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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "Board") of directors (the "Directors") of Imperium Group Global Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
REVENUE		**131,306**	77,145
Cost of goods sold		**(116,588)**	(72,474)
Gross profit		**14,718**	4,671
Other income	*4*	**1,682**	1,661
Distribution costs		**(305)**	(1,924)
Administrative expenses		**(21,850)**	(10,136)
Other operating expenses		**(4,847)**	—

	Note	Unaudited Six months ended 30 June **2018** ***HK$'000***	 2017 *HK$'000*
LOSS FROM OPERATIONS		**(10,602)**	(5,728)
Finance costs		**(1,227)**	(821)
LOSS BEFORE TAX		**(11,829)**	(6,549)
Income tax expense	*5*	**(1,446)**	(16)
LOSS FOR THE PERIOD		**(13,275)**	(6,565)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**(1,257)**	1,541
Item that will not be reclassified to profit or loss:			
Change in value of a financial asset at fair value through other comprehensive income		**(127)**	—
Total comprehensive loss for the period		**(14,659)**	(5,024)
LOSS PER SHARE			
Basic (HK cents)	*7*	**(4.62)**	(2.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	**Unaudited At 30 June 2018 HK$'000**	Audited At 31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment	*8*	**14,272**	14,932
Financial assets at fair value through other comprehensive income		**6,143**	—
Investment properties		**18,403**	17,750
Deposits paid for acquisition of long-term assets		**6,448**	7,802
Intangible asset		**500**	500
		45,766	40,984
Current assets			
Inventories		**29,222**	31,552
Loan receivables	*9*	**25,000**	50,000
Trade receivables	*10*	**26,653**	27,569
Due from a related company		**4,737**	4,737
Deposits, other receivables and prepayments		**12,469**	5,498
Financial assets at fair value through profit or loss		**—**	16,185
Restricted cash and bank balance		**662**	—
Cash and bank balances		**90,466**	56,227
		189,209	191,768
Current liabilities			
Trade and bills payables	*11*	**18,112**	14,311
Due to a related company	*12*	**11,318**	14,982
Other payables and accruals		**44,733**	27,598
Current tax liabilities		**1,763**	1,963
Bank borrowings		**42,871**	45,670
		118,797	104,524
NET CURRENT ASSETS		**70,412**	87,244
TOTAL ASSETS LESS CURRENT LIABILITIES		**116,178**	128,228
Non-current liabilities			
Deferred tax liabilities		**1,716**	1,716
NET ASSETS		**114,462**	126,512
CAPITAL AND RESERVES			
Share capital	*13*	**2,872**	2,872
Reserves		**111,590**	123,640
TOTAL EQUITY		**114,462**	126,512

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Total equity of the Group at 1 January	**126,512**	132,689
Changes in equity during the period:		
— Exchange differences arising on translating on foreign operations	**(1,257)**	1,541
— Loss for the period	**(13,275)**	(6,565)
— Change in value of a financial asset at fair value through other comprehensive income	**(127)**	—
Total comprehensive loss for the period	**(14,659)**	(5,024)
Equity settled share-based transactions	**2,609**	—
Total equity of the Group at 30 June	**114,462**	127,665

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Net cash from/(used in) operating activities	**33,476**	(66,131)
Net cash from investing activities	**5,035**	480
Net cash (used in)/from financing activities	**(4,026)**	24,641
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**34,485**	(41,010)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**56,227**	96,057
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(246)**	(257)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**90,466**	54,790
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**90,446**	54,790

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The condensed consolidated financial information are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated, which is the Company's functional and presentation currency.

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.

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of a new amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS and Interpretations. The following standards have been adopted by the Group for the first time for the financial period beginning on 1 January 2018:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers to Investment Property*
HK(IFRIC)–Int 22	*Foreign Currency Transactions and Advance Considerations*
Annual Improvements to HKFRSs 2014–2016 cycle	*Amendments to HKFRS 1 and HKAS 28*

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group was elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI or FVTPL, and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) ***Impairment***

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Equity investments	FVTPL	FVTPL	16,185	16,185
Trade and other receivables	Loans and receivables	Amortised cost	33,067	33,067

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has adopted HKFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under HKAS 18, HKAS 11 and related interpretations. The adoption of HKFRS 15 does not have any material effects on the financial position or performance of the Group.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2018. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group's condensed consolidated financial information when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

Information reported to the Executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. For management purposes, the Group has four (2017: three) reportable segments, stainless steel furnishings, property investment, money lending and mobile game.

Information about reportable segment revenue, profit or loss and assets:

2018

	Stainless steel furnishings *HK$'000*	**Property investment** *HK$'000*	**Money lending** *HK$'000*	**Mobile game** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2018 (unaudited)					
Revenue from external customers	**127,169**	**471**	**3,666**	**—**	**131,306**
Intersegment revenue	**—**	**—**	**—**	**—**	**—**
Segment (loss)/profit	**3,556**	**1,191**	**2,821**	**(11,215)**	**(3,647)**
Interest revenue	**795**	**74**	**3,666**	**8**	**4,543**
Interest expense	**(1,227)**	**—**	**—**	**—**	**(1,227)**
Depreciation	**(1,985)**	**—**	**(66)**	**(78)**	**(2,129)**
Income tax expense	**(1,365)**	**(1)**	**(80)**	**—**	**(1,446)**
Additions to segment non-current assets	**141**	**—**	**—**	**9,235**	**9,376**
Other material non-cash item:					
— Fair value change of investment properties	**—**	**800**	**—**	**—**	**800**
— Fair value change of financial asset at fair value through other comprehensive income	**—**	**—**	**—**	**(127)**	**(127)**
As at 30 June 2018					
Segment assets	**95,508**	**29,210**	**38,547**	**23,889**	**187,154**

2017

	Stainless steel furnishings *HK$'000*	Property investment *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Six months ended 30 June 2017 (unaudited)				
Revenue from external customers	74,480	440	2,225	77,145
Intersegment revenue	—	—	—	—
Segment (loss)/profit	(4,234)	156	1,643	(2,435)
Interest revenue	974	—	2,225	3,199
Interest expense	(821)	—	—	(821)
Depreciation	(1,875)	—	(32)	(1,907)
Income tax expense	—	—	(16)	(16)
Additions to segment non-current assets	494	—	302	796
Other material non-cash item:				
— Fair value change of investment properties	—	661	—	661
As at 30 June 2017				
Segment assets	78,298	25,962	68,459	172,719

Reconciliations of segment assets:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
Assets		
Total assets of reportable segment	**187,154**	211,542
Unallocated corporate assets	**47,821**	21,210
Consolidated total assets	**234,975**	232,752

Reconciliation of reportable segment revenue and results:

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**131,306**	77,145
Elimination of intersegment revenue	**—**	—
Consolidated revenue	**131,306**	77,145
Profit or loss		
Total loss of reportable segments	**(3,647)**	(2,435)
Unallocated corporate income	**5**	26
Unallocated corporate expenses	**(9,633)**	(4,156)
Consolidated loss for the period	**(13,275)**	(6,565)

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Fair value gain on investment property	**800**	661
Interest income	**877**	974
Net exchange gain	**—**	26
Others	**5**	—
	1,682	1,661

5. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at 16.5% (2017: 16.5%) on the estimated assessable profits for the period.

PRC Enterprise Income Tax has been provided at a rate of 25% (2017: 25%) on the estimated assessable profits for the period.

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.

6. DIVIDEND

No dividend was paid, declared or proposed during the period. The Directors have determined that no dividend will be paid in respect of the interim period (2017: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(13,275)**	(6,565)

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic loss per share calculation	**287,206,000**	287,206,000

No diluted loss per share information presented for the six months periods ended 30 June 2018 and 2017 as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group had additions to property, plant and equipment in the amount of approximately HK$1,619,000 (2017: approximately HK$494,000). The Group has no material disposal of property, plant and equipment on both periods.

9. LOAN RECEIVABLES

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

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
Within one year	**25,000**	50,000

At 30 June 2018 and 31 December 2017, all loan and interest receivables are unsecured, bear interest at fixed rates and are repayable with fixed terms agreed with the customers.

At of 30 June 2018, loan receivable of approximately HK$5,000,000 (2018: HK$15,000,000) 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:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
0–30 days	**5,000**	15,000

10. TRADE RECEIVABLES

The Group normally granted 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 of follows:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
0–30 days	**19,377**	27,483
31–60 days	**7,276**	86
Total	**26,653**	27,569

As of 30 June 2018, no trade receivables was past due but not impaired (2017: approximately HK$19,000). 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:

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Up to 3 months	**—**	19

11. TRADE AND BILLS PAYABLES

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Trade payables	**13,833**	14,311
Bills payables	**4,279**	—
	18,112	14,311

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The aging analysis of the Group's trade and bills payables, based on invoice date, is as follows:

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
0–30 days	**15,303**	12,021
31–60 days	**2,754**	2,237
61–90 days	**28**	11
Over 90 days	**27**	42
Total	**18,112**	14,311

12. DUE TO A RELATED COMPANY

The balance is unsecured, interest-free and has no fixed repayment terms.

13. SHARE CAPITAL

	Number of shares *'000*	*HK$'000*
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	5,000,000	50,000
Issued and fully paid:		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	287,206	2,872

14. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
Property, plant and equipment	**—**	82
Mobile game license rights	**1,962**	12,502
Unlisted equity instruments	**39,844**	6,251
	41,806	18,835

15. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings which full due as follow:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
Within one year	**3,771**	2,501
In the second to fifth years, inclusive	**7,840**	7,400
After five years	**3,959**	4,818
	15,570	14,719

The Group as lessor

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 30 June 2018 (unaudited) ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
Within one year	**681**	151
In the second to fifth years inclusive	**2,726**	2,874
Over five years	**2,215**	3,885
	5,622	6,910

16. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy at 30 June 2018 and 31 December 2017:

	Fair value measurements using:			Total
Description	**Level 1**	**Level 2**	**Level 3**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
Unlisted equity investment	—	—	6,143	6,143
Investment properties				
Residential units — Hong Kong	—	—	8,000	8,000
Commercial units — PRC	—	—	10,403	10,403
	—	—	18,403	18,403
Total	—	—	24,546	24,546

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2017 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Unlisted equity instruments	—	16,185	—	16,185
Investment properties				
Residential units — Hong Kong	—	—	7,200	7,200
Commercial units — PRC	—	—	10,550	10,550
	—	—	17,750	17,750
Total	—	16,185	17,750	33,935

(b) Reconciliation of assets measured at fair value based on level 3:

Investment properties	**At 30 June 2018 (unaudited)** ***HK$'000***	At 31 December 2017 (audited) *HK$'000*
At 1 January	**17,750**	15,901
Total gains recognised in profit or loss (#)	**800**	1,097
Exchange differences	**(147)**	752
At 30 June/31 December	**18,403**	17,750
(#) Include gains for assets held at end of reporting period	**800**	1,097

The total gains recognised in profit or loss including those for assets held at end of reporting period are presented in other income in the condensed consolidated statement of profit or loss and other comprehensive income.

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
Financial assets at fair value through other comprehensive income		
Unlisted equity investment		
At 1 January	**—**	—
Addition	**6,270**	—
Fair value loss on revaluation recognised in other comprehensive income	**(127)**	—
At 30 June/31 December	**6,143**	—

Total losses recognised in other comprehensive income are presented in change in value of a financial asset at fair value through other comprehensive income in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2018 and 31 December 2017:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Investment properties:

Key unobservable inputs used in level 3 fair value measurements are mainly:

- — Price index difference (estimated based on private domestic price indices by class published by Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region)
- — Floor level difference (estimated based on actual data)
- — Size difference (estimated based on actual data)
- — View difference (estimated based on valuation experts' in-house database)
- — Building age difference (estimated based on actual data)
- — Market quote adjustment factor (estimated based on valuation experts' in-house database)

Level 3 fair value measurements

Description	**Valuation technique**	**Unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**	**Fair value 30 June 2018 (unaudited)**	Fair value 31 December 2017 (audited)
			%		***HK$'000***	*HK$'000*
Investment property — Residential unit located in Hong Kong	Market comparable approach	Price index difference	0% to 12.56% (2017: 0% to 3.84%)	Increase	**8,000**	7,200
		Floor difference	-8.5% to 1% (2017: -5.5% to 7.5%)	Increase		
		Size difference	0% to 0.08% (2017: -3.38% to 0.91%)	Increase		
		View difference	-20% to 0% (2017: -1% to 0%)	Increase		
		Building age	0% (2017: 0% to 4.5%)			
Investment property — Commercial units located in the PRC	Market comparable approach	Market quote adjustment factor	-5% (2017: -5%)	Decrease	**10,403**	10,550
		Floor difference	-35% to 45% (2017: -35% to -45%)	Decrease		

There were no changes in the valuation techniques used as at 30 June 2018 and 31 December 2017.

Fair value measurements using significant unobservable inputs (Level 3)

Financial assets at fair value through other comprehensive income.

— Unlisted equity investment:

Key unobservable inputs used in level 3 fair value measurements are mainly as below:

Description	**Valuation technique**	**Unobservable inputs**	**Value**	**Effect on fair value for increase of inputs**	**Fair value**
					HK$'000
Financial asset at fair value through other comprehensive income	**At 30 June 2018**				
— unlisted equity investment	Market approach	Forward price to earnings	10.99	Increase	6,143
		Discount for lack of marketability	17.48%	Decrease	

17. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial information, the Group had the following transactions and balances with related parties during the period:

(a) Key management personnel compensation

The key management personnel of the Group comprise all Directors. Details of their emoluments were disclosed as follows:

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**1,235**	1,033

(b) Transactions with related parties

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Rental income from —寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**427**	373
Processing charges paid to —寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**760**	547
Purchase from —寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**2,233**	1,086
License fees paid to —A.C.R. Equipment Supplies Limited	**60**	60
Leasing charges paid to —寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**825**	723

An executive Director, Mr. Leung Kwok Yin has beneficial interests in above companies.

(c) Balance with related parties

— Due from a related company

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
JF Household Furnishings (BVI) Limited	**4,737**	4,737

— Due to a related company

	At 30 June 2018 (unaudited) *HK$'000*	At 31 December 2017 (audited) *HK$'000*
寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**11,318**	14,982

* *for identification purpose only*

18. 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. The transaction has been completed on 28 August 2018.

On 2 May 2018, Apex Empire International Limited ("Apex"), a wholly-owned subsidiary of the Company, entered into the (i) first sale and purchase agreement with the first vendor, pursuant to which the Apex has conditionally agreed to acquire and the first Vendor has conditionally agreed to sell the first sale shares at the first consideration of US$3,670,000 (equivalent to approximately HK$28,694,000); and (ii) second sale and purchase agreement with the second vendor and the third vendor, pursuant to which the Apex has conditionally agreed to acquire and the second vendor and the third vendor have conditionally agreed to sell the second sale shares and the third sale shares at the second consideration and the third consideration respectively, of an aggregate amount of US$2) (equivalent to approximately HK$15.6). Apex shall advance the bridging loan of up to RM5,500,000 (equivalent to approximately US$1,406,985 and approximately HK$11,000,000) to the Cubinet Interactive (MSC) Sdn. Bhd. (the "Target Company") prior to completion of the transactions, which shall be utilised by the Target Company for the repayment of the outstanding bank facilities. Please refer to the announcements and circular of the Company dated 2 May 2018 and 29 June 2018 for details. The completion of the transactions is on 2 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue for the six months ended 30 June 2018 amounted to approximately HK$131.3 million, representing an increase of approximately 70.2% over the corresponding period of 2017. Such increase is due to the increase of sales of household products and income arising from money lending business.

Gross profit margin of the Group increased 5.1% to approximately 11.2% for the six months ended 30 June 2018 was mainly due to the lower average labour costs and overhead due to increase production volume of household product and high profit margin for money lending business during the period.

Other income increased from approximately HK$1,661,000 for the six months ended 30 June 2017 to approximately HK$1,682,000 for the six months ended 30 June 2018, mainly due to the increase in fair value gain on investment property.

Distribution costs decreased from approximately HK$1.9 million for the six months ended 30 June 2017 to approximately HK$0.3 million for the six months ended 30 June 2018, as there was sales return and lead to large amount of transportation cost incurred in 2017.

Administrative expenses increased from approximately HK$10.1 million for the six months ended 30 June 2017 to approximately HK$21.9 million for the six months ended 30 June 2018, mainly due to the increase in staff costs, legal and professional fee incurred for acquisition and equity settled share-based transactions.

Other operating expenses of approximately HK$4.8 million is due to written off of deposit paid for mobile game license rights during the period.

Business Review and Outlook

Household products business

The revenue from household products business for the six months ended 30 June 2018 was approximately HK$127,169,000 (2017: approximately HK$74,480,000), representing an increase of 71%. The segment profit for the reporting period was approximately HK$3,556,000 (segment loss of 2017: approximately HK$4,234,000).

The Group will continue to 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.

In 2018, the major customer, placed more emphasis on suppliers' efforts in protecting the environment, reducing pollution and using resources effectively. As the Group migrated the production base to the periphery area of Yuyao City and it has set up the "Energy Saving Action Plan" which aims at improving energy efficiency, so the Group has received more purchase orders from the major customer and lead to the revenue increased sharply. However, as our competitors are also upgrading their systems and the customer is highly demand on the green production, waste management, it is quite challenging for our Group to sustain the revenue growth at such high level in future.

Property investment business

The Group has diversified its business by acquired investment properties in Hong Kong and PRC for rental purpose. The Group's revenue from property investment business during the reporting period was approximately HK$471,000 (2017: approximately HK$440,000). The segment profit was approximately HK$1,191,000 (2017: approximately HK$156,000), mainly due to fair value gain on investment property which is non-cash in nature.

As announced on 5 March 2018, the Group has entered into a transaction to dispose the hotel situated in Liaoning Province, the PRC which owned by Modern Crown Shenzhen Company Limited.

Money lending business

To diversify the Group's business and broaden the Group's source of income, 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 period was approximately HK$3,666,000 (2017: HK$2,225,000). The segment profit of approximately HK$2,821,000 (2017: HK$1,643,000).

Mobile game business

The Group is now engaged in development and operation of mobile game for broaden the income base. 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 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 on 28 November 2017, global mobile gaming will generate revenue of 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 the revenue, or approximately US$45.1 billion, will come from smartphone gaming, with tablet games accounting for the remaining US$12.8 billion. 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 issued by Newzoo on 20 April 2017, tablet unit sales have plummeted over the years, but with approximately 280 million tablets used actively around the world, the segment contributes significantly to the success of mobile games. Furthermore, the Asia and Pacific territories will generate revenue of 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 the PRC, Japan, and Korea), with expected total game revenues growing to approximately US$10.5 billion in 2020, up from US$4.5 billion in 2016.

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. Some team members have over 10 years' experience in the mobile game industry.

As disclosed in the announcements of the Company dated 19 October 2017, 26 October 2017, 2 November 2017, 29 December 2017 and 9 April 2018, the Group has entered into various license agreements in relation to mobile game business which represent 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 several mobile games which are expected to be launched in second half of 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 mitigate the risk. The Group has not generated revenue from mobile game business during the period. The segment loss was approximately HK$11,215,000.

During the period, the Group has written off of approximately HK$4,830,000 of deposit paid for mobile game license rights. It is due to the development progress of respective games and the quality of products are not satisfactory, after performing initial market research and testing, the results are far poorer than our expectation. The Group will try to seek other potential mobile games which can meet requirements of the market, enhance the evaluation for selecting games at an early stage and seek other collaborative models.

On 2 May 2018, Apex Empire International Limited ("Apex"), a wholly-owned subsidiary of the Company, entered into the (i) first sale and purchase agreement with the first vendor, pursuant to which the Apex has conditionally agreed to acquire and the first Vendor has conditionally agreed to sell the first sale shares at the first consideration of US$3,670,000 (equivalent to approximately HK$28,694,000); and (ii) second sale and purchase agreement with the second vendor and the third vendor, pursuant to which the Apex has conditionally agreed to acquire and the second vendor and the third vendor have conditionally agreed to sell the second sale shares and the third sale shares at the second consideration and the third consideration respectively, of an aggregate amount of US$2) (equivalent to approximately HK$15.6). Apex shall advance the bridging loan of up to RM5,500,000 (equivalent to approximately US$1,406,985 and approximately HK$11,000,000) to the Cubinet Interactive (MSC) Sdn. Bhd. (the "Target Company") prior to completion of the transactions, which shall be utilised by the Target Company for the repayment of the outstanding bank facilities. Please refer to the announcements and circular of the Company dated 2 May 2018 and 29 June 2018 for details. The completion of the transactions is on 2 August 2018.

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 the business opportunities that can broaden the income base of the Group and create the maximum returns to the shareholders.

Liquidity, Financial Resources, Funding and Treasury Policy

As at 30 June 2018, the Group had cash and bank balances of approximately HK$90.5 million (as at 31 December 2017: approximately HK$56.2 million) and short-term bank borrowings of approximately HK$42.9 million (as at 31 December 2017: approximately HK$45.7 million) respectively.

As at 30 June 2018, the Group had current assets of approximately HK$189.2 million (31 December 2017: HK$191.8 million) and current liabilities of approximately HK$118.8 million (31 December 2017: HK$104.5 million).

Gearing Ratio

As at 30 June 2018, the Group's gearing ratio, which was derived from the total borrowings to total assets, decreased to 18.2% from that of 19.6% as at 31 December 2017.

Capital Structure

The share capital of the Company comprises of ordinary shares only.

Material Acquisition and Disposal

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. The transaction has been completed on 28 August 2018.

On 2 May 2018, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Cubinet Interactive (MSC) Sdn. Bhd., a company incorporated under the laws of Malaysia, at the consideration of US$5,076,987 (equivalent to approximately HK$39,694,000). Please refer to the above paragraph under the heading of "Mobile game business" in business review and outlook section above and the announcement and circular of the Company dated 2 May 2018 and 29 June 2018 for details. The transaction has been completed on 2 August 2018.

Dividends

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi, United States dollars and Hong Kong dollars.

Contingent Liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Employees And Remuneration Policy

As at 30 June 2018, the Group employed 514 staff in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, amounted to approximately HK$22,874,000 for the period. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also grants share options and bonuses to employees of the Group at the discretion of the Directors and based on the financial performance of the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (the "Associated Corporations") as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO or as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	**Personal interests**	**Corporate interests**	**Total**	**Percentage of aggregate interests to total number of Shares in issue** *(Note 4)*
Mr. Cheng Ting Kong	—	179,407,488 (L) *(Note 2)*	179,407,488 (L) *(Note 1)*	62.46%
Mr. Luk Wai Keung	1,000,000 *(Note 3)*	—	1,000,000 *(Note 3)*	0.35%

Notes:

1. The letter "L" represents the Director's interests in the Shares and underlying Shares or, as the case may be, the equity interest of the Company or its associated corporations.

2. This represents interests held by Mr. Cheng Ting Kong through Power Ocean Holdings Limited ("Power Ocean"), which holds 179,407,488 Shares. As Mr. Cheng Ting Kong has 50% interest in Power Ocean, he is deemed to be interested in 179,407,488 Shares.

3. The 1,000,000 share options of the Company were granted to Mr. Luk Wai Keung on 23 May 2018, which represent the outstanding options granted to, and yet to be exercised by Mr. Luk Wai Keung under the Company's share option scheme approved and adopted by the Shareholders on 26 November 2008.

4. The percentage has been adjusted based on the total number of Shares in issue as at 30 June 2018 (i.e. 287,206,000 Shares).

Save as disclosed above, as at 30 June 2018, none of the Directors had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO or which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the following substantial shareholders had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO. Other than the interests disclosed below, the Directors were not aware of any other persons who had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Substantial Shareholders	**Number of shares interested in**	**Capacity**	**Approximate percentage of the total issue capital of the Company** *(Note 3)*
Power Ocean *(Note 1&2)*	179,407,488	Beneficial owner	62.46%
Mr. Chau Cheok Wa *(Note 1)*	179,407,488	Interest through a controlled corporation	62.46%
Mr. Cheng Ting Kong *(Note 2)*	179,407,488	Interest through a controlled corporation	62.46%

Notes:

1. According to the record in the register kept under section 336 of the SFO, Power Ocean Holdings Limited, which 50% of issued share capital is owned by Mr. Chau Cheok Wa and he is therefore deemed to be interested in 179,407,488 shares of the Company.

2. According to the record in the register kept under section 336 of the SFO, Power Ocean Holdings Limited, which 50% of issued share capital is owned by Mr. Cheng Ting Kong and he is therefore deemed to be interested in 179,407,488 shares of the Company.

3. The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2018 (i.e. 287,206,000 shares).

SHARE OPTION

On 26 November 2008, the Company adopted the existing share option scheme (the "Existing Option Scheme"), which was valid and effective for a period of ten years from its date of adoption. The Existing Share Option Scheme will expire on 25 November 2018.

As at 30 June 2018, there are 6,980,000 share options were granted under the Existing Option Scheme which remain outstanding. Such outstanding options will confirm to be valid and exercisable upon the termination of the Existing Share Option Scheme.

On 29 June 2018, a resolution was passed in the 2018 annual general meeting of the Company to adopt a new share option scheme (the "New Share Option Scheme").

The Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in the shares of the Company which may fall to be issued pursuant to the exercise of the options which was granted and/or may be granted under the New Share Option Scheme subsequently.

The following is a summary of the principal terms of the New Share Option Scheme.

New Share Option Scheme

Purpose

To provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Participants

Eligible participants include:

Any directors or employees, consultants and/or advisers, the eligible participants also include any business or joint venture partners, contractors, agents or representatives, suppliers, producers or licensors, licensees (including sub-licensee) or distributors, of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

Exercise price

Determined by the Board and shall not be less than the higher of:

(a) the closing price of (1) one share as stated in the Stock Exchange's daily quotation sheets at the offer date, which must be a business day;

(b) the average closing price of (1) one share as stated in the Stock Exchange's daily quotation sheets for the (5) five business days immediately preceding the offer date; and

(c) the nominal value of the share on the offer date, provided that in case of fractional prices, the exercise price per share shall be rounded upwards to the nearest whole cents.

Total number of shares available for issue and the percentage of the issued share capital that it represents as at the date of this interim report

28,720,600 shares, being approximately 10% of the issued shares of the Company.

Maximum entitlement of each participant

Not exceed 1% of the shares in issue in any 12-month period.

Period within which the securities must be taken up under the option

Subject to the discretion by the Board and, in the absence of which, from the date of acceptance to the earlier of the date on which such option lapses and 10 years from the date of offer.

Minimum period for which an option must be held before it can be exercised

Subject to the discretion by the Board.

Amount payable on acceptance

HK$1.00 payable upon acceptance of the offer.

Remaining life of the scheme

The scheme will be valid and effective until 28 June 2028, after which no further options will be granted but the provisions of the scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the scheme and remain unexercised immediately prior to 28 June 2028 shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the scheme.

Employees and other eligible participants

The following table discloses movements of the Company's share options during the periods ended 30 June 2018:

				Number of share options				
Name	**Date of grant**	**Exercise price**	**Exercisable period**	**Outstanding at 1.1.2018**	**Granted during the period**	**Exercised during the period**	**Lapsed/ cancelled during the period**	**Outstanding at 30.06.2018**
		HK$						
Executive director								
Luk Wai Keung	23.5.2018	5.14	23.5.2018-22.5.2022	—	1,000,000	—	—	1,000,000
Consultants								
(in aggregate)	23.5.2018	5.14	23.5.2018-22.5.2022	—	2,000,000	—	—	2,000,000
(in aggregate)	23.5.2018	5.14	23.11.2018-22.5.2022	—	2,000,000	—	—	2,000,000
(in aggregate)	23.5.2018	5.14	23.5.2019-22.5.2022	—	1,980,000	—	—	1,980,000
				—	6,980,000	—	—	6,980,000

The estimated fair value of the share options granted under the Scheme on 26 November 2008 was approximately HK$14,939,000, calculated using the Binomial Model (the "Model"). The inputs into the Model were as follows:

	Share options with an exercisable period from 23.5.2018 to 22.5.2022
Share price at date of grant	HK$4.91
Exercise price	HK$5.14
Expected volatility (per annum)	65.50%
Expected life of share options	4 years
Expected dividend yield	0%
Risk-free rate	2.14%
Fair value of share option	HK$2.14

Fair values of the share options were with reference to the valuation carried out by an independent firm of professional valuers.

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The risk free interest rate was estimated based on the yield of 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognises the total expense of approximately HK$2,609,000 for the period ended 30 June 2018 (2017: Nil) in relation to share options granted by the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or its holding company, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period under review or any time during the period under review save and except for the transactions disclosed as connected and/or related party transactions in accordance with the requirements of the Listing Rules and accounting principles generally accepted in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018.

Under the CG Code provision E.1.2, the chairman of the Board should attend the annual general meeting ("AGM") and invite the chairman of audit, remuneration and nomination committee to attend. However, in the AGM held on 29 June 2018 ("2018 AGM"), the chairman of the Board was unable to attend the meeting as he had to attend to other business commitments. He then appointed an executive Director to chair the 2018 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. An independent non-executive Director, Mr. Fung Tze Wa, was unable to attend the 2018 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.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The primary duties of the Audit Committee are to review the Company's interim and annual reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing internal control procedures of the Group. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Fung Tze Wa (Chairman), Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.

The Audit Committee has reviewed the unaudited condensed financial information for the six months ended 30 June 2018.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the directors of the Company. On specific enquiries made, all directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2018.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

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

Hong Kong, 31 August 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.