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## **Imperium Technology Group Limited**

**帝國科技集團有限公司**

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

**(Stock Code: 0776)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the Year was approximately HK\$133,101,000, representing a decrease of approximately 17.4% over last year.
- Gross profit for the Year was approximately HK\$20,416,000, representing an increase of approximately 6.3% over last year.
- Loss attributable to owners of the Company was approximately HK\$180,884,000, representing an increase of approximately 82.7% over last year.
- Basic and diluted loss per share amounted to HK\$0.58.

The board (“**Board**”) of directors (“**Directors**”) of Imperium Technology Group 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 2022 (“**Year**”), together with the comparative audited figures for the year ended 31 December 2021 which have been audited by and agreed with Crowe (HK) CPA Limited 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 2022

	Note	2022 HK\$	2021 HK\$
<b>REVENUE</b>	4	<b>133,101,149</b>	161,124,366
Cost of sales		<u>(112,684,676)</u>	<u>(141,918,086)</u>
<b>Gross profit</b>		<b>20,416,473</b>	19,206,280
Other income	5	<b>5,768,907</b>	691,547
Distribution costs		<b>(13,247,236)</b>	(17,893,827)
Administrative expenses		<b>(128,667,460)</b>	(67,174,016)
Impairment of receivables, net		<b>(1,159,184)</b>	(2,687,266)
Impairment on non-financial assets		<b>(26,990,942)</b>	(10,060,657)
Write-down of cryptocurrencies		<b>(16,971,751)</b>	(7,004,817)
Other operating expenses		<u><b>(7,551,071)</b></u>	<u>(4,633,553)</u>
<b>LOSS FROM OPERATIONS</b>		<b>(168,402,264)</b>	(89,556,309)
Finance costs	6	<u><b>(12,202,801)</b></u>	<u>(10,626,672)</u>
<b>LOSS BEFORE TAX</b>		<b>(180,605,065)</b>	(100,182,981)
Income tax credit/(expense)	7	<u><b>253,749</b></u>	<u>(199,715)</u>
<b>LOSS FOR THE YEAR</b>	8	<u><b>(180,351,316)</b></u>	<u>(100,382,696)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(180,883,917)</b>	(99,031,460)
Non-controlling interests		<u><b>532,601</b></u>	<u>(1,351,236)</u>
		<u><b>(180,351,316)</b></u>	<u>(100,382,696)</u>
<b>LOSS PER SHARE</b>			
Basic	10	<u><b>(0.58)</b></u>	<u>(0.33)</u>
Diluted		<u><b>(0.58)</b></u>	<u>(0.33)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<b>2022</b>	2021
	<i>HK\$</i>	<i>HK\$</i>
<b>Loss for the year</b>	<b><u>(180,351,316)</u></b>	<u>(100,382,696)</u>
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(2,444,002)</u>	<u>1,908,073</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b><u>(2,444,002)</u></b>	<u>1,908,073</u>
<b>Total comprehensive loss for the year</b>	<b><u><u>(182,795,318)</u></u></b>	<u><u>(98,474,623)</u></u>
<b>Attributable to:</b>		
Owners of the Company	<u>(183,327,919)</u>	<u>(97,123,387)</u>
Non-controlling interests	<u>532,601</u>	<u>(1,351,236)</u>
	<b><u><u>(182,795,318)</u></u></b>	<u><u>(98,474,623)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,767,675</b>	33,895,356
Investment properties		<b>20,496,599</b>	22,201,938
Right-of-use assets		<b>21,238,819</b>	46,845,654
Goodwill		<b>2,982,214</b>	2,982,214
Intangible assets		<b>65,184,507</b>	46,420,779
Deposits, other receivables and prepayments		<b>12,698,300</b>	9,796,000
		<b>137,368,114</b>	162,141,941
<b>Current assets</b>			
Inventories		<b>1,507,604</b>	1,175,653
Contract costs		<b>173,213</b>	180,534
Loan receivables and interest receivables	11	<b>3,602,861</b>	6,949,334
Trade receivables	12	<b>33,998,453</b>	26,976,583
Current tax assets		<b>31,594</b>	134,120
Deposits, other receivables and prepayments		<b>18,774,797</b>	18,898,751
Cryptocurrencies		<b>6,322,637</b>	22,670,013
Cryptocurrency deposits and receivables		<b>1,878,715</b>	6,340,469
Cash and bank balances		<b>42,763,888</b>	43,026,210
		<b>109,053,762</b>	126,351,667
<b>Current liabilities</b>			
Trade payables	13	<b>10,179,350</b>	5,361,514
Cryptocurrency payables		<b>1,045,327</b>	103,752
Lease liabilities		<b>6,260,396</b>	8,145,346
Loan from related parties		<b>78,270,222</b>	194,526,754
Other payables and accruals		<b>82,613,083</b>	76,902,730
Retirement benefit obligations		<b>56,286</b>	58,253
Contract liabilities		<b>1,895,846</b>	7,476,605
Current tax liabilities		<b>28,833</b>	13,889
		<b>180,349,343</b>	292,588,843

	<b>2022</b>	2021
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>NET CURRENT LIABILITIES</b>	<b><u>(71,295,581)</u></b>	<u>(166,237,176)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>66,072,533</u></b>	<u>(4,095,235)</u>
<b>Non-current liabilities</b>		
Lease liabilities	<b>3,861,832</b>	5,389,875
Long-term loan from related parties	<b>188,353,436</b>	—
Retirement benefit obligations	<b>281,576</b>	324,107
Deferred tax liabilities	<b><u>1,887,807</u></b>	<u>2,631,761</u>
	<b><u>194,384,651</u></b>	<u>8,345,743</u>
<b>NET LIABILITIES</b>	<b><u><u>(128,312,118)</u></u></b>	<u><u>(12,440,978)</u></u>
<b>CAPITAL AND RESERVES</b>		
Equity attributable to owners of the Company		
Share capital	<b>3,110,360</b>	3,110,360
Reserves	<b><u>(127,124,239)</u></b>	<u>(17,757,168)</u>
	<b><u>(124,013,879)</u></b>	<u>(14,646,808)</u>
<b>Non-controlling interests</b>	<b><u>(4,298,239)</u></b>	<u>2,205,830</u>
<b>CAPITAL DEFICIENCIES</b>	<b><u><u>(128,312,118)</u></u></b>	<u><u>(12,440,978)</u></u>

## NOTES:

### 1. GENERAL INFORMATION

Imperium Technology Group Limited (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 operation of cloud computing and data storage, esports, game publishing, manufacturing of household products, money lending and property investment.

In the opinion of the directors of the Company, Diamond State Holdings Limited (“**Diamond State**”), 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\$180,351,316 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of HK\$71,295,581 and HK\$128,312,118 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 consolidated financial statements were authorised for issue, three of the Group's related companies owned by the ultimate controlling party of the Company, a director of the Company and ultimate controlling party agreed to renew and not to demand for repayment for the borrowings amounting to approximately HK\$78,270,222 currently included in the current liabilities at 31 December 2022 for at least the next twelve months.
- (ii) Undrawn borrowing facilities amounting to HK\$10,000,000 was committed by the ultimate controlling party of the Company.

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 and HKASs**

The Group has applied the following amendments to HKFRSs and HKASs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs and HKASs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.



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

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 2022. These new and revised HKFRSs and HKASs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 17, Insurance contracts	1 January 2023
Amendments to HKAS 1, Presentation of financial statements:	
Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1, Presentation of financial statements and HKFRS	
Practice Statement 2, Making materiality judgements: Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Income taxes: <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	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 six major operating segments as follows:

Online game	—	marketing and operation of mobile games and computer games and sale of NFTs and other digital token
Cloud computing and data storage	—	to engage in cryptocurrency mining and rental of machines to customers to engage in cryptocurrency mining
Esports	—	participating in esports competitions, streaming and marketing event, and merchandise sales
Household products	—	manufacture and sale of stainless steel furnishings and home products
Property investment	—	rental income from investment properties
Money lending	—	interest income from money lending business

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:

	Online game HK\$	Cloud computing and data storage HK\$	Esports HK\$	Household products HK\$	Property investment HK\$	Money Lending HK\$	Total HK\$
<b>Year ended 31 December 2022</b>							
Revenue from external customers	29,082,576	12,447,034	57,017,226	32,423,867	1,332,351	798,095	133,101,149
Intersegment revenue	—	—	—	—	—	—	—
Segment profit/(loss)	(48,147,996)	(51,626,207)	1,603,842	(308,953)	798,351	(1,683,953)	(99,364,916)
Interest revenue	8,269	3,862	27,288	13,999	—	—	53,418
Interest expense	(305,484)	(531,505)	(1,826,609)	—	—	—	(2,663,598)
Depreciation and amortisation	(16,580,486)	(21,638,889)	(7,506,306)	(76,737)	—	(3,836)	(45,806,254)
Income tax credit/(expense)	743,953	—	(49,273)	(440,931)	—	—	253,749
Additions to segment non-current assets	45,076,429	587,022	3,912,627	692,652	—	—	50,268,730
Other material non-cash items							
— Impairment of assets, net							
Impairment on receivables, net	(1,307,318)	—	—	—	—	2,466,502	1,159,184
Impairment on property, plant and equipment	—	9,268,626	—	—	—	—	9,268,626
Impairment on right-of-use assets	—	11,120,277	—	—	—	—	11,120,277
Impairment on cryptocurrency deposits and receivables	—	6,602,039	—	—	—	—	6,602,039
Write-down of cryptocurrencies	—	16,971,751	—	—	—	—	16,971,751
Loss on write off of intangible assets	2,493,681	—	—	—	—	—	2,493,681
— Net fair value loss on investment properties	—	—	—	—	(534,000)	—	(534,000)
<b>As at 31 December 2022</b>							
Segment assets	<u>79,651,144</u>	<u>30,242,268</u>	<u>58,823,136</u>	<u>31,681,644</u>	<u>20,496,599</u>	<u>4,534,884</u>	<u>225,429,675</u>

	Online game HK\$	Cloud computing and data storage HK\$	Esports HK\$	Household products HK\$	Property investment HK\$	Money lending HK\$	Total HK\$
Year ended 31 December 2021							
Revenue from external customers	21,419,774	22,233,423	33,735,681	80,463,579	1,401,422	1,870,487	161,124,366
Intersegment revenue	—	—	—	—	—	—	—
Segment profit/(loss)	(49,000,621)	(10,900,917)	(13,473,984)	1,385,362	951,173	(876,803)	(71,915,790)
Interest revenue	807	1,023	23,724	16,191	—	—	41,745
Interest expense	(59,203)	(439,075)	(60,597)	(374,341)	—	(2,095,264)	(3,028,480)
Depreciation and amortisation	(9,520,703)	(15,105,971)	(6,050,208)	(1,751,862)	—	(14,018)	(32,442,762)
Income tax credit/(expense)	15,973	—	(76,382)	(117,823)	(21,483)	—	(199,715)
Additions to segment non-current assets	20,273,386	79,834,683	2,927,661	1,423,330	—	—	104,459,060
Other material non-cash item:							
— Impairment of assets, net							
Impairment on receivables, net	2,687,266	—	—	—	—	—	2,687,266
Impairment on cryptocurrency deposits and receivables	—	3,060,657	—	—	—	—	3,060,657
Write-down of cryptocurrencies	—	7,004,817	—	—	—	—	7,004,817
Impairment on intangible assets	7,000,000	—	—	—	—	—	7,000,000
— Net fair value loss on investment properties	—	—	—	—	(450,250)	—	(450,250)
As at 31 December 2021							
Segment assets	<u>56,343,348</u>	<u>97,741,234</u>	<u>60,783,336</u>	<u>30,873,383</u>	<u>22,201,938</u>	<u>8,118,837</u>	<u>276,062,076</u>

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Revenue</b>		
Total revenue of reportable segments	<b>133,101,149</b>	161,124,366
Elimination of intersegment revenue	<u>—</u>	<u>—</u>
Consolidated revenue	<b><u>133,101,149</u></b>	<b><u>161,124,366</u></b>
	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Profit or loss</b>		
Total loss of reportable segments	<b>(99,364,916)</b>	(71,915,790)
Unallocated finance costs	<b>(9,539,203)</b>	(7,598,192)
Unallocated corporate income	<b>256,100</b>	643,669
Unallocated corporate expenses	<b>(71,703,297)</b>	(21,512,383)
Consolidated loss for the year	<b><u>(180,351,316)</u></b>	<b><u>(100,382,696)</u></b>

**Reconciliations of segment assets:**

<b>Assets</b>		
Total assets of reportable segments	<b>225,429,675</b>	276,062,076
Unallocated deposits, other receivables and prepayments	<b>959,691</b>	1,104,204
Unallocated cash and bank balances	<b>15,639,098</b>	8,076,065
Unallocated other corporate assets	<b><u>4,393,412</u></b>	<u>3,251,263</u>
Consolidated total assets	<b><u>246,421,876</u></b>	<b><u>288,493,608</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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Hong Kong	33,141,069	25,458,643	46,187,115	90,329,684
PRC excluding Hong Kong	87,565,053	113,421,932	44,492,725	33,833,292
East and South East Asia	10,518,987	21,183,196	46,688,274	37,978,965
Others	1,876,040	1,060,595	—	—
Consolidated total	<u>133,101,149</u>	<u>161,124,366</u>	<u>137,368,114</u>	<u>162,141,941</u>

## Revenue from major customer:

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 HK\$	2021 HK\$
Esports segment		
Customer A	26,435,731	14,156,786
Household products segment		
Customer B	<u>—</u>	<u>40,048,422</u>

## 5. OTHER INCOME

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Bank interest income	53,418	41,747
Government grants ( <i>Note</i> )	680,119	100,518
Investment income	—	108,120
Gain on lease modification	6,467	145,874
Gain on disposal of esports players	3,925,500	—
Others	1,103,403	295,288
	<u>5,768,907</u>	<u>691,547</u>

*Note:* During the Year, the Group recognised government grants of HK\$512,000 (2021: HK\$31,810) in respect of COVID-19 related subsidies which were related to Employment Support Scheme provided by the Hong Kong government and the subsidy received from the PRC local government authority for the achievements of the Group of HK\$168,119 (2021: HK\$68,708).

## 6. FINANCE COSTS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Interest on other loans	10,949,343	9,756,123
Interest on lease liabilities	1,205,130	859,915
Interest on royalty payable	48,328	10,634
	<u>12,202,801</u>	<u>10,626,672</u>

## 7. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Current tax — PRC Enterprise Income Tax		
Provision for the year	49,010	194,205
Under-provision in prior years	441,194	—
	<u>490,204</u>	<u>194,205</u>
Current tax — Hong Kong Profits Tax		
Over-provision in prior years	—	(15,973)
Current tax — Malaysia Corporate Tax		
Provision for the year	—	21,483
Current tax — Taiwan Corporate Tax		
Provision for the year	—	—
Defend tax — Malaysia Corporate Tax		
Over-provision in prior years	(743,953)	—
	<u>(253,749)</u>	<u>199,715</u>

Under the two-tiered Profits Tax 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 Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2021: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax tax rate of the PRC subsidiaries has been provided at a rate of 25% (2021: 25%) on the estimated assessable profit for both years.

Malaysia Corporate Tax has been provided at a rate of 24% (2021: 24%) on the estimated assessable profit for both years.



Taiwan Corporate Tax has been provided at a rate of 20% (2021: 20%) on the estimated assessable profit for both years.

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 and (crediting) the following:

	<b>2022</b>	2021
	<i>HK\$</i>	<i>HK\$</i>
Auditor's remuneration	<b>1,550,000</b>	1,650,000
Cost of inventories recognised as an expenses	<b>32,397,658</b>	73,633,541
Amortisation of intangible assets		
Included in cost of sales	<b>6,604,147</b>	7,685,955
Included in administrative expenses	<b>10,297,785</b>	5,317,273
	<b><u>16,901,932</u></b>	<u>13,003,228</u>
Depreciation of property, plant and equipment		
Included in cost of sales	<b>8,399,783</b>	5,121,757
Included in administrative expenses	<b>3,401,219</b>	2,318,735
	<b><u>11,801,002</u></b>	<u>7,440,492</u>
Depreciation of right-of-use assets		
Included in cost of sales	<b>10,492,132</b>	10,988,826
Included in administrative expenses	<b>9,471,421</b>	3,669,770
	<b><u>19,963,553</u></b>	<u>14,658,596</u>

	<b>2022</b>	2021
	<i>HK\$</i>	<i>HK\$</i>
Share option expenses (included in administrative expenses)	<b>56,075,085</b>	7,466,336
Gain on lease modification (included in other operating expenses)	<b>(6,467)</b>	(145,874)
(Gain)/loss on disposal of property, plant and equipment (included in other operating expenses)	<b>(20,040)</b>	690,915
Loss on write off of intangible assets (included in other operating expenses)	<b>2,493,681</b>	—
Gain on write off of right-of-use assets and lease liabilities (included in other operating expenses)	<b>(98,936)</b>	—
Write off of deposits, other receivables and prepayments (included in other operating expenses)	<b>3,787,415</b>	—
Impairment on intangible assets (included in impairment on non-financial assets)	<b>—</b>	7,000,000
Impairment on receivables, net	<b>1,159,184</b>	2,687,266
Impairment on property, plant and equipment (included in impairment on non-financial assets)	<b>9,268,626</b>	—
Impairment on right-of-use assets (included in impairment on non-financial assets)	<b>11,120,277</b>	—
Impairment on cryptocurrency deposits and receivables (included in impairment on non-financial assets)	<b>6,602,039</b>	3,060,657
Write-down of cryptocurrencies	<b>16,971,751</b>	7,004,817
Operating lease charges — buildings	<b>1,078,941</b>	870,959
Net exchange losses (included in other operating expenses)	<b><u>1,309,874</u></b>	<b><u>3,003,800</u></b>

Cost of inventories as an expense includes staff costs and depreciation of approximately HK\$162,803 (2021: HK\$3,077,353) which are included in the amounts disclosed separately.

## 9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2021: Nil).

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company and weighted-average number of ordinary shares, as follows:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u><u>(180,883,917)</u></u>	<u><u>(99,031,460)</u></u>
	2022	2021
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>311,036,000</u></u>	<u><u>303,070,904</u></u>

As the Company's share options during the year ended 31 December 2021 and 2022 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 year ended 31 December 2021 and 2022.

## 11. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Loan receivables, net of loss allowance	3,354,242	6,432,677
Interest receivables	<u>248,619</u>	<u>516,657</u>
	<u><u>3,602,861</u></u>	<u><u>6,949,334</u></u>

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:

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
Within one year	<b>3,602,861</b>	6,508,098
In the second year	—	441,236
In the third year	—	—
	<u><b>3,602,861</b></u>	<u>6,949,334</u>

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

At 31 December 2022 and 2021, all loan receivables are unsecured, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

## 12. TRADE RECEIVABLES

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
Trade receivables	<b>33,998,453</b>	32,023,973
Allowance for expected credit losses	—	(5,047,390)
	<u><b>33,998,453</b></u>	<u>26,976,583</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 loss allowance, is as follows:

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
0–30 days	<b>14,072,497</b>	8,994,219
31–60 days	<b>3,401,911</b>	3,624,605
61–90 days	<b>1,878,368</b>	5,025,649
Over 90 days	<b>14,645,677</b>	9,332,110
	<u><b>33,998,453</b></u>	<u>26,976,583</u>

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

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
HKD	<b>310,120</b>	664,163
RMB	<b>24,975,425</b>	24,136,936
USD	<b>8,459,096</b>	1,593,438
Others	<b>253,812</b>	582,046
	<b><u>33,998,453</u></b>	<b><u>26,976,583</u></b>

### 13. TRADE PAYABLES

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
Trade payables	<b><u>10,179,350</u></b>	<b><u>5,361,514</u></b>

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

At the end of reporting period, the aging analysis of trade payables, based on the invoice date is as follows:

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
0–30 days	<b>720,482</b>	2,279,556
31–60 days	<b>2,926,161</b>	667,081
61–90 days	<b>1,812,019</b>	643,419
Over 90 days	<b>4,720,688</b>	1,771,458
	<b><u>10,179,350</u></b>	<b><u>5,361,514</u></b>

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

	<b>2022</b>	2021
	<i>HK\$</i>	<i>HK\$</i>
RMB	<b>6,750,211</b>	2,070,302
USD	<b>3,324,343</b>	3,215,666
THB	<b>104,793</b>	75,546
HKD	—	—
Others	<b>3</b>	—
	<hr/>	<hr/>
	<b><u>10,179,350</u></b>	<b><u>5,361,514</u></b>

## **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.

### **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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Emphasis of matter**

We draw attention to risk disclosures related to risk management of business segments involving cryptocurrency and blockchain technology, which describe the risks and uncertainties with respect to blockchain technology and the evolving nature of the cryptocurrency markets. The currently fast developing nature of cryptocurrency markets including evolving regulations, custody and trading mechanisms, the dependency on information technology integrity and security, as well as valuation and volume volatility all subject the cryptocurrencies and blockchain platform business of the Group to unique risks. These conditions in our view are of such importance that they are fundamental to users’ understanding of the Group’s cryptocurrencies and blockchain platform business and the consolidated financial statements. Our opinion is not modified in respect of this matter.

### **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\$180,351,316 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of HK\$71,295,581 and HK\$128,312,118 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

In 2022, the Group's total revenue decreased by approximately 17.4% to approximately HK\$133,101,000 (2021: HK\$161,124,000), mainly due to decrease in sales from household segment and cloud computing and data storage segment. Loss attributable to shareholders of the Company for the Year was approximately HK\$180,884,000 (2021: HK\$99,031,000), mainly due to (i) revenue in online game segment was much lower than expectation due to delay in launching metaverse related games and platforms; (ii) revenue in cloud computing segment was significantly lower than expectation due to the drop of price of cryptocurrencies over 50%; (iii) increase in operating expenses including share-based payment in an amount equivalent to approximately HK\$56.1 million and the expenditure on development and promotion of metaverse-related projects; and (iv) the impairment losses of approximately HK\$27.0 million arising from mining machines of Filecoin and Chia coins and cryptocurrency deposits and receivables and write down of cryptocurrencies of approximately HK\$17.0 million held by the Group. The Group's Metasens project has made good progress during the Year and will continue to deploy diversified businesses, especially in the game publishing and esports sectors.

### Online Game business

In view of the current development trend of the technology industry, the Group has tapped into the blockchain games and metaverse sector since 2022. Benefiting from the above factors, the revenue from online game business of the Group increased by approximately 35.8% to HK\$29,083,000 (2021: HK\$21,420,000); the segment loss was approximately HK\$48,148,000 (2021: HK\$49,001,000).

During the Year, the Group actively expedited the development of a super-huge metaverse game world for players around the globe. The first blockchain game "METASNAKE" was officially launched in the first quarter of 2022. Based on the classic game "Snake", it featured "Free to Play" and "Play to Earn", where NFT (NonFungible Token) elements were added to allow players to enhance in-game characters through equipping NFT ancestral equipment, so as to compete for ranking and earn Metasens' governance token "MSU" and sub-token "UCG".

The game attracted a total of 30,000 players from more than 10 countries, including the United States, Germany, Thailand, Vietnam, etc. During the Year, the Group plans to launch an additional 2,000 NFT ancestral equipment in four phases, priced in Binance Coin. All 500 NFT have been sold in the first phase, equivalent to approximately HK\$1,495,000.



The second game, “PetaRush”, is undergoing a closed beta test with files deleted afterward, and was expected to launch officially in the second half of 2022. It is a thrilling racing game, which allows multiple players to engage in PVP combat by activating skills using cards. The game incorporate “collection”, “raising” and “breeding” elements, and will join hands with PHANTACi, a brand established by the Asian popstar and his team, to incorporate Phanta Bear into “PetaRush”, jointly leading the trend and setting an example in the metaverse era. The launch date of the game has been revised in the second half of 2023.

The third game, a PC based metaverse game, is also undergoing a closed delete file test. It is a sandbox game where players and game developers could create an open world that can be edited in 3D model. Participants will be able to build their own virtual world in metaverse, by (i) creating unique game characters, in-game items, digital collections, land and equipment; (ii) owning and decorating their virtual spaces, such as building their virtual home; (iii) communicating with other players; (iv) experiencing the scenes or games set up by other players; and (v) breaking through levels and interacting with each other in-game. This will further enrich the users’ experience and increase their degree of engagement in the game.

Currently, the Group has professional teams in place in Hong Kong, Taiwan and Southeast Asia respectively. Other than the development and operation of NFT games, the Group also operates 6 mobile and tabletop games, namely “Myth of Empires”, “Champion Horse Racing”, “Eternal”, “Iron Conflict”, “Metasnakes” and “Jiuyin Zhenjing”. The total number of game players amounts to 1,648,949, of whom 100,556 are monthly active players. In particular, the “Myth of Empires” game, the international advance edition of which was launched on 1 March 2022, is a massive multiplayer online war sandbox game in the background of ancient Eastern Continent. Not only can the players experience survival, construction, management and creation in the war-torn world, they can also exhibit their strategic leadership in the vast battlefield and lead their tribes to attack and capture land, building their own empire.

## **Esports business**

The revenue from esports business of the Group for the year ended 31 December 2022 was approximately HK\$57,017,000 (2021: HK\$33,736,000), representing an increase of approximately 69.0%, mainly due to increase in prize from esports game; the segment profit was approximately HK\$1,604,000 (2021: segment loss of HK\$13,474,000).

During the Year, the esports team owned by Nova eSports International Limited, a subsidiary of the Company, continued to achieve remarkable results.

In January 2022, NV Tencent Video team won the champion of the PUBG Mobile Global Championship 2021 (2021年度PMGC全球總決賽 “**PMGC 2021**”). PMGC 2021 is the official professional esports contest organised by Tencent Games, PUBG Corporation and VSPN, with the prize of USD1,500,000.

In March 2022, NV Tencent Video team won the champion of the weekly final of the second week of PEL 2022 spring season, with the prize of RMB1,000,000. PEL 2022 spring season is an official professional esports contest organised by Tencent Games and VSPN.

In April 2022, NV Tencent Video team won the champion of the weekly final of the sixth week of PEL 2022 spring season, with the prize of RMB1,000,000. PEL 2022 spring season is an official professional esports contest organised by Tencent Games and VSPN.

In July 2022, NV esports team won the champion of Icons Global Championship of League of Legends, with the prize of USD640,000. Icons Global Championship of League of Legends is an official professional esports contest organised by Riot Games.

On 28 July 2022, the Group acquired the remaining 30% equity interest in Wanhui (Suzhou) Digital Technology Co., Ltd. (the “**Target**”) at a consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000). Upon Completion, the Target become an indirect wholly owned subsidiary of the Company. The Board believes that the acquisition would facilitate more effective implementation of the business strategies and business expansion plans of the Company’s esports business.

In September 2022, NOVA英雄聯盟手遊戰隊 won the champion of League of Legends IONIA CUP with the price of RMB400,000. League of Legends IONIA CUP is organised by Tengjing Sports. The points from the game will directly carry into the Global Champion Cup.

In November 2022, NOVA王者榮耀女子戰隊, an esports team owned by Hainan Wanhui Network Technology Co., Ltd, a subsidiary of the Company, won the champion of 2022 Honor of Kings Woman Open Finals, with the prize of RMB400,000. 2022 Honor of Kings Woman Open Finals is an official professional esports contest organised by Tencent and China Sports Venue Association Adds Esports Department.

### **Cloud computing and data storage business**

The revenue from cloud computing and data storage business of the Group for the year ended 31 December 2022 was approximately HK\$12,447,000 (2021: HK\$22,233,000), representing a year-on-year decrease of approximately 44.0%. The segment loss was approximately HK\$51,626,000 (2021: HK\$10,901,000), mainly due to impairment loss recognised on mining machines of Filecoin and Chia coins and decrease in market value of cryptocurrencies.

During the Year, the Group has to make an impairment to the mining machines of Filecoin and Chia owned and leased by the Group in the aggregate amount of approximately HK\$20,389,000 due to the developments in the cryptocurrencies market in May 2022 and the recent plunge of the market price of Filecoin and Chia. The Group will continue to negotiate with existing and potential customers of the Group to the change in the uses of the Filecoin and Chia mining machines. Despite the aforesaid, the Board does not expect that such impairment will affect the other business of the Group, including its business in the metaverse sector.

### **Household products business**

For the year ended 31 December 2022, the revenue from household products business of the Group was approximately HK\$32,424,000 (2021: HK\$80,464,000), representing a decrease of 59.7% as compared with the corresponding period last year, mainly attributable to the decrease in market demand due to the continuing tension between China and the U.S. and the outbreak of COVID-19. The segment loss was approximately HK\$309,000 (2021: segment profit of HK\$1,385,000). The Group will take initiatives to increase revenue and reduce costs.

### **Property investment business**

For the year ended 31 December 2022, the Group's revenue from property investment business was approximately HK\$1,332,000 (2021: approximately HK\$1,401,000), mainly due to decrease in rental income. The segment profit was approximately HK\$798,000 (2021: HK\$951,000).

### **Money lending business**

For the year ended 31 December 2022, the Group's revenue from money lending business was approximately HK\$798,000 (2021: HK\$1,870,000), mainly due to the decrease in interest income from customers. The segment loss was approximately HK\$1,684,000 (2021: HK\$877,000).

The Group's money lending business was conducted through its wholly-owned subsidiary, Best Gold Corporation Limited, to grant loans including secured and unsecured to individuals and enterprises. It has no specific target customer group. The source of customers mainly past customers or referrals by third parties. Loan are mainly large amounts of loan which is over HKD1,000,000. The source of funds for the money lending business is funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before the loans were granted, an independent assessment has been performed. The independent assessment included but was not limited to background checking, such as the identity documents (identity card, address proof, business registration certificate, latest annual return), income or asset proof of the borrower and guarantor, such as share certificates, bank statements and security statements, the evaluation of the value of collateral and verification of the authenticity of the information provided, to ensure the recovery ability of the loan. Furthermore, the Group will perform public search towards the borrowers to ensure compliance with anti-money laundering and counter-terrorist financing ordinance. After the loan is granted, the Group will conduct the checks on the repayment history and results of public search towards the borrower periodically to assess the recoverability of loan, compliance with anti-money laundering and counter-terrorist financing ordinance and possibility of loan renewal.

As at 31 December 2022, the Group had loans receivable, net of approximately HK\$3.4 million (2021: HK\$6.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.8 million for the year ended 31 December 2022 (2021: HK\$1.9 million).

During the year ended 31 December 2022, there was one unsecured loan to an individual who is currently an owner of security company in Hong Kong. To the best of the knowledge, information and belief, he is an independent third party. The loan was granted on 18 January 2019 with gross principal amount of HKD15,000,000. For credit assessment, the Group performed background checking, reviewed audited financial statements, conducted site visit and discussion with management on the outlook of his company. The interest rate is 24% per annum and to be repaid by 18 January 2023 and with no collaterals. The Group is still negotiating with the borrower for settlement of the loan. Since 2020, the Group has not granted any new loan nor renew any loan contract due to challenging and competitive environment. The COVID-19 epidemic has further aggravated the operating situation. As a result, there was only one customer as disclosed above in this business segment for the year ended 31 December 2022.

As at 31 December 2022, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "**loans receivable ECL**"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of loans receivable ECL is 40.6% depending on the nature, probability of default and loss given default of the loans receivable. According to the assessment, there is an impairment loss of HK\$2,467,000 incurred during the year ended 31 December 2022 (2021: Nil).

## **RESULTS OF OPERATIONS**

For the year ended 31 December 2022, the Group reported a revenue of approximately HK\$133,101,000 (2021: approximately HK\$161,124,000), representing a decrease of 17.4% from that of the year 2021. The decrease in revenue is mainly due to decrease of revenue from household products business in the PRC and cloud computing and data storage business.

Gross profit margin increased from 11.9% in 2021 to 15.3% in 2022 due to the increase of gross profit margin of esports business and higher profit margin of cloud computing and data storage business during the year ended 31 December 2022.

Other income increased from approximately HK\$692,000 in 2021 to approximately HK\$5,769,000 in 2022, mainly due to the increase in government grant and the increase in bank interest income and gain on disposal of esports players during the Year.

Distribution costs decreased from approximately HK\$17,894,000 in 2021 to approximately HK\$13,247,000 in 2022 due to the decrease in marketing expenses for online game business during the Year.

Administrative expenses increased from approximately HK\$67,174,000 in 2021 to approximately HK\$128,667,000 in 2022, mainly due to the increase in share-based payment, staff costs and legal and professional fee incurred.

Other operating expenses increased from approximately HK\$4,634,000 in 2021 to approximately HK\$7,551,000 in 2022, mainly due to loss on write off of intangible assets during the Year.

Finance costs increased from approximately HK\$10,627,000 in 2021 to approximately HK\$12,203,000 in 2022, attributable to the increase in loan from related parties during the year ended 31 December 2022.

Income tax expense decreased from approximately HK\$200,000 in 2021 to income tax credit approximately HK\$254,000 in 2022, mainly arising from reversal of deferred tax during the year ended 31 December 2022.

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

As at 31 December 2022, the Group had cash and bank balances of approximately HK\$42,764,000 (2021: HK\$43,026,000) and net current liabilities of approximately HK\$71,296,000 (2021: HK\$166,237,000), the decrease in net current liabilities is mainly due to the reclassification of loan from related parties to non-current portion. Excluding current portion of the loan from related parties of approximately HK\$78,270,000 (2021: HK\$194,527,000), there was resulted in net current assets of approximately HK\$6,975,000 (2021: HK\$28,290,000).

As at 31 December 2022, the Group had current liabilities of approximately HK\$180,349,000 (2021: approximately HK\$292,589,000). The decrease in current liabilities was mainly due to the reclassification of loan from related parties to non-current portion. Excluding current portion of loan from related parties of approximately HK\$78,270,000 (2021: HK\$194,527,000), current liabilities decreased to approximately HK\$102,079,000 (2021: approximately HK\$98,062,000).

The Group had no bank borrowings as at 31 December 2022 and 31 December 2021. The Group had loan from related parties of approximately HK\$266,624,000 as at 31 December 2022 (2021: HK\$194,527,000). The loan from related parties carried interest at fixed rate and repayable within three years.

As at 31 December 2022, three of the Group's related companies owned by the ultimate controlling party of the Company and a director of the Company agreed to renew and not to demand for repayment for the borrowing amounting to approximately HK\$266,624,000 for at least the next twelve months.

As at 31 December 2022, the ultimate controlling party of the Company committed to provide unutilised loan facilities to approximately HK\$10,000,000.

Nevertheless, the Group will further seek for other financial resources as alternative means to meet working capital requirement.

## **BANK BORROWINGS**

No bank borrowings as at 31 December 2022 and 31 December 2021.

## **GEARING RATIO**

The Group's gearing ratio, which was derived from loan from related companies to total assets, increased from 67.4% in 2021 to 108.2% in 2022, as a result of the increase in loan from related companies.

## **COMMITMENTS**

As at 31 December 2022 the Group had capital commitments of approximately HK\$2,192,000 (2021: HK\$4,837,000), attributable to acquisition of licensing right of online games.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had contingent liabilities amounted approximately HK\$5,339,000 (2021: HK\$6,133,000) for the economic compensation payable by a subsidiary in accordance with the relevant labour law for the PRC.

## **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 2022, the Group employed approximately 226 staffs. The Group's remuneration to employees, including Directors' emoluments, increased by approximately HK\$60,240,000 to approximately HK\$125,115,000 for the fiscal year of 2022 mainly due to amortization of share options granted in 2022 and 2021.

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**

Looking ahead, the Group will continue to invest resources to further explore the blockchain game and metaverse market, and gradually build a large-scale universe park with various theme planets — Metasens. Each planet is built with its own unique game facilities, including real-time strategy games, role-playing games, simulation and sports games, shooting games, action and adventure games, by using future Web 3.0 internet technology incorporating blockchain technology, the Internet of Things, artificial intelligence, and 3D images. The platform will also include the NFT market place and blockchain wallet, allowing players to have fun in “earning while playing” by trading NFT characters and items.

Meanwhile, the Group will actively seek collaboration of IP (Intellectual Property) licensing in different games, including but not limited to PHANTACi, a brand established by the Asian popstar and his team. In terms of conventional games, the Group will continue to identify innovative games and good partners in order to expand its business into various markets and sectors, especially the fastgrowing game market.

In addition, the Group will regularly evaluate the allocation of resources among business segments to promote business diversification and drive sustainable growth of the Group. Looking ahead, the Group will enlarge its esports team in the PRC. Furthermore, we will continue to adopt suitable cost saving measures and evaluate the business operations to enhance the financial position of the Group as well as maximize returns to our shareholders.

## **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 C.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**

There is no significant event subsequent to 31 December 2022 and up to the date of this announcement which would materially affect the Group's operations and financial performance.

## **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 2022.



## **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 2022, 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 do not recommend payment of any final dividend for the year ended 31 December 2022 (2021: 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 Technology Group Limited**  
**Cheng Ting Kong**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the executive Directors are Mr. Cheng Ting Kong, Ms. Yeung So Mui, Mr. Lin Junwei, Mr. Yau Chak Fung and Mr. Yeung Tong Seng Terry; and the independent non-executive Directors are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.*