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 2017

The board ("Board") of directors ("Directors") of Imperium Group Global Holdings Limited ("Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016 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 2017

	Note	2017 HK$	2016 HK$
REVENUE	*4*	**219,516,957**	163,495,555
Cost of goods sold		**(198,100,254)**	(147,193,969)
Gross profit		**21,416,703**	16,301,586
Other income	*5*	**1,849,351**	1,994,467
Distribution costs		**(452,329)**	(975,535)
Administrative expenses		**(27,662,973)**	(20,455,196)
Other operating expenses		**(149,582)**	(10,437,164)
LOSS FROM OPERATIONS		**(4,998,830)**	(13,571,842)
Finance costs	*6*	**(2,085,947)**	(1,927,495)
LOSS BEFORE TAX		**(7,084,777)**	(15,499,337)
Income tax expense	*7(a)*	**(2,027,985)**	(1,103,008)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*	**(9,112,762)**	(16,602,345)
LOSS PER SHARE			
Basic and diluted	*10*	**(0.03)**	(0.06)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$	*HK$*
Loss for the year	**(9,112,762)**	(16,602,345)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**2,935,488**	(2,316,230)
Other comprehensive income/(loss) for the year, net of tax	**2,935,488**	(2,316,230)
Total comprehensive loss for the year attributable to owners of the Company	**(6,177,274)**	(18,918,575)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 HK$	2016 HK$
Non-current assets			
Property, plant and equipment		**14,932,074**	15,231,484
Investment properties		**17,750,320**	15,901,163
Deposits paid for acquisition of long-term assets		**7,802,060**	–
Intangible asset		**499,999**	499,999
		40,984,453	31,632,646
Current assets			
Inventories		**31,552,375**	22,470,907
Loan receivables	*11*	**50,000,000**	22,000,000
Trade receivables	*12*	**27,569,273**	19,902,845
Due from related companies		**4,737,354**	4,737,354
Deposits, other receivables and prepayments		**5,497,479**	5,922,800
Financial assets at fair value through profit or loss		**16,185,150**	–
Cash and bank balances		**56,226,589**	96,056,597
		191,768,220	171,090,503
Current liabilities			
Trade payables	*13*	**14,311,638**	15,135,880
Due to a related company		**14,981,902**	5,154,463
Other payables and accruals		**27,597,690**	36,095,696
Current tax liabilities		**1,963,343**	819,604
Bank borrowings		**45,670,368**	11,112,500
		104,524,941	68,318,143
NET CURRENT ASSETS		**87,243,279**	102,772,360
TOTAL ASSETS LESS CURRENT LIABILITIES		**128,227,732**	134,405,006
Non-current liabilities			
Deferred tax liabilities		**1,715,969**	1,715,969
NET ASSETS		**126,511,763**	132,689,037
CAPITAL AND RESERVES			
Share capital		**2,872,060**	2,872,060
Reserves		**123,639,703**	129,816,977
TOTAL EQUITY		**126,511,763**	132,689,037

NOTES:

1. GENERAL INFORMATION

Imperium Group Global Holdings 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, property investment and design, development and operation of mobile games.

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 HKFRSS

(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 2017. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(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 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property: Transfer of Investment Property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments	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. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the Directors have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, accumulated impairment loss at that date would be similar with that recognised under HKAS 39.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of manufactured goods and trading of raw materials is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

For contracts with customers in which the sale of sales manufactured goods and trading of raw materials is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

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.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate the comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property 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 amounted to HK$14,718,722 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. SEGMENT INFORMATION

The Group has four (2016: 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

Mobile game – design, development and operation of mobile games

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

Segment profits or losses do not include unallocated finance costs 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	Mobile game	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Year ended 31 December 2017					
Revenue from external customers	**209,876,725**	**894,746**	**8,745,486**	**–**	**219,516,957**
Intersegment revenue	**–**	**–**	**–**	**–**	**–**
Segment profit/(loss)	**(2,064,275)**	**1,323,591**	**7,257,045**	**(5,834,636)**	**681,725**
Interest revenue	**17,551**	**–**	**8,745,486**	**–**	**8,763,037**
Interest expense	**(1,992,569)**	**–**	**–**	**–**	**(1,992,569)**
Depreciation	**(2,924,421)**	**–**	**(99,785)**	**(87,831)**	**(3,112,037)**
Income tax (expense)/credit	**(1,986,478)**	**92,775**	**(134,282)**	**–**	**(2,027,985)**
Additions to segment non-current assets	**1,178,046**	**–**	**323,050**	**554,152**	**2,055,248**
Other material non-cash item:					
– Net fair value gains on investment properties	**–**	**1,096,530**	**–**	**–**	**1,096,530**
As at 31 December 2017					
Segment assets	**99,694,458**	**27,110,699**	**74,932,427**	**9,804,773**	**211,542,357**

	Stainless steel furnishings *HK$*	Property investment *HK$*	Money lending *HK$*	Total *HK$*
Year ended 31 December 2016				
Revenue from external customers	159,030,890	390,112	4,074,553	163,495,555
Intersegment revenue	–	–	–	–
Segment profit/(loss)	(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)/credit	(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

Reconciliations of segment revenue and profit or loss:

	2017 *HK$*	2016 *HK$*
Revenue		
Total revenue of reportable segments	**219,516,957**	163,495,555
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**219,516,957**	163,495,555
Profit or loss		
Total profit/(loss) of reportable segments	**681,725**	(6,754,295)
Unallocated finance costs	**(93,378)**	(16,447)
Unallocated corporate income	**51,922**	777,722
Unallocated corporate expenses	**(9,753,031)**	(10,609,325)
Consolidated loss for the year	**(9,112,762)**	(16,602,345)

Reconciliations of segment assets:

	2017 *HK$*	2016 *HK$*
Assets		
Total assets of reportable segments	**211,542,357**	116,246,217
Unallocated deposits, other receivables and prepayments	**4,742,868**	5,883,038
Unallocated cash and bank balances	**16,464,646**	80,452,137
Unallocated other corporate assets	**2,802**	141,757
Consolidated total assets	**232,752,673**	202,723,149

Geographical information:

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

	Revenue		Non-current assets	
	2017	2016	**2017**	2016
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**186,168,120**	147,560,602	**16,194,447**	7,241,756
PRC excluding Hong Kong	**33,348,837**	15,934,953	**24,790,006**	24,390,890
Consolidated total	**219,516,957**	163,495,555	**40,984,453**	31,632,646

Revenue from major customer:

	2017	2016
	HK$	*HK$*
Stainless steel furnishings segment		
Customer A	**205,546,160**	157,812,043

5. OTHER INCOME

	2017	2016
	HK$	*HK$*
Government grants (Note)	**–**	50,586
Interest income on bank deposits	**18,863**	152,478
Gain on disposal of property, plant and equipment	**3,750**	38,442
Rental income from lease of machineries	**605,814**	770,055
Fair value gain on investment properties	**1,096,530**	–
Investment income	**124,394**	982,906
	1,849,351	1,994,467

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

6. FINANCE COSTS

	2017	2016
	HK$	*HK$*
Interest on bank borrowings and overdrafts	**1,992,569**	1,461,043
Interest on other borrowings	**93,378**	466,452
	2,085,947	1,927,495

7. INCOME TAX EXPENSE

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

	2017	2016
	HK$	*HK$*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**1,531,513**	872,144
Under-provision in prior years	**348,021**	–
	1,879,534	872,144
Current tax – Hong Kong Profits Tax		
Provision for the year	**148,450**	244,629
Under/(over)-provision in prior years	**1**	(13,765)
	148,451	230,864
	2,027,985	1,103,008

Hong Kong Profits Tax has been provided at a rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year ended 31 December 2017.

PRC Enterprise Income Tax has been provided at a rate of 25% (2016: 25%) on the estimated assessable profit for the year ended 31 December 2017.

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:

	2017	2016
	HK$	*HK$*
Loss before tax	**(7,084,777)**	(15,499,337)
Tax at the PRC Enterprise Income Tax rate of 25%	**(1,771,194)**	(3,874,834)
Tax effect of income that is not taxable	**(33,642)**	(10)
Tax effect of expenses that are not deductible	**2,904,665**	4,578,637
Tax effect of income tax on concession	**–**	(31,907)
Effect of different tax rates of subsidiaries	**723,392**	454,959
Under/(over)-provision in prior years	**348,022**	(13,765)
Tax effect of utilisation of tax losses not previously recognised	**(123,850)**	–
Tax effect of temporary differences not recognised	**(19,408)**	(10,072)
Income tax expense	**2,027,985**	1,103,008

8. LOSS FOR THE YEAR

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

	2017	2016
	HK$	*HK$*
Auditor's remuneration	**730,000**	700,000
Cost of inventories sold	**198,100,254**	147,193,969
Depreciation	**3,250,993**	3,297,791
Net fair value (gains)/losses on investment properties	**(1,096,530)**	9,890,457
Write off of property, plant and equipment	**–**	502,776
Direct operating expenses of investment property that generate rental income	**–**	22,969
Staff costs (including directors' emoluments)		
Fees	**360,000**	360,000
Basic salaries, bonuses, allowances and benefits in kind	**40,638,552**	27,910,363
Retirement benefits scheme contributions	**5,199,986**	3,733,353
Operating lease charges – buildings	**3,148,834**	4,279,533
Net exchange losses	**1,437,311**	130,085

Cost of inventories sold includes staff costs and depreciation of approximately HK$33,230,000 (2016: HK$23,496,000) which are included in the amounts disclosed separately above.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2016: Nil).

10. LOSS PER SHARE

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

	2017	2016
	HK$	*HK$*
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(9,112,762)**	(16,602,345)

	2017	2016
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:

	2017	2016
	HK$	*HK$*
Within one year	**50,000,000**	22,000,000

The carrying amounts of the loan and interest receivables are denominated in Hong Kong dollars ("HKD").

At 31 December 2017, all loan and interest receivables are unsecured (2016: secured by collaterals provided by customers), bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

As of 31 December 2017, loan receivable of HK$15,000,000 (2016: HK$Nil) was past due but not impaired. This relates to an independent customer for whom there is no recent history of default. The aging analysis of this loan receivable is as follows:

	2017	2016
	HK$	*HK$*
Up to 3 months	**15,000,000**	–

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:

	2017	2016
	HK$	*HK$*
0 – 30 days	**27,483,226**	19,806,409
31 – 60 days	**86,047**	96,436
	27,569,273	19,902,845

As of 31 December 2017, trade receivable of HK$19,300 (2016: HK$Nil) was past due but not impaired. This relates to an independent customer for whom there is no recent history of default. The aging analysis of this trade receivable is as follows:

	2017	2016
	HK$	*HK$*
Up to 3 months	**19,300**	–

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

	2017	2016
	HK$	*HK$*
HKD	**19,300**	–
Renminbi ("RMB")	**27,549,973**	19,902,845
	27,569,273	19,902,845

13. TRADE PAYABLES

	2017	2016
	HK$	*HK$*
Trade payables	**14,311,638**	15,135,880

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:

	2017	2016
	HK$	*HK$*
0 – 30 days	**12,020,671**	10,193,100
31 – 60 days	**2,237,345**	4,658,853
61 – 90 days	**11,280**	156,272
Over 90 days	**42,342**	127,655
	14,311,638	15,135,880

The carrying amounts of the Group's trade payables are denominated in RMB.

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 2017, the revenue from household products business was approximately HK$209,877,000 (2016: approximately HK$159,031,000), representing an increase of 32.0%. The segment loss for household products business was approximately HK$2,064,000 (2016: segment loss: approximately HK$490,000). Whilst the revenue grew slightly, the gross margin was reduced from approximately HK$11,837,000 in 2016 to approximately HK$11,776,000 in 2017. The reduction of gross margin was mainly due to the higher material costs and increase of labour cost after the production base migrated to the periphery area of Yuyao City.

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 acquiring 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. The Group's revenue from property investment business during the reporting period was approximately HK$895,000 (2016: approximately HK$390,000). The segment profit was approximately HK$1,324,000 (2016: segment loss of approximately HK$9,555,000), mainly due to the change of fair value on investment properties 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$8,745,000 (2016: HK$4,075,000). The segment profit of approximately HK$7,257,000 (2016: HK$3,291,000).

Mobile game business

While the Group will continue to focus on its core businesses, the Group would from time to time identify business opportunities that could broaden the income base of the Group and create maximum return to the Shareholders. The Group is now engaged in development and operation of mobile game. The Group has established teams in Hong Kong and Taiwan in relation to development and operation of mobile game business. The team members are from various games companies which have participated in operating and marketing of several popular games include One Hundred Thousand Bad Jokes, Ghost, Clash of Dawn 2, etc. Some team members have over 10 years experience in the game industry. And the Group will further expand the team in South East Asia for looking new opportunities.

As disclosed in the announcements of the Company dated 19 October 2017, 26 October 2017, 2 November 2017 and 29 December 2017 respectively, the Board has entered into varies license agreements in relation to mobile game business that represents a good opportunity for the Group to establish strategic alliance with mobile game developers and gain exposure to different mobile game markets. Such arrangements also facilitate the Group to tap into the fast growing mobile game market and diversify its business in order to maximise the return of the Shareholders.

As above-mentioned, the Group has obtained operation rights of four mobile games which are expected to be launched in 2018 but the actual launch time is depend on the progress of game development and the market. The experienced team will closely monitor the business environment to migitate the risk. The Group has not generated revenue from mobile game business during the year. The segment loss was approximately HK$5,835,000 (2016: HK$ Nil).

The increasing 3G/4G internet penetration rate in Taiwan, Hong Kong, Macau and Southeast Asia and the trend of playing mobile games on smartphones and tablets are favourable factors propelling the demand for mobile games, creating opportunities for mobile games publishers. A market and consumer data provider, Statista, has estimated that the total number of active paying customers (or accounts) of the mobile game market in Asia will reach to approximately 876.81 million in 2018 and the total number of active paying customers (or accounts) of the mobile game market in Asia is estimated to be approximately 1,099.41 million in 2022, representing an increase of 25.4%.

According to an article issued by Newzoo, a leading provider of market intelligence covering the global games, esports and mobile markets on 28 November 2017, mobile gaming will generate approximately US$57.9 billion in 2018, representing approximately 46.2% of all global game revenues (including computer, console and mobile game). More than three-quarters of this, or approximately US$45.1 billion, will come from smartphone gaming, with tablet games accounting for the remaining US$12.8 billion and it is expected that mobile gaming will account for approximately 49.0% of the global games market or approximately US$65.2 billion in 2019. As further noted from another article also issued by Newzoo on 20 April 2017, tablet unit sales have plummeted over the years, but with approximately 280 million tablets used actively, the segment contributes significantly to the success of mobile games. Furthermore, the Asia and Pacific territories will generate approximately US$51.2 billion in 2017, or approximately 47% of total global game revenues. This growth represents a year-on-year increase of approximately 9.2%. The fastest-growing region in the coming years will be the rest of Asia (without China, Japan, and Korea), with total game revenues growing to approximately US$10.5 billion in 2020, up from $4.5 billion in 2016.

Given the above-mentioned information, the Directors are of the view that developing mobile game business can broaden the income base of the Group and maximise the return to the Shareholders.

Future prospects

In order to increase our market share in the mobile games industry, we plan to expand our business through both organic growth and strategic acquisitions and partnerships. We intend to selectively invest in or enter into strategic partnerships with complementary game developers, development teams, other game operators and distributors in order to broaden the scope of our mobile games.

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 Shareholders.

RESULTS OF OPERATIONS

For the fiscal year ended 31 December 2017, the Group reported a revenue of approximately HK$219,517,000 (2016: approximately HK$163,496,000), representing a increase of 34.3% from that of the fiscal year of 2016. The increase in revenue is mainly due to increase of revenue from household products business in PRC and money lending business.

Gross profit margin slightly decreased from 10.0% in 2016 to 9.8% in 2017 due to increase in cost of labour and raw materials from the household products business during the year.

Other income decreased from approximately HK$1,994,000 in 2016 to approximately HK$1,849,000 in 2017, mainly due to the decrease in investment income and rental income during the year.

Distribution costs decreased from approximately HK$976,000 in 2016 to approximately HK$452,000 in 2017 due to decrease in transportation cost and declaration charge as the Group tightened the cost control and requested the customers bear the transportation cost during the year.

Administrative expenses increased from approximately HK$20,455,000 in 2016 to approximately HK$27,663,000 in 2017, mainly due to increase in salaries, legal and professional expenses and exchange losses.

Other operating expenses decreased from approximately HK$10,437,000 in 2016 to approximately HK$150,000 in 2017, mainly due to the fair value losses of investment properties of approximately HK$9,890,000 in 2016.

Finance costs increased from approximately HK$1,927,000 in 2016 to approximately HK$2,086,000 in 2017, attributable to the increase in bank and other borrowings.

Income tax expense increased from approximately HK$1,103,000 in 2016 to approximately HK$2,028,000 in 2017, mainly due to increase of operating profits in the PRC subsidiaries during the year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2017, the Group had cash and bank balances of approximately HK$56,227,000 (2016: approximately HK$96,057,000) and net current assets of approximately HK$87,243,000 (2016: approximately HK$102,772,000), the decrease in net current assets is mainly due to decrease of cash and bank balances.

The Group had bank borrowings of approximately HK$45,670,000 as at 31 December 2017 (2016: approximately HK$11,113,000). All borrowings were repayable within one year. The Group's borrowings carried interests at fixed rate.

As at 31 December 2017, the Group had current liabilities of approximately HK$104,525,000 (2016: approximately HK$68,318,000). The increase in current liabilities was mainly due to the increase in current tax liabilities, bank borrowings and amount due to a related company.

BANK BORROWINGS

As at 31 December 2017, bank borrowings of approximately HK$45,670,000 (2016: HK$11,113,000) were secured by corporate guarantee given by a related company.

GEARING RATIO

The Group's gearing ratio, which was derived from the total bank borrowings to total assets, increased from 5.5% in 2016 to 19.6% in 2017, as a result of the increase in bank borrowings in the PRC.

COMMITMENTS

As at 31 December 2017, the Group's capital and operating lease commitments amounted to approximately HK$18,835,000 and HK$14,719,000 (2016: approximately HK$86,000 and HK$13,683,000) respectively, attributable to acquisition of property, plant and equipment and unlisted equity instruments and mobile game license rights and rental payable for certain offices and factory premises.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: Nil).

EVENT AFTER THE REPORTING PERIOD

On 5 March 2018, the Company entered into a disposal agreement with an independent third party, pursuant to which the Company has conditionally agreed to sell and the independent third party has conditionally agreed to acquire the 100% equity interests of a wholly owned subsidiary of the Company, Modern Crown Limited and its subsidiary, Modern Crown Shenzhen Company Limited (the "Modern Crown Group") and the sale loan which represents all obligations, liabilities and debts owing or incurred by the Modern Crown Group to the Group on or at any time prior to completion of the disposal whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the disposal (excluding the amount to be repaid by the Modern Crown Group to the Group under the repayment of debts in the amount of HK$8,354,422 by the Modern Crown Group to the Group upon receiving the proceeds from the reduction of the registered and paid up capital of Modern Crown Shenzhen Company Limited from HK$9,000,000 to HK$100,000) at a total consideration of HK$20,000,000. For further details, please refer to the announcement of the Company dated 5 March 2018.

EXPOSURE TO FLUCTUATION 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 derivative contract to hedged against the risk.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed approximately 516 staffs in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, increased by approximately HK$14,195,000 to approximately HK$46,199,000 for the fiscal year of 2017.

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

TREASURY POLICIES AND CAPITAL STRUCTURE

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

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

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

CODE OF BEST PRACTICE

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

Under the code provision E.1.2 of the CG Code, the chairman of the Board should attend the AGM and invite the chairmen of audit committee, remuneration committee and nomination committee to attend. However, in the AGM held on 2 June 2017 ("2017 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 2017 AGM on his behalf and answer any question from the shareholders concerning the Company's corporate governance. As provided for in the code provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Ting Wong Kacee, an independent non-executive Director, was unable to attend the 2017 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 was shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

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 2017.

AUDIT COMMITTEE

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

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

(ii) Mr. Ting Wong Kacee

(iii) Mr. Tse Ting Kwan

Given below are the main duties of the Audit Committee:

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

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

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

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

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2017, 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 2017 (2016: 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, 27 March 2018

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.