Imperium Group Global Holdings Limited
帝國集團環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0776)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board ("Board") of directors ("Directors") of Imperium Group Global Holdings Limited (formerly known as JF Household Furnishings Limited) ("Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016, together with the comparative audited figures for the year ended 31 December 2015 which have been reviewed and approved by the audit committee of the Company ("Audit Committee") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Note	**2016**	2015
		HK$	*HK$*
REVENUE	*4*	**163,495,555**	166,290,966
Cost of goods sold		**(147,193,969)**	(151,041,333)
Gross profit		**16,301,586**	15,249,633
Other income	*5*	**1,994,467**	7,076,782
Distribution costs		**(975,535)**	(594,413)
Administrative expenses		**(20,455,196)**	(26,100,589)
Other operating expenses		**(10,437,164)**	(1,492,867)
LOSS FROM OPERATIONS		**(13,571,842)**	(5,861,454)
Finance costs	*6*	**(1,927,495)**	(2,468,395)
LOSS BEFORE TAX		**(15,499,337)**	(8,329,849)
Income tax expense	*7*	**(1,103,008)**	(2,047,401)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*	**(16,602,345)**	(10,377,250)
LOSS PER SHARE	*10*		
Basic		**(0.06)**	(0.04)
Diluted		**(0.06)**	(0.04)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$	*HK$*
Loss for the year	**(16,602,345)**	(10,377,250)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(2,316,230)**	(4,974,006)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**–**	296,766
Other comprehensive loss for the year, net of tax	**(2,316,230)**	(4,677,240)
Total comprehensive loss for the year attributable to owners of the Company	**(18,918,575)**	(15,054,490)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Note	2016 HK$	2015 HK$
Non-current assets			
Property, plant and equipment		**15,231,484**	12,561,576
Investment properties		**15,901,163**	16,984,900
Intangible asset		**499,999**	–
		31,632,646	29,546,476
Current assets			
Inventories		**22,470,907**	25,771,708
Loan receivables	*11*	**22,000,000**	–
Trade receivables	*12*	**19,902,845**	29,465,624
Due from related companies		**4,737,354**	4,814,794
Deposits, other receivables and prepayments		**5,922,800**	91,143,807
Cash and bank balances		**96,056,597**	42,537,263
		171,090,503	193,733,196
Current liabilities			
Trade payables	*13*	**15,135,880**	15,636,269
Due to a related company		**5,154,463**	251,342
Other payables and accruals		**36,095,696**	21,179,820
Current tax liabilities		**819,604**	1,604,400
Bank borrowings		**11,112,500**	31,284,260
		68,318,143	69,956,091
NET CURRENT ASSETS		**102,772,360**	123,777,105
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,405,006**	153,323,581
Non-current liabilities			
Deferred tax liabilities		**1,715,969**	1,715,969
NET ASSETS		**132,689,037**	151,607,612
CAPITAL AND RESERVES			
Share capital		**2,872,060**	2,872,060
Reserves		**129,816,977**	148,735,552
TOTAL EQUITY		**132,689,037**	151,607,612

NOTES:

1. GENERAL INFORMATION

Imperium Group Global Holdings Limited (formerly known as JF Household Furnishings Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 2408, 24/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

In the opinion of the Directors, Power Ocean Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Chau Cheok Wa and Mr. Cheng Ting Kong are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

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

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

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2016. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements and has identified the following areas that are likely to be affected:

HKFRS 15 introduces new requirements on accounting for contract modifications (variations) and variable consideration (such as claims and incentive payments) which may impact the timing of revenue recognition over the contract period.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office properties and factory premises leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties and factory premises amounted to HK$13,682,814 as at 31 December 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. SEGMENT INFORMATION

The Group has three major operating segments as follows:

Stainless steel furnishings – manufacture and sale of stainless steel furnishings and home products

Property investment – rental income from investment properties

Money lending – interest income from money lending business

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

The Group's other operating segments include trading of raw materials. None of these segments meet any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the "others" column.

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

Information about operating segment profit or loss and assets:

	Stainless steel furnishings	**Property investment**	**Money lending**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Year ended 31 December 2016				
Revenue from external customers	**159,030,890**	**390,112**	**4,074,553**	**163,495,555**
Intersegment revenue	**–**	**–**	**–**	**–**
Segment (loss)/profit	**(490,274)**	**(9,555,292)**	**3,291,271**	**(6,754,295)**
Interest revenue	**102,816**	**–**	**4,074,553**	**4,177,369**
Interest expense	**(1,911,048)**	**–**	**–**	**(1,911,048)**
Depreciation	**(3,138,736)**	**–**	**–**	**(3,138,736)**
Income tax expense	**(514,881)**	**9,796**	**(240,660)**	**(745,745)**
Additions to segment non-current assets	**7,312,037**	**9,355,436**	**499,999**	**17,167,472**
Other material non-cash item:				
– Net fair value losses on investment properties	**–**	**(9,890,457)**	**–**	**(9,890,457)**
As at 31 December 2016				
Segment assets	**68,126,712**	**24,582,649**	**23,536,856**	**116,246,217**

	Stainless steel furnishings *HK$*	Property investment *HK$*	Others *HK$*	Total *HK$*
Year ended 31 December 2015				
Revenue from external customers	162,631,105	215,400	3,444,461	166,290,966
Intersegment revenue	–	–	–	–
Segment profit/(loss)	1,296,643	(1,131,518)	112,811	277,936
Interest revenue	138,762	–	–	138,762
Interest expense	(2,102,112)	–	–	(2,102,112)
Depreciation	(3,059,633)	–	–	(3,059,633)
Income tax expense	(1,028,581)	(7,479)	–	(1,036,060)
Additions to segment non-current assets	1,681,768	12,767,208	–	14,448,976
Other material non-cash item:				
– Net fair value losses on investment properties	–	(1,296,308)	–	(1,296,308)
As at 31 December 2015				
Segment assets	73,688,617	17,038,138	–	90,726,755

Reconciliations of segment revenue and profit or loss:

	2016 *HK$*	2015 *HK$*
Revenue		
Total revenue of reportable segments	**163,495,555**	166,290,966
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**163,495,555**	166,290,966
Profit or loss		
Total (loss)/profit of reportable segments	**(6,754,295)**	277,936
Gain on disposal of subsidiaries	**–**	1,827,820
Unallocated finance costs	**(16,447)**	(366,283)
Unallocated corporate income	**777,722**	4,125,820
Unallocated corporate expenses	**(10,609,325)**	(16,242,543)
Consolidated loss for the year	**(16,602,345)**	(10,377,250)

Reconciliations of segment assets:

Assets		
Total assets of reportable segments	**116,246,217**	90,726,755
Unallocated deposits, other receivables and prepayments	**5,883,038**	87,082,012
Unallocated cash and bank balances	**80,452,137**	40,432,740
Unallocated other corporate assets	**141,757**	5,038,165
Consolidated total assets	**202,723,149**	223,279,672

Geographical information:

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

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**147,560,602**	142,605,935	**7,241,756**	6,700,812
PRC excluding Hong Kong	**15,934,953**	23,685,031	**24,390,890**	22,845,664
Consolidated total	**163,495,555**	166,290,966	**31,632,646**	29,546,476

Revenue from major customer:

	2016	2015
	HK$	*HK$*
Stainless steel furnishings segment		
Customer A	**157,812,043**	161,433,031

5. OTHER INCOME

	2016	2015
	HK$	*HK$*
Government grants *(Note)*	**50,586**	200,998
Interest income on bank deposits	**152,478**	214,192
Gain on disposal of property, plant and equipment	**38,442**	–
Gain on disposal of subsidiaries	**–**	1,827,820
Rental income from lease of machinery	**770,055**	728,630
Investment income	**982,906**	4,056,297
Others	**–**	48,845
	1,994,467	7,076,782

Note: Government grants mainly related to the subsidy received from the local government authority for the achievements of the Group.

6. FINANCE COSTS

	2016	2015
	HK$	*HK$*
Interest on bank borrowings and overdrafts	**1,461,043**	2,190,104
Interest on other borrowings	**466,452**	278,291
	1,927,495	2,468,395

7. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as follows:

	2016	2015
	HK$	*HK$*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**872,144**	2,039,922
Current tax – Hong Kong Profits Tax		
Provision for the year	**244,629**	18,353
Over-provision in prior years	**(13,765)**	(10,874)
	230,864	7,479
	1,103,008	2,047,401

Hong Kong Profits Tax has been provided at 16.5% (2015: 16.5%) on the estimated assessable profits for the year ended 31 December 2016.

PRC Enterprise Income Tax has been provided at a rate of 25% (2015: 25%), except for 寧波捷豐金屬製品有限公司 (Ningbo JF Metal Products Co., Ltd.), a subsidiary of the Company which was recognised as a small and thin profit enterprise during the year under relevant enterprise income tax rules and regulations and is subject to preferential enterprise income tax rate at 20%.

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

(b) The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2016	2015
	HK$	*HK$*
Loss before tax	**(15,499,337)**	(8,329,849)
Tax at the PRC Enterprise Income Tax rate of 25%	**(3,874,834)**	(2,082,462)
Tax effect of income that is not taxable	**(10)**	(1,049,927)
Tax effect of expenses that are not deductible	**4,578,637**	4,669,779
Tax effect of income tax on concession	**(31,907)**	–
Effect of different tax rates of subsidiaries	**454,959**	530,957
Over-provision in prior years	**(13,765)**	(10,874)
Tax effect of temporary differences not recognised	**(10,072)**	(10,072)
Income tax expense	**1,103,008**	2,047,401

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2016	2015
	HK$	*HK$*
Auditor's remuneration	**700,000**	680,000
Cost of inventories sold *(Note)*	**147,193,969**	151,041,333
Depreciation	**3,297,791**	3,083,858
Net fair value losses on investment properties	**9,890,457**	1,296,308
Write off of property, plant and equipment	**502,776**	167,126
Direct operating expenses of investment property that generate rental income	**22,969**	26,746
Staff costs (including directors' emoluments)		
Fees	**360,000**	360,000
Basic salaries, bonuses, allowances and benefits in kind	**27,910,363**	28,125,185
Retirement benefits scheme contributions	**3,733,353**	2,989,326
Operating lease charges – buildings	**4,279,533**	4,872,763
Net exchange losses	**130,085**	4,421,822

Note:

Cost of inventories sold includes staff costs and depreciation of approximately HK$23,496,000 (2015: HK$23,437,000) which are included in the amounts disclosed separately above.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2015: Nil).

10. LOSS PER SHARE

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

	2016	2015
	HK$	*HK$*
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(16,602,345)**	(10,377,250)

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**287,206,000**	287,206,000

11. LOAN RECEIVABLES

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

	2016	2015
	HK$	*HK$*
Within one year	**22,000,000**	–

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

At 31 December 2016, all loan and interest receivables are secured by collaterals provided by customers, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

12. TRADE RECEIVABLES

The Group normally grants customers with credit terms of 30 to 90 days. The aging analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as follows:

	2016	2015
	HK$	*HK$*
0 – 30 days	**19,806,409**	16,538,767
31 – 60 days	**96,436**	12,926,857
	19,902,845	29,465,624

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

	2016	2015
	HK$	*HK$*
Renminbi ("RMB")	**19,902,845**	29,447,124
Hong Kong dollars ("HKD")	**–**	18,500
	19,902,845	29,465,624

13. TRADE PAYABLES

	2016	2015
	HK$	*HK$*
Trade payables	**15,135,880**	15,636,269

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

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

	2016	2015
	HK$	*HK$*
0 – 30 days	**10,193,100**	10,984,765
31 – 60 days	**4,658,853**	4,644,251
61 – 90 days	**156,272**	–
over 90 days	**127,655**	7,253
	15,135,880	15,636,269

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

	2016	2015
	HK$	*HK$*
RMB	**15,135,880**	15,636,269

14. ACQUISITION OF A SUBSIDIARY

On 8 July 2016, Gigantic Ocean Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Best Gold Corporation Limited ("Best Gold").

The principal asset held by Best Gold is a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Best Gold had not commenced operations prior to the date of acquisition and did not meet the definition of a business. The directors are of the opinion that the acquisition of Best Gold is in substance acquisition of assets, instead of an acquisition of business, and therefore is excluded from the scope of HKFRS 3. As a consequence, the acquisition did not give rise to goodwill. The purchase consideration was allocated to the individual identifiable assets acquired on the basis of their relative fair values at the acquisition date as follows:

	HK$
Intangible assets	499,999
Other receivables	1
	500,000
Satisfied by:	
Cash	500,000
Net cash outflow arising on acquisition:	
Cash	500,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Household products business

Under the overall background of severe growth pressure exerting on both global and domestic economy, the Group operates remained challenging in household products business.

During the year of 2016, the revenue from household products business was approximately HK$159,031,000 (2015: approximately HK$162,631,000), representing a slightly decrease of 2.2%. The segment loss for household products business was approximately HK$490,000 (2015: segment profit: approximately HK$1,297,000).

The Group will take active measure to strengthen its operational efficiency, reduce the cost of production and improve the product mix in order to improve the gross profit margin and increase the market share.

Property investment business

The Group has diversified its business to property investment in 2013 by acquired an investment property in Hong Kong for rental purpose. In 2015, the Group further acquired commercial properties situated in Liaoning Province, the PRC and have been renovated to a hotel. During the year, the Group has leased out the hotel to an independent third party for operation. The Group's revenue from property investment business during the reporting period was approximately HK$390,000 (2015: approximately HK$215,000). The segment loss was approximately HK$9,555,000 (2015: approximately HK$1,132,000), mainly due to the change of fair value on investment property which is non-cash in nature.

Money lending business

To diversify the Group's business and broaden the Group's sources of income, the Group has acquired a company, Best Gold Corporation Limited which holds a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group is now engaged in money lending business which provides customers with a wide range of loan products and services to meet their financial needs. The Group's revenue from money lending business during the reporting period was approximately HK$4,075,000 (2015: Nil). The segment profit of approximately HK$3,291,000 (2015: Nil).

Future prospects

The Group anticipates that the coming year remain challenging. The rising of staff costs and intense competition deteriorates to household market in the PRC.

Looking forward, the Group will from time to time to seek the business opportunities that can broaden the income base of the Group and create the maximum returns to the shareholder.

RESULTS OF OPERATIONS

For the fiscal year ended 31 December 2016, the Group reported a revenue of approximately HK$163,496,000 (2015: approximately HK$166,291,000), representing a decrease of 1.7% from that of the fiscal year of 2015. The decrease in revenue is mainly due to the deprecation of RMB and leads to decrease in revenue from household products business in the PRC.

Gross profit margin increased from 9.2% in 2015 to 10.0% in 2016 due to high profit margin generated from money lending business during the year.

Other income decreased from approximately HK$7,077,000 in 2015 to approximately HK$1,994,000 in 2016, mainly due to the decrease in investment income and no gain on disposal of subsidiaries during the year.

Distribution costs increased from approximately HK$594,000 in 2015 to approximately HK$976,000 in 2016 due to increase in transportation cost and declaration charge during the year.

Administrative expenses decreased from approximately HK$26,101,000 in 2015 to approximately HK$20,455,000 in 2016, mainly due to decrease in exchange losses, legal and professional expenses and other tax expenses.

Other operating expenses of approximately HK$10,437,000 which mainly included net fair value losses on investment properties of approximately HK$9,890,000.

Finance costs decreased from approximately HK$2,468,000 in 2015 to approximately HK$1,927,000 in 2016, attributable to the decrease in bank and other borrowings.

Income tax expense decreased from approximately HK$2,047,000 in 2015 to approximately HK$1,103,000 in 2016, mainly due to decrease of operating profits in the PRC subsidiaries during the year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2016, the Group had cash and bank balances of approximately HK$96,057,000 (2015: approximately HK$42,537,000) and net current assets of approximately HK$102,772,000 (2015: approximately HK$123,777,000), the decrease in current assets is due to decrease of trade receivables and deposits, other receivables and prepayments.

The Group had bank borrowings of approximately HK$11,113,000 as at 31 December 2016 (2015: approximately HK$31,284,000). All borrowings were repayable within one year. The Group's borrowings carried interests at fixed rate.

As at 31 December 2016, the Group had current liabilities of approximately HK$68,318,000 (2015: approximately HK$69,956,000). The decrease in current liabilities was mainly due to the decrease in current tax liabilities and bank borrowings.

BANK BORROWINGS

As at 31 December 2016, bank borrowings of approximately HK$11,113,000 (2015: HK$11,761,000) were secured by corporate guarantee given by a related company and approximately Nil (2015: HK$19,523,000) were secured by leasehold land and certain buildings owned by an independent third party.

GEARING RATIO

The Group's gearing ratio, which was derived from the total bank borrowings to total assets, decreased from 14.0% in 2015 to 5.5% in 2016, as a result of the decrease in bank borrowings.

COMMITMENTS

As at 31 December 2016, the Group's capital commitments and operating lease commitments amounted to approximately HK$86,000 and approximately HK$13,683,000 (2015: approximately HK$10,426,000 and approximately HK$18,142,000) respectively, attributable to acquisition of property, plant and equipment and investment properties and rentals payable for certain offices and factory promises.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any significant contingent liabilities (2015: Nil).

EXPOSURE TO FLUCTATION IN EXCHANGE RATES AND RELATED HEDGES

All transactions of the Group are denominated in RMB, HKD and United States dollars. The Group is exposed to foreign exchange risk with respect to the fluctuation of RMB which may affect the Group's performance and asset. The Group has not entered into any derivate contract to hedged against the risk.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed approximately 406 staff in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, increased by approximately HK$529,000 to approximately HK$32,004,000 for the fiscal year of 2016.

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

TREASURY POLICIES AND CAPITAL STRUCTURE

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

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

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

CODE OF BEST PRACTICE

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

Under the CG Code provision E.1.2, the chairman of the Board should attend the annual general meeting ("AGM") and invite the chairmen of audit committee, remuneration committee and nomination committee to attend. However, in the AGM held on 2 June 2016 ("2016 AGM"), our chairman was unable to attend the meeting as he had to attend to other business commitments. He appointed an executive Director to chair the 2016 AGM on his behalf and answer any question from the shareholders concerning the Company's corporate governance. As provided for in the CG Code provision A.6.7, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The independent non-executive Director, Mr. Ting Wong Kacee were unable to attend the 2016 AGM due to other business commitments.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation from the post of Ms. Yeung So Lai as executive Director and chief executive officer of the Company on 1 August 2016 in order to devote more time on her personal engagements, the role of chief executive officer were shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in Appendix 10 of the Listing Rules for the year ended 31 December 2016.

AUDIT COMMITTEE

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

(i) Mr. Fung Tze Wa, Chairman of Audit Committee

(ii) Mr. Ting Wong Kacee

(iii) Mr. Tse Ting Kwan

Given below are the main duties of the Audit Committee:

(i) to make recommendations with respect to the appointment, re-appointment and removal of the Company's external auditor, and to evaluate their independence, objectivity and effectiveness of the audit process;

(ii) to review and monitor the interim and annual financial statements, reports and accounts of the Company, and to review significant and judgemental financial reporting issues contained therein;

(iii) to review the Company's financial controls, internal controls and risk management systems; and

(iv) to discuss with the management the system of internal controls, and to ensure that the management has discharged its duties and responsibilities in implementing an effective internal control system.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2016, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

ANNUAL GENERAL MEETING

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

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 30 March 2017

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