THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Imperium Financial Group Limited** (the "**Company**"), you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Imperium Financial Group Limited
帝國金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8029)

MAJOR TRANSACTION IN RELATION TO THE PROPOSED SHARE SUBSCRIPTION AND THE GRANTING OF REVOLVING LOAN FACILITIES

A letter from the Board is set out on pages 3 to 11 of this circular.

The Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder have been approved by a written shareholder's approval obtained from Fresh Success Investments Limited, pursuant to Rule 19.44 of the GEM Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

This circular will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" for at least 7 days from the date of its publication and on the website of the Company at www.8029.hk.

22 April 2024

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors;
"Business Day"	a day (other than a Saturday, Sunday, public or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
"Company"	Imperium Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8029);
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules;
"Consideration"	the sum of HK$10,400, being the consideration payable by the Subscriber to the Target Company for the Subscription;
"Director(s)"	the director(s) of the Company;
"Facilities"	the revolving loan facilities of up to HK$5,000,000 granted by the Subscriber as lender to the Target Company as borrower pursuant to the terms of the Facility Agreement;
"Facility Agreement"	the revolving loan facility agreement to be entered into between the Subscriber as lender and the Target Company as borrower upon the completion of the Subscription Agreement in relation to the granting of the Facilities;
"Floating Charge"	the floating charge over the cash and inventory of the Target Company in the form and substance satisfactory to the Subscriber;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Group"	the Company and its subsidiaries;

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Third Party(ies)"	person(s) or company(ies) who/which is/are independent of and not connected with the Company and its connected persons;
"Latest Practicable Date"	19 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"PRC"	the People's Republic of China;
Shareholder(s)"	holder(s) of the issued Shares;
"Share(s)"	ordinary share(s) of HK$0.04 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscriber"	Fuxi Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company;
"Subscription"	the subscription of the Subscription Shares by the Subscriber;
"Subscription Agreement"	the subscription agreement dated 22 December 2023 and entered into between the Target Company and the Subscriber, as subscriber for the Subscription of the Subscription Shares;
"Subscription Shares"	10,400 new shares of the Target Company to be subscribed by the Subscriber under the Subscription Agreement;
"Target Company"	Infinity Technology International Limited, a company incorporated in Hong Kong with limited liability; and
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.

Imperium Financial Group Limited
帝國金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8029)

Board of Directors

Executive Directors:
Mr. Cheng Ting Kong
Ms. Cheng Mei Ching
Mr. Chim Tak Lai

Independent non-executive Directors:
Mr. Chan Tin Lup, Trevor
Mr. Tou Kin Chuen
Mr. Hong Haiji

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and Principal Place of Business in Hong Kong:
Room 03, 26/F
One Harbour Square
No. 181 Hoi bun Road
Kwun Tong, Kowloon, Hong Kong

22 April 2024

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE PROPOSED SHARE SUBSCRIPTION AND THE GRANTING OF REVOLVING LOAN FACILITIES

INTRODUCTION

Reference is made to the announcements (the "Announcements") of the Company dated 8 November 2023 in relation to the MOU, dated 22 December 2023 in relation to the Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder and dated 28 March 2024 in relation to the extension of the Long Stop Date of the Subscription Agreement. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

SHARE SUBSCRIPTION

On 22 December 2023 (after trading hours), the Subscriber, an indirect wholly owned subsidiary of the Company, as subscriber, has entered into the Subscription Agreement with the Target Company pursuant to which the Target Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 10,400 new Subscription Shares, representing approximately 51% of the issues share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares, at the Consideration of HK$10,400.

The Subscription Agreement

The major terms of the Subscription Agreement are set out as follows:

Date	:	22 December 2023 (after trading hours)	
Parties	:	(1)	the Subscriber; and
	:	(2)	the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company and its ultimate beneficial owners, Mr. Chan Man Fai and Mr. Wong Ka Wa, are Independent Third Parties.

The Subscription

Pursuant to the Subscription Agreement, the Target Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 10,400 new Subscription Shares, representing approximately 51% of the issues share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares, at the Consideration of HK$10,400.

Upon completion of the Subscription Agreement, the Company will be indirectly interested in approximately 51% of the total issued share capital of the Target Company and the Target Company will be accounted for as a subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Group.

Conditions precedent of the Subscription Agreement

The completion of the Subscription Agreement is conditional upon:

(i) the Subscriber being satisfied with the results of the due diligence review of the Target Company;

(ii) the written Shareholders' approval having been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company in compliance with the requirements of the GEM Listing Rules approving, amongst others, the Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder;

(iii) all necessary consents and approvals required to be obtained on the part of the Target Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;

(iv) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;

(v) none of the warranties given by the Target Company thereunder having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and

(vi) none of the warranties given by the Subscriber thereunder having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

The Target Company shall use its best endeavours to procure the fulfilment of the conditions precedent set out in (i), (iii) and (v) above as soon as practicable and in any event on or before 28 June 2024 (the "**Long Stop Date**"). The Subscriber shall use its best endeavours to procure the fulfilment of the conditions precedent set out in (ii), (iv) and (vi) above as soon as practicable and in any event on or before the Long Stop Date. The conditions precedent set out in (ii), (iii) and (iv) are incapable of being waived.

If the conditions precedent are not fulfilled (or waived) on or before the Long Stop Date, the Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement save in respect of any antecedent breach of any obligation thereof.

As at the date hereof, all the condition precedents had been fulfilled.

Consideration

The Consideration for the Subscription is HK$10,400 which is payable by the Subscriber in cash at completion of the Subscription Agreement. The Consideration was a nominal amount in consideration of the provision of the revolving loan facilities under the Facility Agreement and was negotiated on an arm's length basis between the Target Company and the Subscriber. The Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Completion

The Target Company and the Subscriber agree that before completion of the Subscription Agreement, (i) the Target Company may sell a motor vehicle (the "**Vehicle**") owned by the Target Company to its existing director and shareholder at a price not less than the book value of the Vehicle (which was approximately HK$1 million as at 30 November 2023); and (ii) the Target Company may declare dividends of an amount of not more than its distributable profits as shown in the management accounts as at 30 November 2023 (which amounts to approximately HK$6.76 million) and such dividends shall be set off against the consideration payable for the Vehicle sold to its existing director and shareholder and the amounts due from the Target Company's existing director and shareholder on a dollar for dollar basis. The Vehicle was sold by the Target Company to its existing director and shareholder at the consideration of HK$1.93 million in December 2023. As at the Latest Practicable Date, the outstanding Amount (as defined below) due from Mr. Chan Man Fai and Mr. Wong Ka Wa was HK$9.45 million in aggregate and the proposed declaration of dividends as mentioned above had yet to take place. It is expected that approximately HK$5.50 million dividends will be declared in favour of Mr. Chan Man Fai and Mr. Wong Ka Wa before completion of the Subscription.

The completion of the Subscription shall take place within ten Business Days after the day on which the conditions precedent set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the Subscriber in writing). As at the Latest Practicable Date, completion of the Subscription had yet to take place. It is expected that completion of the Subscription will take place in April 2024.

It is expected that after the sale of the Vehicle, the declaration of the dividends and the offsetting of the dividends against the consideration payable for the Vehicle and the amounts due from the Target Company's existing directors and shareholders as mentioned above, there will be approximately an aggregate amount of HK$3.95 million due from the Target Company's existing directors and shareholders, being Mr. Chan Man Fai and Mr. Wong Ka Wa (the "**Amount**"). Pursuant to the terms of the Subscription Agreement, upon completion of the Subscription Agreement, the Target Company's existing directors and shareholders shall provide undertakings to:

(i) repay the outstanding Amount in full within three (3) years from the date of completion of the Subscription Agreement;

(ii) pay interest accrued on the outstanding Amount at the prime rate as announced by The Hongkong and Shanghai Banking Corporation Limited which shall be payable to the Company at the time of repayment of the relevant outstanding Amount. Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year; and

(iii) so long as any Amount is outstanding, any dividends declared and payable by the Company to them shall be set off against the outstanding Amount and the accrued but unpaid interest in relation to the outstanding Amount to be set off on a dollar for dollar basis.

REVOLVING LOAN FACILITIES

Pursuant to the terms of the Subscription Agreement, upon completion of the Subscription Agreement, the Subscriber, as lender, and the Target Company, as borrower, shall enter into the Facility Agreement pursuant to which the Subscriber will agree to make available to the Target Company the Facilities of up to HK$5,000,000. As at the Latest Practicable Date, the Facility Agreement had yet to be entered into by the Subscriber and the Target Company.

Facility Agreement

The major terms of the Facility Agreement are set out as follows:

Parties	:	(1) the Subscriber as lender; and (2) the Target Company as borrower.
Amount of the Facilities	:	Revolving loan facility for up to HK$5,000,000 for the purpose of financing the business operations of the Target Company including but not limited to settlement of suppliers' or service providers' invoices.
Availability period	:	The period commencing from the date of the Facility Agreement and ending on (i) the day immediately before the third anniversary of the date of the Facility Agreement (the "**Repayment Date**"); or (ii) the day the Subscriber ceased to hold more than 50% of the issued share capital of the Target Company whichever is the earlier.
Drawdown conditions	:	The Subscriber shall advance the Facilities in one or more tranches to the Target Company in the amount stated in each notice of drawing which is subject to: (1) the Subscriber having before the date on which the drawing is to be made, provided a Floating Charge duly executed by the Target Company and a certified copy of the board resolutions of the Target Company approving the execution, delivery and performance of the Floating Charge; (2) the Subscriber having received a duly completed and signed original notice of drawing;

(3) the Target Company having presented to the Subscriber the relevant invoice(s) in which the Facilities will be used to settle such sums in the course of the business operations of the Target Company;

(4) no events of default as set out in the Facility Agreement having occurred and all representations and warranties as set out in the Facility Agreement being true and correct as at the date of the drawing; and

(5) the outstanding principal amount of the loan under the Facilities after the drawdown not exceeding HK$5,000,000.

Interest	:	The loan under the Facilities does not carry any interest Repayment
Repayment	:	If as at the end of any quarter, cash and cash equivalents of the Target Company exceed the current liabilities of the Target Company by more than HK$2 million, the Target Company shall repay such amount in excess of HK$2 million to the Subscriber within one (1) month from the end of such quarter until the loan under the Facilities are fully repaid. Subject to the above, any outstanding balance of the loan under the Facilities shall be repaid in full on the Repayment Date provided that the Target Company may prepay any outstanding balance of he loan under the Facilities before the Repayment Date.
Security	:	The Floating Charge

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the production and sales of portable electronic appliances and home appliances, such as power banks, smart phone accessories and Bluetooth devices, across Hong Kong, the Macau Special Administrative Region and Taiwan. The Target Company commenced its current business operation in September 2014. The Target Company has no manufacturing plant and retail shops in Hong Kong, Macau and/or Taiwan. Over the years, the Target Company has built up a network of supply chains consisting of various original equipment manufacturers and original design manufacturers in the PRC. The Target Company has been working closely with technical experts of these manufacturers on the feasibility and costs of its product designs and ideas during the product development process. In addition, these manufacturers will also regularly provide the Target Company with information and demo products regarding new and seasonal products for the Target Company to consider. The Target Company will select products with potential and redesign the products by the internal design team and/or with the assistance by external designers to differentiate such products from similar products in the market. The Target Company has also obtained licenses for certain cartoon and/or comic characters from the relevant owners or licensors of the copyrights of such characters for use on its products. The Target Company is the owner of trademark in Hong Kong and the copyrights of the designs of the products originally designed by it. The Target currently has three staff members in its product development team. After a product is developed, the Target Company will engage a manufacturer in its network to produce the product. the Target Company has a quality control inspector staying in the PRC to ensure the quality in the production process. The Target Company also has four sales representatives for the promotion and sales of its products in Hong Kong, the Macau Special Administrative Region and Taiwan. The customers of the Target Company include wholesalers, large retail chains, mobile network service operators, electronic appliances shops, etc.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company and its ultimate beneficial owners, Mr. Chan Man Fai and Mr. Wong Ka Wa, are Independent Third Parties. As at the Latest Practicable Date, the Target Company was owned as to 50% by Mr. Chan Man Fai and as to 50% by Mr. Wong Ka Wa and the directors of the Target Company were Mr. Chan Man Fai and Mr. Wong Ka Wa. Immediately after completion of the Subscription, the Target Company will be owned as to approximately 51% by the Subscriber, as to approximately 24.5% by Mr. Chan Man Fai and as to approximately 24.5% by Mr. Wong Ka Wa.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company for the two financial years ended 30 June 2022 and 30 June 2023, respectively:

	For the year ended 30 June 2023 (unaudited) *HK$*	**For the year ended 30 June 2022** (unaudited) *HK$*
Revenue	25,931,966	21,776,157
Profit/(Loss) before income tax	1,704,813	(123,191)
Profit/(Loss) after income tax	1,638,059	(223,509)

Based on the unaudited financial statements of the Target Company, the net asset value of the Target Company was approximately HK$6.77 million as at 30 November 2023.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND GRANTING OF REVOLVING LOAN FACILITIES

The Company is an investment holding company and the Group is principally engaged in money lending, securities and futures brokerage, assets management services, property investment, investment in stallions and cryptocurrency business.

Mr. Chim Tak Lai, an executive Director and the chief financial officer of the Group, had experience in trading, wholesale, retail and distributing video products and copyright licensing before joining the Group, which involved cooperation with video products manufacturers and owners or licensors of copyrights. The Company intends to appoint three directors including Mr. Chim to the board of directors of the Target Company to control the board of directors of the Target Company. The Company currently has no intention to appoint any of the Target Company's existing shareholders or directors to the Board of the Company. The Company currently has no intention to acquire additional interest in the Target Company other than the Subscription and considers that the shareholding structure of the Target Company after completion of the Subscription will allow the Group to effectively cooperate with Mr. Chan Man Fai and Mr. Wong Ka Wa to further develop the business of the Target Company.

Despite the financial performance of the Target Company for the six months ended 31 December 2023 being affected by the poor economic and retail performance in Hong Kong, the Target Company will implement the following plans to improve its sales performance:

(i) the Target Company will supply its products to large electric appliances chain stores and home groceries chain stores by way of consignment sales which were not usually adopted by the Target Company before;

(ii) in May 2024, the Target Company's products will be put on the shelves of more than 100 outlets of a large beauty and health care chain stores and a large chain of convenience stores; and

(iii) the Target Company will expand its product line to small to mid-sized home electrical appliances such as vacuum cleaners, heaters, hair dryers, electric fans which can be supplied to large electric appliances chain stores and home groceries chain stores by way of consignment sales.

The Board considered that the entering into of the Subscription Agreement and the Facility Agreement will allow the Group to expand into new market segments and diversify its business portfolio, thereby broadening the Group's reach and income streams. Furthermore, in view of the fact that the Consideration for the Subscription is of nominal value and taking into account the business plans of the Target Company to improve its financial performance, the Board is of the view that the business of the Target Company is sustainable and has good prospects, and the terms of the Subscription Agreement and the Facility Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription and the granting of the loan Facilities are more than 25% but less than 100%, the Subscription Agreement and the Facility Agreement constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Under Rule 19.44 of the GEM Listing Rules, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the issuer were to convene a general meeting to obtain such shareholders' approval; and (b) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder and no Shareholder is required to abstain from voting in respect of the approval of the Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder if the Company were to convene a general meeting. As at the Latest Practicable Date, Fresh Success Investments Limited holds 1,437,914,040 Shares (representing approximately 61.61% of the total issued share capital of the Company) carrying rights to vote at a general meeting. Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, the Company has obtained written approval from Fresh Success Investments Limited. As such, no general meeting will be held by the Company for approving the Subscription Agreement, the Facility Agreement and the transactions contemplated respectively thereunder.

Yours faithfully
By order of the Board
Imperium Financial Group Limited
Cheng Ting Kong
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 March 2021 (page 52 to 168), 2022 (page 51 to 170) and 2023 (page 47 to 162), which are published on 1 August 2021, 31 July 2022 and 3 July 2023 respectively. The unaudited financial information of the Company are disclosed in the interim report of the Company for the six months ended 30 September 2023 (pages 3 to 24), which is published on 14 November 2023. The above mentioned financial information is available on the website of the Company at http://www.8029.hk and the website of the Stock Exchange at http://www.hkexnews.hk:

(a) the annual report of the Company for the year ended 31 March 2021 in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/gem/2021/0801/2021080100161.pdf);

(b) the annual report of the Company for the year ended 31 March 2022 in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/gem/2022/0731/2022073100087.pdf);

(c) the annual report of the Company for the year ended 31 March 2023 in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/gem/2023/0703/2023070300011.pdf); and

(d) the interim report (the "**Interim Report**") for the six months ended 30 September 2023 published on 14 November 2023 in relation to the financial information of the Group for the same period (https://www1. hkexnews.hk/listedco/listconews/gem/2023/1114/2023111400533.pdf).

2. STATEMENT OF INDEBTEDNESS

Borrowings

The Group's borrowings are principally applied by the Group for working capital purposes. As at 29 February 2024, being the latest practicable date prior to the printing of this Prospectus and for the purpose of this indebtedness statement, the Group had total outstanding unsecured and unguaranteed borrowings of approximately HK$105.0 million, including (i) interest bearing promissory note of HK$102.1 million. (ii) Lease liabilities of HK$2.9 million Save as disclosed above, there was no material change in the indebtedness of the Group from 29 February 2024 up to the Latest Practicable Date.

Contingent liabilities

No contingent liabilities were made for the Group as at close of business on 31 March 2023.

Disclaimers

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 March 2023, the Group did not have any outstanding loan capital, debt securities and term loan issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

After taking into account the present internal financial resources as well as the available banking facilities, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this Circular, after the completion of the Subscription.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the Interim Report, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, investment in stallions and cryptocurrency mining.

The Group recorded revenue of approximately HK$11,508,000 for the six months ended 30 September 2023, an increase of 5.05% when compared to the corresponding period in the last fiscal year. Revenue generated from financial services has decreased by approximately HK$4.5 million while revenue generated from cryptocurrency business has increased by approximately HK$4.5 million for the six months ended 30 September 2023. While the performance of equine services and properties investment are stable.

The Group recorded a loss of approximately HK$3.6 million for the six months ended 30 September 2023, representing a decrease of approximately HK$35.3 million as compared with the loss of approximately HK$38.9 million for the six months ended 30 September 2022, which is mainly due to (i) the insurance claim under other operating income and (ii) the dramatic drop of impairment loss in respect of cryptocurrency during the period.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the Board would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

The following is the text of a report set out in pages II-1 to II-3, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation in this Circular.

ACCOUNTANTS' REPORT ON HISTORICAL INFORMATION TO THE DIRECTORS OF IMPERIUM FINANCIAL GROUP LIMITED

INTRODUCTION

We report on the historical financial information of Infinity Technology International Limited (the "Target Company") set out on pages II-4 to II-8, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for the years ended 30 June 2021, 2022 and 2023, and the six months ended 31 December 2023 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 30 June 2021, 2022 and 2023 and 31 December 2023, and the material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-8 forms an integral part of this report which has been prepared for inclusion in the circular of Imperium Financial Group Limited (the "Company") dated 22 April 2024 (the "Circular") in connection with the proposed subscription of 10,400 new subscription shares, representing approximately 51% of the enlarged issued share capital of the Target Company.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 30 June 2021, 2022 and 2023 and 31 December 2023, and of the financial performance and cash flows of the Target Company for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 31 December 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

DIVIDENDS

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 22 April 2024

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in HK dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000), except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 June			**Six months ended 31 December**	
	Notes	**2021**	**2022**	**2023**	**2022**	**2023**
		HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE	6	18,231	21,776	25,932	13,879	11,545
Cost of sales		(11,414)	(13,596)	(15,874)	(8,786)	(7,791)
Gross profit		6,817	8,180	10,058	5,093	3,754
Other income	7	209	232	257	109	985
Administrative expenses		(6,078)	(8,152)	(8,189)	(3,467)	(4,567)
Finance costs	8	(273)	(381)	(414)	(193)	(268)
Profit/(loss) before tax	9	675	(121)	1,712	1,542	(96)
Income tax expense	10	(26)	(100)	(67)	(148)	–
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to the owners of the Target Company		649	(221)	1,645	1,394	(96)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*	As at 31 December 2023 *HK$'000*
Non-current assets					
Property, plant and equipment	14	–	14	23	42
Right-of-use assets	15	1,817	2,292	1,435	980
		1,817	2,306	1,458	1.022
Current assets					
Inventories	16	645	1,262	1,813	522
Trade receivables	17	1,504	1,749	1,827	2,399
Deposits and other receivables		132	233	178	295
Prepayments		95	–	79	964
Amounts due from directors	18	5,226	7,116	7,404	9,399
Tax recoverable	19	227	59	–	–
Cash at banks		1,088	946	1,185	937
		8,917	11,365	12,486	14,516
Current liabilities					
Trade payables	20	736	893	139	1,588
Accruals and other payables		412	337	135	51
Tax payables		–	–	60	60
Lease liabilities	21	919	674	456	658
Borrowings	22	3,110	6,535	6,653	7,076
		5,177	8,439	7,443	9,433
Net current assets		3,740	2,926	5,043	5,083
Total assets less current liabilities		5,557	5,232	6,501	6,105
Non-current liabilities					
Lease liabilities	21	1,141	1,037	661	361
Net assets		4,416	4,195	5,840	5,744
Capital and reserves					
Share Capital	23	10	10	10	10
Reserves		4,406	4,185	5,830	5,734
Total equity		4,416	4,195	5,840	5,744

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 July 2020	10	3,757	3,767
Profit and total comprehensive income for the year	–	649	649
As at 30 June 2021 and 1 July 2021	10	4,406	4,416
Loss and total comprehensive loss for the year	–	(221)	(221)
As at 30 June 2022 and 1 July 2022	10	4,185	4,195
Profit and total comprehensive income for the year	–	1,645	1,645
As at 30 June 2023	10	5,830	5,840
Loss and total comprehensive loss for the period	–	(96)	(96)
As at 31 December 2023	10	5,734	5,744
As at 1 July 2022	10	4,185	4,195
Profit and total comprehensive income for the period	–	1,394	1,394
As at 31 December 2023	10	5,579	5,589

STATEMENTS OF CASH FLOWS

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
Profit/(loss) before tax	675	(121)	1,712	1,542	(96)
Adjustments for:					
Depreciation for the year	879	1,301	1,000	416	655
Finance costs	273	381	414	193	268
Bank interest income	–	–	(5)	(1)	(9)
Impairment loss on financial assets under expected credit loss model	6	7	9	6	13
Early terminate of borrowings	–	(19)	–	–	–
Gain on disposal of property, plant and equipment	–	(31)	–	–	(962)
Operating cash flows before movement in working capital	1,833	1,518	3,130	2,156	(131)
(Increase)/decrease in inventories	(183)	(617)	(551)	(388)	1,291
Increase in trade receivables	(875)	(246)	(85)	(1,134)	(580)
(Increase)/decrease in deposits, prepayments and other receivables	(98)	(6)	(24)	70	(1,002)
Increase in amounts due from directors	(1,066)	(1,896)	(290)	(100)	(70)
Increase/(decrease) in trade payables	467	157	(754)	(174)	1,449
Increase/(decrease) in accruals and other payables	50	(75)	(202)	(188)	(84)
Cash generated from operations	128	(1,165)	1,224	242	873
Tax (paid)/refund	(54)	68	52	–	–
Net cash generated from/(used in) operating activities	74	(1,097)	1,276	242	873

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from investing activities					
Bank interest income	–	–	5	1	9
Purchase of property, plant and equipment	–	(1,099)	(52)	–	(23)
Proceeds from disposal of property, plant and equipment	–	840	–	–	–
Net cash (used in)/generated from investing activities	–	(259)	(47)	1	(14)
Cash flows from financing activities					
Repayment of lease liabilities	(895)	(1,926)	(772)	(481)	(1,352)
Borrowing raised	2,366	5,160	2,309	2,309	1,500
Repayment of borrowings	(1,397)	(2,020)	(2,527)	(1,293)	(1,255)
Net cash generated from/(used in) financing activities	74	1,214	(990)	535	(1,107)
Net increase/(decrease) in cash and cash equivalents	148	(142)	239	778	(248)
Cash and cash equivalents at the beginning of the reporting period/year	940	1,088	946	946	1,185
Cash and cash equivalents at the beginning of the reporting period/year	1,088	946	1,185	1,724	937

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Infinity Technology International Limited (the "Target Company") was incorporated in Hong Kong under Hong Kong Companies Ordinance with limited liability. The registered address of the Target Company is Unit 3303, 33/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. Its ultimate shareholders are Mr. Chan Man Fai and Mr. Wong Ka Wa, who are also the directors of the Target Company.

The Target Company is principally engaged in the production and sales of portable electronic appliances and home appliances.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amendments to HKFRSs that are mandatorily effective for the current period

All effective standards, amendments to standards and interpretations of HKFRS, which are mandatory for the financial year beginning on 1 July 2023, are consistently applied to the Target Company for the Relevant Periods.

(b) Amendments to HKFRSs in issue but not yet effective

The Target Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-Current Liabilities with Convenant[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025

The directors of the Target Company anticipates that the application of all new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the PRC Company Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKFRS 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Material accounting policy information

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The principal annual rates of depreciation are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the statement of profit or loss in the year which the asset is derecognised and such amount is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Company assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Company exercising the option to terminate.

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

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

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

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

Lease modifications

The Target Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains one or more additional lease components, the Target Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a Target Company entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities.

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

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

Impairment of financial assets

The Target Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, cash and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Target Company always recognises lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

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

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

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

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

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

(ii) Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Target Company uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

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

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

The grouping is regularly reviewed by the directors of the Target Company to ensure the constituents of each Target Company continue to share similar credit risk characteristics.

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

The Target Company recognised an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables, borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include:

(b) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;

- the Target Company's performance creates or enhances an asset that the customer controls as the Target Company performs; or

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

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

A contract asset represents the Target Company's right to consideration in exchange for goods or services that the Target Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments. In contrast, a receivable represents the Target Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Sales of goods

The Target Company mainly sold portable electronic appliances and home appliances to the wholesale and retail market.

Revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the wholesaler's and retail shops' specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the wholesaler and retail shops have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days upon delivery.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Company with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "Other income".

Borrowing costs

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

Employee benefits

(i) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong are recognised as an expense when employees have rendered services entitling them to the contributions.

(ii) Short-term employee benefit obligations

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

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

Taxation

Income tax expense represents current income tax expense

The tax currently payable is based on taxable profits for the year and is recognised in profit or loss.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

Related parties

(a) A person, or a closed member of that person's family, is related to the Target Company if that person:

(i) has control or joint control of the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(b) An entity is related to the Target Company if any of the following conditions applies:

(i) the entity and Target Company are members of the same Target Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Target Company of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a Target Company of which it is apart, provides key management personnel services to the Target Company or to the parent of the Target Company.

A related party transaction is a transfer of resources, services or obligations between the Target Company and a related party, regardless of whether a price is charged.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

Provision of ECL for trade receivables

The Target Company makes loss allowances on trade receivables based on various factors including the past due status of the receivables, past default experience, qualitative creditworthiness, collateral values and forward-looking macroeconomic scenarios and economic inputs. The assessment of ECL on receivables involves high degree of estimation uncertainty and is sensitive to changes in estimates. Where the expectations are different from the original estimates, such differences will impact the carrying amounts of receivables and the allowance for credit losses on receivables recognised in the years in which such estimates have been changed.

In addition, the Target Company uses practical expedient in estimating ECL on certain trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Target Company's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Further information is disclosed in note 5(b) to the notes to the Historical Financial Information.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 30 June			As at 31
	2021	**2022**	**2023**	**December 2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets				
At amortised cost	7,950	10,044	10,594	13,030
Financial liabilities				
At amortised cost	6,318	9,476	8,044	9,734

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, deposits and other receivables, amount due from directors, cash and bank balances, trade payables, accruals and other payables, borrowing and lease liabilities. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk, credit risk, interest risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Target Company's risk exposure relating to financial instruments and the manner in which it manages and measures the risks.

Market risk

Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Target Company is also exposed to cash flow interest rate risk in relation to variable-rate cash and bank balances.

In the case that the interest rates increase/decrease by 1%, with all other variables held constant, loss for the year ended 31 December 2023 would have been increase/decrease by approximately HK$72,000, profit for the year ended 30 June 2023 would have been decrease/increase by approximately HK$66,000, loss for the year ended 30 June 2022 would have been increase/decrease by approximately HK$73,000 and profit for the year ended 30 June 2021 would have been decrease/increase by approximately HK$41,000

Credit risk and impairment assessment

The credit risk of the Target Company mainly arises from trade receivables, deposits and other receivables, amounts due from directors and cash at banks. The carrying amounts of these balances represent the Target Company's maximum exposure to credit risk in relation to financial assets.

Cash at banks

The bank balances are deposited with several reputable and creditworthy banks with no recent history of default. The expected credit loss is close to zero.

Trade receivables

Before accepting any new customer, the Target Company assessed the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Target Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Target Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information.

The Target Company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Target Company also considers available, reasonable and supportive forward-looking information. All trade receivables have no history of default and management do not expect significant credit losses after considering forward looking information. The average loss rates ranged from 0.2% to 5.8%, 0.0% to 5.9% and 0.4% to 3.0% for the years ended 30 June 2021, 2022 and 2023 and 0.4% to 4.2% and 0.3% to 3.1% for the six months ended 31 December 2022 and 2023.

Impairment loss recognised under expected credit loss model was approximately of HK$3,000, HK$1,000 and HK$7,000 for the years ended 30 June 2021, 2022 and 2023 and HK$4,000 and HK$8,000 for the six months ended 31 December 2022 and 2023.

Deposits and receivables and amount due from directors

For deposits and other receivables and amount due from director, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Impairment loss under expected credit loss model of approximately of HK$3,000, HK$6,000 and HK$2,000 was recognised for the years ended 30 June 2021, 2022 and 2023, HK$2,000 and HK$5,000 was recognised for the six months ended 31 December 2022 and 2023.

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensure compliance with loan covenants.

The following table details the Target Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Maturity analysis – bank and other borrowings with repayment on demand clause based on scheduled repayments

	At 30 June 2021			
	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	736	–	736	736
Accruals and other payables	412	–	412	412
Borrowings	1,374	2,121	3,495	3,110
Lease liabilities	996	1,200	2,196	2,060
	3,518	3,321	6,839	6,318

	At 30 June 2022			
	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	893	–	893	893
Accruals and other payables	337	–	337	337
Borrowings	2,087	4,988	7,075	6,535
Lease liabilities	747	1,104	1,851	1,711
	4,064	6,092	10,156	9,476

	At 30 June 2023			
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flows	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	139	–	139	139
Accruals and other payables	135	–	135	135
Borrowings	2,475	4,723	7,198	6,653
Lease liabilities	506	686	1,192	1,117
	3,255	5,409	8,664	8,044

	At 31 December 2023			
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flows	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	1,588	–	1,588	1,588
Accruals and other payables	51	–	51	51
Borrowings	2,673	4,979	7,652	7,076
Lease liabilities	713	369	1,082	1,019
	5,025	5,348	10,373	9,734

(c) Capital risk management

The Target Company's primary objectives when managing capital are to safeguard the abilities of the entities in the Target Company to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors of the Company actively and regularly review and manage the Target Company's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Target Company's overall strategy remains unchanged from prior years

During the Relevant Periods, the capital structure of the Group mainly consists of debts, which include borrowings and lease liabilities and equity attributable to owners of the Company, comprising issued capital and reserves. The directors of the Company consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity

				As at 31 December
		As at 30 June		
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Debts	5,170	8,246	7,770	8,095
Equity	4,446	4,195	5,840	5,744
Gearing ratio	117.1%	196.6%	133.0%	140.9%

(d) Fair value measurements of financial instruments

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately their fair values.

6. REVENUE

The Target Company is principally engaged in engaged in the production and sales of portable electronic appliances and home appliances.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Disaggregation of revenue from contracts with customers					
Sales of goods	18,231	21,776	25,932	13,879	11,545

7. OTHER INCOME

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Bank interest income	–	–	5	1	9
Government subsidies (note)	209	144	252	108	–
Gain on disposal of property, plant and equipment	–	31	–	–	962
Gain on lease modification	–	19	–	–	–
Others	–	38	–	–	14
	209	232	257	109	985

note:

In 2022, the Target Company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide time-limited financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grants, the Target Company is required not to make redundancies during the subsidy period and to spend all the subsidy on paying wages to the employees.

The Target Company also received Dedicated Fund on Branding, Upgrading and Domestic Sales and SME Export Marketing Fund from the Hong Kong SAR Government during the year.

There were no unfulfilled condition or contingencies relating to these subsidies.

8. FINANCE COSTS

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Interest on borrowings	194	285	336	151	178
Interest on lease liabilities	79	96	78	42	90
	273	381	414	193	268

9. PROFIT/(LOSS) BEFORE TAX

The Target Company's profit/(loss) before tax are stated after charging:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Cost of inventories sold	11,414	13,596	15,874	8,786	7,791
Depreciation					
– Property, plant and equipment	15	5	9	100	4
– Right-of-use assets	864	1,296	991	316	651
Impairment loss recognised under expected credit loss model in respect of:					
– trade receivables	3	1	7	4	8
– amount due from directors	3	6	2	2	5
Staff costs (including directors' remuneration)					
– Salaries and bonus	5,319	6,472	5,891	2,268	2,077
– Retirement benefit costs	175	184	186	72	67
	5,494	6,656	6,077	2,340	2,144

10. INCOME TAX EXPENSE

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Hong Kong Profits Tax					
Current year	26	–	67	148	–
Under-provision	–	100	–	–	–
	26	100	67	148	–

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying Target Company entity are taxed at 8.25%, and profits above HK$2,000,000 are taxed at 16.5%. The profits of Target Company entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Income tax expense for the years can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Profit/(loss) before taxation	675	(121)	1,712	1,542	(1,058)
Tax effect at Hong Kong Profits Tax rate	111	(20)	282	254	(175)
Tax effect of expenses not deductible for tax purpose	69	242	126	61	120
Tax effect of income not taxable for tax purposes	(110)	(346)	(150)	(18)	–
Tax loss not recognised	–	124	–	–	55
Utilisation of tax loss not recognised	–	–	(124)	(124)	–
Income tax at concession rate	(34)	–	(67)	(25)	–
Tax concession	(10)	–	–	–	–
Under-provision in prior years	–	100	–	–	–
	26	100	67	148	–

11. DIVIDEND

No dividend was paid, declared or proposed by the board of directors of the Target Company during the Relevant Period.

12. LOSS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful by the directors of Imperium Financial Group Limited having regard to the purpose of preparing the Historical Financial Information.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 30 June 2021

	Fees	**Salaries and other allowances**	**Retirement benefit costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	420	18	438
Wong Ka Wa	–	420	18	438
	–	840	36	876

For the year ended 30 June 2022

	Fees	**Salaries and other allowances**	**Retirement benefit costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	600	18	618
Wong Ka Wa	–	600	18	618
	–	1,200	36	1,236

For the year ended 30 June 2023

	Fees	**Salaries and other allowances**	**Retirement benefit costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	600	18	618
Wong Ka Wa	–	600	18	618
	–	1,200	36	1,236

For the six months ended 31 December 2022

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	300	9	309
Wong Ka Wa	–	300	9	309
	–	600	18	618

For the six months ended 31 December 2023

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	300	9	309
Wong Ka Wa	–	300	9	309
	–	600	18	618

For the years ended 30 June 2021,2022 and 2023 and the six months ended 31 December 2022 and 2023, of the five individuals with the highest emoluments, two, two, two, two and two are directors whose emoluments are disclosed as above, respectively. The aggregate of the emoluments in respect of the other three, three, three, three and three individuals for the years ended 30 June 2021,2022 and 2023 and the six months ended 31 December 2022 and 2023, respectively, are as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Salaries and other allowance	1,703	2,649	2,261	1,071	783
Retirement benefit costs	54	54	54	27	26
	1,757	2,703	2,315	1,098	809

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost			
At 1 July 2020	171	–	171
Addition	–	–	–
At 30 June 2021 and 1 July 2021	171	–	171
Addition	19	–	19
Transfer from right-of-use assets	–	809	809
Disposal	–	(809)	(809)
At 30 June 2022 and 1 July 2022	190	–	190
Addition	18	–	18
At 30 June 2023	208	–	208
Transfer from right-of-use assets	–	968	968
Addition	23	–	23
Disposal	–	(968)	(968)
At 31 December 2023	231	–	231
Accumulated depreciation			
At 1 July 2020	156	–	156
Charge for the year	15	–	15
At 30 June 2021 and 1 July 2021	171	–	171
Charge for the year	5	–	5
Disposal	–	–	–
At 30 June 2022 and 1 July 2022	176	–	176
Charge for the year	9	–	9
At 30 June 2023	185	–	185
Charge for the year	4	–	4
At 31 December 2023	189	–	189
Net book value			
At 31 December 2023	42	–	42
At 30 June 2023	23	–	23
At 30 June 2022	14	–	14
At 30 June 2021	–	–	–

15. RIGHT-OF-USE ASSETS

	Leased Properties HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 July 2020	447	553	1,000
Addition	914	767	1,681
Depreciation charge for the year	(488)	(376)	(864)
At 30 June 2021 and 1 July 2021	873	944	1,817
Addition	–	2,580	2,580
Transfer to property, plant and equipment	–	(809)	(809)
Depreciation charge for the year	(606)	(690)	(1,296)
At 30 June 2022 and 1 July 2022	267	2,025	2,292
Addition	–	134	134
Depreciation charge for the year	(267)	(724)	(991)
At 30 June 2023 and 1 July 2023	–	1,435	1,435
Addition	1,164	–	1,164
Transfer to property, plant and equipment	–	(968)	(968)
Depreciation charge for the year	(291)	(360)	(651)
At 31 December 2023	873	107	980

All leases are under operating leases. The leases typically run for an initial period 2 years, with an option to renew the lease after that date at which time all terms are renegotiated.

16. INVENTORIES

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Finished goods	645	1,262	1,813	522

17. TRADE RECEIVABLES

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Gross trade receivables	1,507	1,753	1,838	2,418
Less: Allowance for credit losses	(3)	(4)	(11)	(19)
	1,504	1,749	1,827	2,399

Details of the loss allowance for the trade receivables is set out in Note 5(b).

The Target Company'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 Target Company's trade receivables, based on the invoice date, and net of loss allowance, is as follows:

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
0-30 days	1,491	1,683	1,456	1,360
31-60 days	7	31	221	662
61-90 days	3	16	136	277
Over 90 days	3	19	14	100
	1,504	1,749	1,827	2,399

Details of impairment assessment are set out in Note 5(b).

18. AMOUNTS DUE FROM DIRECTORS

	Maximum indebtedness							
	As at 30 June			As at 31 December	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**	**2021**	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Chan Man Fai	2,613	3,481	3,677	3,707	2,613	3,481	3,677	3,707
Wong Ka Wa	2,613	3,635	3,727	3,762	2,613	3,635	3,727	3,762
					5,226	7,116	7,404	7,469

The amounts due from directors are unsecured, interest free and repayable on demand.

19. CASH AT BANKS

Bank balances carry interest at market rates which range from 0.01% to 0.1%, 0.01% to 0.1%, 0.01% to 0.1% and 0.01% to 0.1% per annum as at 30 June 2021, 2022 and 2023 and 31 December 2023 respectively.

20. TRADE PAYABLES

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	736	893	139	1,588

The Target Company 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:

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	736	663	102	767
31-60 days	–	127	–	121
61-90 days	–	103	–	210
Over 90 days	–	–	37	490
	736	893	139	1,588

21. LEASE LIABILITIES

	Minimum lease payments				Present value of minimum lease payments			
	30 June			31 December	30 June			31 December
	2021	2022	2023	2023	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	996	747	506	713	919	674	456	658
more than 1 year but less than 2 years	640	467	500	369	602	422	476	361
more than 2 years but less than 5 years	560	637	186	–	539	615	185	–
	2,196	1,851	1,192	1,082	2,060	1,711	1,117	1,019
Less: Future finance costs	(136)	(140)	(75)	(63)				
Present value of lease liabilities	2,060	1,711	1,117	1,019				
Less: current portion					(919)	(674)	(456)	(658)
					1,141	1,037	661	361

The incremental borrowing rates applied to lease liabilities range from 7.9% to 10.6%.

22. BORROWINGS

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount repayable (based on the scheduled repayment dates as set out in the loan agreements)				
– Within one year	1,168	1,849	2,185	2,402
– More than one year but within two years	864	1,642	2,074	2,155
– More than two years but within five years	1,078	3,044	2,394	2,519
	3,110	6,535	6,653	7,076

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysis for reporting purposes as:				
Current	3,110	6,535	6,653	7,076
Non-Current	–	–	–	–
	3,110	6,535	6,653	7,076

At 30 June 2021, 2022, 2023 and 31 December 2023, borrowings were unsecured, carried interests at fixed rate ranging from 2.8% to 7.0% and were guaranteed by directors of the Target Company.

23. SHARE CAPITAL

	Issued and fully paid
	HK$'000
Ordinary shares of HK$1 each	
At 1 July 2020, 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023	10

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified as cash flows from financing activities in the Target Company's consolidated statement of cash flows.

	Borrowings	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2020	1,947	1,195	3,142
Financing cash flows	969	(895)	74
Addition	–	1,681	1,681
Interest	194	79	273
At 30 June 2021 and 1 July 2021	3,110	2,060	5,170
Financing cash flows	3,140	(1,926)	1,214
Acquisition of property, plant and equipment	–	1,500	1,500
Modification	–	(19)	(19)
Interest	285	96	381
At 30 June 2022 and 1 July 2022	6,535	1,711	8,246
Financing cash flows	(218)	(772)	(990)
Acquisition of property, plant and equipment	–	100	100
Interest	336	78	414
At 30 June 2023 and 1 July 2023	6,653	1,117	7,770
Financing cash flows	245	(1,352)	(1,107)
Addition	–	1,164	1,164
Interest	178	90	268
At 31 December 2023	7,076	1,019	8,095

25. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the notes to the Historical Financial Information, the Target Company did not enter into other transactions with related parties during the Relevant Period.

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to the end of the Relevant Period.

This appendix summarises the management discussion and analysis of the Target Company for the three years ended 30 June 2021, 2022, 2023 and the six months ended 31 December 2023 (the "Relevant Periods"). The following financial information is based on the accountants' report of the Target Company as set out in page II-1 to page II-33.

BUSINESS REVIEW

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the production and sales of portable electronic appliances and home appliances, such as power banks, smart phone accessories and Bluetooth devices, across Hong Kong, the Macau Special Administrative Region and Taiwan. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company and its ultimate beneficial owners, Mr. Chan Man Fai and Mr. Wong Ka Wa, who are also the directors of the Target Company, are Independent Third Parties.

FINANCIAL REVIEW

Revenue

Revenue represented manufacturing and sales of portable electronic appliances and home appliances. Revenue recorded for the three years ended 30 June 2021, 2022, 2023 were approximately HK$18,231,000, HK$21,776,000 and HK$25,932,000 respectively. Revenue for the six months ended 31 December 2022 and 2023 were approximately HK$13,879,000 and HK$11,545,000 respectively. Such decrease was mainly due to the poor overall consumable market performance.

Cost of sales

Cost of sales represented purchasing, packaging and transportation cost of electronic appliances and home appliances. Cost of sales recorded for the three years ended 30 June 2021, 2022, 2023 were approximately HK$11,414,000, HK$13,596,000 and HK$15,874,000 respectively. Cost of sales for the six months ended 31 December 2022 and 31 December 2023 were approximately HK$8,786,000 and HK$7,791,000 respectively. The cost of sales was highly depend on the revenue.

Administrative expenses

During the Relevant Periods, administrative expenses represented mainly (i) salary and directors' remuneration (ii) office rent and (iii) motor vehicle expenses.

For the three years ended 30 June 2021, 2022 and 2023, the administrative expenses incurred were approximately HK$6,078,000, HK$8,152,000 and HK$8,189,000 respectively. Administrative expenses for the six months ended 31 December 2022 and 31 December 2023 were approximately HK$3,467,000 and HK$4,567,000 respectively. Such increase was primarily due to increase in staff cost.

Finance costs

Finance costs represented the interest on borrowings and on lease liabilities.

For the three years ended 30 June 2021, 2022 and 2023, the finance costs recorded were approximately HK$273,000, HK$381,000 and HK$414,000 respectively. And for the six months ended 31 December 2022 and 31 December 2023 were approximately HK$193,000 and HK$268,000 respectively.

Such increase was primarily due to increase in loan borrowing.

Property, plant and equipment

Property, plant and equipment of the Target Company mainly consist of office equipment and motor vehicle. As at 30 June 2021, 2022 and 2023 and 31 December 2023, the Target Company had property, plant and equipment of approximately HK$–, HK$14,000, HK$23,000 and HK$42,000 respectively.

Inventories

As at 30 June 2021, 2022 and 2023 and 31 December 2023, the Target Company had inventories of approximately HK$645,000, HK$1,262,000, HK$1,813,000 and HK$522,000 respectively.

Trade receivables

Trade receivables normally recover within 30 days. As at 30 June 2021, 2022 and 2023 and 31 December 2023, the Target Company had trade receivables of approximately HK$1,504,000, HK$1,749,000, HK$1,827,000 and HK$2,399,000 respectively.

Borrowings

Borrowings represented bank borrowing to support business development in the Relevant Periods. As at 30 June 2021, 2022 and 2023 and 31 December 2023, Target Company had bank borrowing of approximately HK$3,110,000, HK$6,535,000, HK$6,653,000 and HK$7,076,000 respectively.

Capital structure, liquidity and financial resources

As at 30 June 2021, 2022 and 2023 and 31 December 2023, Target Company had net assets of approximately HK$4,416,000, HK$4,195,000, HK$5,840,000 and HK$5,744,000 respectively.

Contingent liabilities

As at 30 June 2021, 2022 and 2023 and 31 December 2023, Target Company did not have any contingent liabilities.

Charges on assets

There was no charge on any asset as at 30 June 2021, 2022 and 2023 and 31 December 2023.

Foreign Currency exposure

The income and expenditure of the Group are denominated in Hong Kong Dollars, Renminbi. The Target Company has not entered into any foreign exchange hedging arrangement.

Employees Information

As at 31 December 2023 the Target Company had ten full-time and one part-time staff in addition to the two directors of the Target Company. The Target Company's remuneration policy for senior executives is basically performance-linked.

Future plans and prospects

The Target Company expects to continue to develop on new products, new sales channel to maximize the performance in the long run.

A. INTRODUCTION

This unaudited pro forma consolidated statement of assets and liabilities (the "Unaudited Pro Forma Financial Information") has been prepared for the purpose of providing shareholders of the Company with information about the impact of the proposed Subscription by illustrating how the proposed Subscription might have affected the financial position of the Group as at 30 September 2023, had the proposed Subscription taken place on 30 September 2023.

The Unaudited Pro Forma Financial Information has been prepared based on the interim consolidated statement of financial position of the Group as at 30 September 2023, which has been extracted from the published interim report of the Group for the six months ended 30 September 2023, and the statement of financial position of the Target Company as at 31 December 2023 as extracted from the accountants' report of the Target Company as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Group, as enlarged by the proposed Subscription, that would have been attained had the proposed Subscription been completed on 30 September 2023. Neither does the Unaudited Pro Forma Financial Information purport to predict the future financial position of the Group and the Target Company ("**Enlarged Group**").

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the proposed Subscription.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not purport to predict what the financial performance and cash flows or financial position of the Enlarged Group would have been if the Subscription had been completed on 30 September 2023 nor in any future period or on any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 September 2023	The Target Company as at 31 December 2023	Pro forma adjustments		The enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Non-current assets					
Intangible assets	500	–	–	–	500
Property, plant and equipment	2,102	42	–	–	2,219
Right-of-use assets	–	980	–	–	873
Investment properties	39,579	–	–	–	39,579
Other assets	275	–	–	–	275
Deposit	404	–	–	–	404
Biological assets	559	–	–	–	559
Investment in subsidiaries	–	–	–	–	–
	43,419	1,022	–	–	44,409
Current assets					
Loan receivables	169	–	–	–	169
Cryptocurrency	4,431	–	–	–	4,431
Inventories	–	522	–	–	522
Trade receivables	4,520	2,399	–	–	6,919
Advances to customers in margin financing	23,646	–	–	–	23,646
Prepayments, deposits and other receivables	4,124	10,658	(5,734)	–	9,080
Cash and cash equivalents	57,423	937	–	–	58,360
Cash held on behalf of customers	45,210	–	–	–	45,210
	139,523	14,516	(5,734)	–	148,337

	The Group as at 30 September 2023	The Target Company as at 31 December 2023	Pro forma adjustments		The enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Current liabilities					
Trade payables	50,605	1,588	–	–	52,193
Accruals and other payables	45,640	51	–	800	46,491
Amounts due to related companies	593	–	–	–	593
Lease liabilities	1,785	658	–	–	2,443
Income tax payable	159	60	–	–	219
Borrowings	–	7,076	–	–	5,733
	98,782	9,433	–	800	107,672
Net current assets	40,741	5,083	(5,734)	(800)	40,665
Total assets less current liabilities	84,160	6,105	(5,734)	(800)	85,074
Non-current liabilities					
Promissory notes	115,887	–	–	–	115,887
Deferred tax liabilities	5,578	–	–	–	5,578
Lease liabilities	1,852	361	–	–	2,213
Borrowings	–	–	–	–	1,343
	123,317	361	–	–	125,021
Net (liabilities)/assets	(39,157)	5,744	(5,734)	(800)	(39,947)

Notes:

1. The assets and liabilities of the Group as at 30 September 2023 are extracted from the interim consolidated statement of financial position of the Group as at 30 September 2023 set out in the published interim report of the Company for the six months ended 30 September 2023.

2. The assets and liabilities of the Target Company as at 31 December 2023 are referenced to the assets and liabilities of the Target Company as at 31 December 2023 which are extracted from the accountants' report set out in Appendix II to this circular, and have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, using accounting policies that are consistent with the accounting policies of the Group.

3. For the purpose of the Unaudited Pro Forma Financial Information, the Target Company is assumed to declare dividend of approximately HK$4,772,000, which is settle by setting off against the amounts due from directors (included in other receivables of the Enlarged Group) as at 31 December 2023.

4. This adjustment represents the estimated transaction cost of approximately HK$800,000 directly attributable to the Subscription.

5. Save as aforesaid, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2023.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report set out on pages IV-4 to IV-7 received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong for the sole purpose of inclusion in this circular.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF IMPERIUM FINANCIAL GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Imperium Financial Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statements of assets and liabilities as at 30 September 2023 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-4 of the Company's circular dated 22 April 2024 (the "Circular") in connection with the subscription of 51% equity interest of Infinity Technology International Limited (the "Subscription"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Subscription on the Group's financial position as at 30 September 2023 as if the Subscription had taken place as at 30 September 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim consolidated financial statements for the six months ended 30 September 2023.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("'**HKSQM**") 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagement* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31 of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the Listing Rules.

Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 22 April 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of each Director, chief executive of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Rules 5.46 to 5.66 of the GEM Listing Rules to be notified to the Company and the Stock Exchange are set out below:

Long position in Shares of the Company

Name of Director/chief executive	Capacity/nature of interest	Number of Shares held/ interested in	Approximate percentage of shareholding *(Note 2)*
Cheng Ting Kong *(Note 1)*	Interest of a controlled corporation	1,437,914,040	61.61%

Notes

1. Fresh Success Investment Limited is beneficially owned by as to 90% Mr. Cheng Ting Kong. Accordingly, Mr. Cheng Ting Kong is deemed under the SFO to be interested in the 1,437,914,000 shares beneficially owned by Fresh Success Investment Limited.

2. The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 2,336,016,218 Shares).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to pursuant to the Rules 5.46 to 5.66 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Long position in Shares of the Company

Name of Shareholder	**Capacity/nature of interest**	**Number of Shares held/ interested in**	**Approximate percentage of shareholding** *(Note 3)*
Fresh Success Investment Limited *(Note 1)*	Beneficial owner	1,437,914,040	61.61%
Raywell Holdings Limited *(Note 2)*	Beneficial owner	135,430,000	5.80%
Yeung Hak Kan *(Note 2)*	Interest of a controlled corporation	135,430,000	5.80%

Notes

1. Fresh Success Investment Limited is beneficially owned by as to 90% Mr. Cheng Ting Kong. Accordingly, Mr. Cheng Ting Kong is deemed under the SFO to be interested in the 1,437,914,000 shares beneficially owned by Fresh Success Investment Limited.

2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

3. The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 2,336,016,218 Shares).

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes or may compete, whether directly or indirectly, with the business of the Group or had any other conflict which any person has or may have with the Group pursuant to the GEM Listing Rules.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following material contract (not being contracts in the ordinary course of business) has been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and is or may be material:

(i) the Subscription Agreement; and

(ii) the conditional placing agreement dated 8 December 2023 entered into between the Company and Silverbricks Securities Company Limited in relation to the placing of unsubscribed rights shares and the rights shares which would otherwise have been provisionally allotted to the non-qualifying Shareholders in nil-paid form that have not been sold by the Company to the placee(s) on a best effort basis under the rights issue of the rights shares on the basis of one (1) rights share for every two (2) existing Shares as announced by the Company on 8 December 2023.

8. EXPERT AND CONSENT

The following are the qualification of the expert who has been named in this circular or have given opinions, letters or advices contained in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountant

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 March 2023, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above expert had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

9. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Yeung Man Wah ("**Ms. Yeung**"). Ms. Yeung holds a Bachelor of Business Administration with Honors in Accounting from the City University of Hong Kong. Ms. Yeung is a certified practising accountant of Hong Kong Institute of Certified Public Accountants. She has extensive experience in providing company secretarial services and auditing.

(b) The share registrar and transfer office of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(c) The English text of the circular Documents shall prevail over the respective Chinese text in the case of inconsistency.

10. AUDIT COMMITTEE

The Company established the audit committee of the Company (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management system and internal control systems of the Group so as to provide advice and comments thereon to the Board of Directors. The Audit Committee comprised of three independent non-executive Directors, namely, Mr. Tou Kin Chuen ("**Mr. Tou**"), Mr. Chan Tin Lup, Trevor ("**Mr. Chan**") and Mr. Hong Haiji ("**Mr. Hong**"). Mr. Tou is the chairman of the Audit Committee.

Mr. Tou, aged 46, is an independent non-executive Director. Mr. Tou graduated from the Hong Kong Shue Yan University with an Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 20 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong. Mr. Tou (i) is the principal of Roger K.C. Tou & Co.; (ii) has been an independent non-executive director of Milan Station Holdings Limited (stock code: 1150), a company listed on the Main Board of the Stock Exchange, since July 2015; and (iii) was an independent non-executive director of LET Group Holdings Limited (formerly known as Suncity Group Holdings Limited) (stock code: 1383), a company listed on the Main Board of the Stock Exchange, from April 2012 to January 2024.

Mr. Chan, aged 63, is an independent non-executive Director. He has been in the legal field for over 26 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan was an independent non-executive director of National Arts Group Holdings Limited (stock code: 8228), a company listed on the GEM of the Stock Exchange, from May 2009 to July 2018.

Mr. Hong, aged 28, obtained a Bachelor of Science degree in management from Bayes Business School (formerly known as Cass Business School), City, University of London in the United Kingdom in July 2018 and a master's of science degree in finance from the University of Edinburgh in Scotland in November 2019. Prior to joining the Group, Mr. Hong worked as an operation specialist at Saiqun Network Technology Co., Ltd. from February 2020 to December 2020 and Boge Network Technology Co., Ltd. from January 2021 to December 2022, respectively.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.8029.hk) for a period of 14 days from the date of this circular:

(a) the accountant's report on the historical financial information of the Target Company as set out in Appendix II to this circular;

(b) the letter issued by the independent reporting accountant regarding the unaudited pro forma financial information of the Company as set out in appendix IV to this circular;

(c) the written consent referred to in the paragraph headed "8. Expert and Consent" in this appendix; and

(d) the material contracts referred to in the paragraph headed "7. Material Contracts" in this appendix.