspect of the Code Provisions except disclosed below:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of chief executive officer was shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

## **EVENT AFTER THE REPORTING PERIOD**

On 26 March 2021, an indirect subsidiary of the Company (the “**Purchaser**”), entered into a sale and purchase agreement with a vendor principally engaged in the provision of cloud computing and data storage services (the “**Vendor**”), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the equipment which mainly consist of 100 units of PowerEdge R7515 server, storage facilities of 8P and auxiliary parts, which enables the Group to provide cloud computing and data storage services to its customers, at the consideration of RMB19,421,030 (equivalent to approximately HK\$23,111,026). Details of the transaction has been disclosed in the announcement of the Company dated 26 March 2021.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group has adopted a code of conduct regarding directors’ securities transactions as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in Appendix 10 of the Listing Rules for the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The Audit Committee comprises the following three members, all independent non-executive Directors:

- (i) Mr. Fung Tze Wa, Chairman of Audit Committee
- (ii) Mr. Ting Wong Kacee
- (iii) Mr. Tse Ting Kwan

Given below are the main duties of the Audit Committee:

- (i) to make recommendations with respect to the appointment, re-appointment and removal of the Company’s external auditor, and to evaluate their independence, objectivity and effectiveness of the audit process;
- (ii) to review and monitor the interim and annual financial statements, reports and accounts of the Company, and to review significant and judgemental financial reporting issues contained therein;

- (iii) to review the Company's financial controls, internal controls and risk management systems; and
- (iv) to discuss with the management the system of internal controls, and to ensure that the management has discharged its duties and responsibilities in implementing an effective internal control system.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2020, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

## **ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

## **PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Company (<http://www.776.hk>) and the Stock Exchange (<http://www.hkexnews.hk/index.htm>). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites in due course.

By Order of the Board  
**Imperium Group Global Holdings Limited**  
**Cheng Ting Kong**  
*Chairman*

Hong Kong, 29 March 2021

*As at the date of this announcement, the executive Directors are Mr. Cheng Ting Kong, Ms. Yeung So Mui, Mr. Luk Wai Keung and Mr. Leung Kwok Yin; and the independent non-executive Directors are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.*