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**IMAGI INTERNATIONAL HOLDINGS LIMITED**  
**意馬國際控股有限公司\***

*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 585)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Director(s)”) of Imagi International Holdings Limited (the “Company”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 (the “Year under Review”) together with the comparative figures for the corresponding year in 2019 as follows:

**FINANCIAL INFORMATION**

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

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>			
Brokerage related commission income and clearing fee income	4	<b>1,130</b>	1,665
Asset management fee income	4	<b>5,357</b>	–
Interest income on margin clients	4	<b>37,484</b>	6,654
Interest income on loans receivable	4	<b>14,615</b>	5,646
Dividend income from held-for-trading investments	4	–	15,152
Net realised gains/(losses) from sales of investments classified as held-for-trading	4	<b>102,253</b>	(80,339)
Royalty income	4	<b>33</b>	185

\* *for identification purpose only*

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(continued)*

For the year ended 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Total Revenue</b>		<b>160,872</b>	(51,037)
Other income	5	<b>6,229</b>	2,899
Other net (loss)/gain	6	<b>(30,710)</b>	8,297
Gains/(losses) from changes in fair value of financial assets classified as held-for-trading	9	<b>101,043</b>	(28,421)
Impairment loss on intangible assets		<b>(859)</b>	–
Break fee income in relation to termination of acquisition of target companies	14	<b>119,578</b>	–
Reversal of impairment allowances/(impairment allowances) on margin loans receivable, net	16(a)	<b>269</b>	(719)
Reversal of impairment allowances/(impairment allowances) on loans receivable, net	17(c)	<b>1,645</b>	(2,527)
Administrative expenses		<b>(45,652)</b>	(71,807)
<b>Profit/(loss) from operations</b>		<b>312,415</b>	(143,315)
Finance costs	7	<b>(38,031)</b>	(16,176)
<b>Profit/(loss) before tax</b>	9	<b>274,384</b>	(159,491)
Income tax expense	10	<b>(2,999)</b>	(200)
<b>Profit/(loss) for the year</b>		<b>271,385</b>	(159,691)
<b>Other comprehensive (expense)/income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(543)</b>	122
Net (loss)/gain on debt securities at fair value through other comprehensive income (recycling)		<b>(190)</b>	108
Other comprehensive (expense)/income that may be reclassified subsequently to profit or loss, net of nil tax		<b>(733)</b>	230

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(continued)*

For the year ended 31 December 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
Item that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at fair value through other comprehensive income (non-recycling)		<u>(18,295)</u>	<u>—</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods, net of nil tax		<u>(18,295)</u>	<u>—</u>
Other comprehensive (expense)/income for the year		<u>(19,028)</u>	<u>230</u>
<b>Total comprehensive income/(expense) for the year</b>		<b><u>252,357</u></b>	<b><u>(159,461)</u></b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>265,869</b>	(159,496)
Non-controlling interests		<u>5,516</u>	<u>(195)</u>
		<b><u>271,385</u></b>	<b><u>(159,691)</u></b>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Owners of the Company		<b>248,174</b>	(159,266)
Non-controlling interests		<u>4,183</u>	<u>(195)</u>
		<b><u>252,357</u></b>	<b><u>(159,461)</u></b>
		<b>2020</b>	2019
<b>Earnings/(loss) per share</b>			
Basic and diluted			
(HK cents per share)	<i>11</i>	<b><u>34</u></b>	<b><u>(23)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,997</b>	5,371
Goodwill		–	–
Intangible assets		<b>400</b>	859
Investment in equity instrument designated at fair value through other comprehensive income	<i>12</i>	<b>69,749</b>	–
Other financial assets	<i>13</i>	<b>6,480</b>	6,670
Other non-current assets		<b>3,000</b>	1,500
Deposit for acquisition of subsidiaries	<i>14</i>	–	102,700
Prepayment for film rights		<b>3,883</b>	7,783
Film rights		<b>8,166</b>	4,266
		<b>95,675</b>	129,149
<b>Current assets</b>			
Accounts receivable	<i>15</i>	<b>5,099</b>	115
Margin loans receivable	<i>16</i>	<b>536,160</b>	225,491
Other receivables, deposits and prepayments		<b>1,117</b>	3,467
Loans receivable	<i>17</i>	<b>107,403</b>	311,925
Held-for-trading investments	<i>18</i>	<b>131,961</b>	87,248
Convertible notes receivable	<i>19</i>	<b>10,821</b>	20,236
Bank balances - trust accounts		<b>154,906</b>	5,326
Bank balances and cash		<b>41,149</b>	734,412
		<b>988,616</b>	1,388,220
<b>Current liabilities</b>			
Accounts payable	<i>20</i>	<b>165,983</b>	5,444
Lease liabilities		<b>1,199</b>	2,567
Other payables and accruals		<b>3,172</b>	4,178
Tax payable		<b>3,080</b>	200
		<b>173,434</b>	12,389
<b>Net current assets</b>		<b>815,182</b>	1,375,831
<b>Total assets less current liabilities</b>		<b>910,857</b>	1,504,980

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**At 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Notes payable	21	-	996,759
Deferred tax liability		-	142
Lease liabilities		-	1,199
		-	998,100
		<hr/>	<hr/>
<b>Net assets</b>		<b>910,857</b>	506,880
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Share capital		33,197	27,677
Reserves		786,237	477,883
		<hr/>	<hr/>
<b>Total equity attributable to owners of the Company</b>		<b>819,434</b>	505,560
<b>Non-controlling interests</b>		<b>91,423</b>	1,320
		<hr/>	<hr/>
<b>Total equity</b>		<b>910,857</b>	506,880
		<hr/> <hr/>	<hr/> <hr/>

Notes:

## 1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company acts as an investment holding company. During the Year under Review, the Group was principally engaged in integrated financial services, investment holdings, computer graphic imaging (“CGI”) and entertainment business. The integrated financial services were comprised of the provision of securities brokerage and related services, margin financing services, asset management services, money lending services and securities investments and proprietary trading.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company. The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong.

## 2. APPLICATION OF NEW AND REVISED HKFRSs AND HKASs

### Changes in accounting policies

The Group has applied the following amendments to HKFRSs and HKASs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform
- Amendment to HKFRS 16, COVID-19-Related Rent Concessions
- Amendments to HKAS 1 and HKAS 8, Definition of Material

Other than the Amendment to HKFRS 16, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### *Amendment to HKFRS 16, COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

### 3. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment.

The Group organises business units based on their services and the CODM regularly reviews revenue and results analysis of the Group by the reportable operating segments below.

- securities brokerage and asset management segment engages in provision of securities brokerage services, margin financing services and asset management services;
- provision of finance segment engages in the provision of financing services (other than margin financing);
- trading of securities segment engages in the purchase and sale of securities investments; and
- entertainment segment engages in CGI business, entertainment business and investment in film rights.

During the year ended 31 December 2020, as a result of the commencement of asset management business of the Group, the CODM has reassessed the Group's business and splits the trading of securities and securities brokerage segment into segments of securities brokerage and asset management segment and trading of securities segment, for segment reporting. The comparative information of the aforementioned segments has been restated to conform with the current year's presentation.

All assets are allocated to reportable segments with the exception of corporate assets (including bank balances and cash). All liabilities are allocated to reportable segments other than deferred tax liability and other corporate liabilities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank and other interest income (excluding interest income from the provision of finance), other income, other net (loss)/gain, finance costs, depreciation, impairment loss on intangible assets as well as head office and corporate expenses are excluded from such measurement.

Inter-segment transactions are made with reference to the prices used for services made to third parties at the then prevailing market prices.

The Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

**(a) Segment results, assets and liabilities**

*For the year ended 31 December 2020*

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	44,365	14,615	101,859	33	-	160,872
Inter-segment revenue	(394)	-	394	-	-	-
Segment revenue from external customers	<u>43,971</u>	<u>14,615</u>	<u>102,253</u>	<u>33</u>	<u>-</u>	<u>160,872</u>
Segment results	<u>40,439</u>	<u>16,156</u>	<u>203,125</u>	<u>(855)</u>	<u>-</u>	<u>258,865</u>
<i>Reconciliation:</i>						
Break fee income in relation to termination of acquisition of target companies						119,578
Other income and other net loss						(24,481)
Depreciation						(3,459)
Impairment loss on intangible assets						(859)
Finance costs						(38,031)
Unallocated head office and corporate expenses						<u>(37,229)</u>
Consolidated profit before tax						<u>274,384</u>



*At 31 December 2020*

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>702,126</u>	<u>107,403</u>	<u>219,185</u>	<u>12,110</u>	<u>-</u>	1,040,824
Unallocated head office and corporate assets						<u>43,467</u>
Consolidated total assets						<u>1,084,291</u>
Segment liabilities	<u>(168,631)</u>	<u>(1,424)</u>	<u>(123)</u>	<u>(186)</u>	<u>-</u>	(170,364)
Unallocated head office and corporate liabilities						<u>(3,070)</u>
Consolidated total liabilities						<u>(173,434)</u>

*For the year ended 31 December 2019*

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	8,838	5,646	(65,706)	185	-	(51,037)
Inter-segment revenue	<u>(519)</u>	<u>-</u>	<u>519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue from external customers	<u>8,319</u>	<u>5,646</u>	<u>(65,187)</u>	<u>185</u>	<u>-</u>	<u>(51,037)</u>
Segment results	<u>5,032</u>	<u>2,612</u>	<u>(93,641)</u>	<u>(377)</u>	<u>-</u>	(86,374)
<i>Reconciliation:</i>						
Other income and other net gain						11,196
Depreciation						(3,274)
Finance costs						(16,176)
Unallocated head office and corporate expenses						<u>(64,863)</u>
Consolidated loss before tax						<u>(159,491)</u>

At 31 December 2019

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>236,705</u>	<u>311,968</u>	<u>114,510</u>	<u>12,094</u>	<u>–</u>	675,277
Unallocated head office and corporate assets						<u>842,092</u>
Consolidated total assets						<u>1,517,369</u>
Segment liabilities	<u>(7,725)</u>	<u>(273)</u>	<u>–</u>	<u>(83)</u>	<u>–</u>	(8,081)
Unallocated head office and corporate liabilities						<u>(1,002,408)</u>
Consolidated total liabilities						<u>(1,010,489)</u>

**(b) Geographical information**

The geographical location of customers is based on the location at which the services are being rendered. Substantially, over 99% (2019: 99%) of the Group's revenue from external customers and non-current assets (excluding financial instruments and deposit for acquisition of subsidiaries) are located in Hong Kong, no analysis on revenue from external customers and non-current assets by location are presented.

**(c) Major customers**

The Group's dividend income and net realised gains/losses from sales of investments classified as held-for-trading are excluded from total revenue ("Adjusted Revenue") for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

Included in revenue arising from major customers which individually accounted for over 10% of the Group's Adjusted Revenue for the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Securities brokerage and asset management		
Customer A	<b>Not applicable*</b>	1,779
Customer B	<b>18,382</b>	2,084
Customer C	<b>7,681</b>	–
Provision of finance		
Customer B	<b>1,635</b>	434

\* The corresponding revenue did not contribute 10% or more of the Group's Adjusted Revenue during the corresponding year.

For the year ended 31 December 2020, revenue from above Customers B and C accounted for 10% or more of the Group's Adjusted Revenue. For the year ended 31 December 2019, revenue from above Customers A and B accounted for 10% or more of the Group's Adjusted Revenue.

#### 4. REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Brokerage related commission income and clearing fee income <i>(notes (i) and (ii))</i>	<b>1,130</b>	1,665
Asset management fee income <i>(notes (i) and (ii))</i>	<b>5,357</b>	–
Interest income on margin clients <i>(notes (ii) and (vi))</i>	<b>37,484</b>	6,654
Interest income on loans receivable <i>(notes (iii) and (vi))</i>	<b>14,615</b>	5,646
Dividend income from held-for-trading investments <i>(note (iv))</i>	–	15,152
Net realised gains/(losses) from sales of investments classified as held-for-trading <i>(notes (iv) and (v))</i>	<b>102,253</b>	(80,339)
Royalty income <i>(notes (i) and (vii))</i>	<b>33</b>	185
	<b>160,872</b>	(51,037)

*Notes:*

- (i) The commission income and clearing fee income, asset management fee income and royalty income are the revenue arising under the scope of HKFRS 15, while the dividend income, interest income and sales of investments are revenue from other sources.

Included in revenue, revenue arising from contracts with customers recognised at a point in time and over time were HK\$1,130,000 (2019: HK\$1,665,000) and HK\$5,390,000 (2019: HK\$185,000), respectively.

- (ii) Amount are reported under securities brokerage and asset management segment as set out in note 3.
- (iii) Amount are reported under provision of finance segment as set out in note 3.
- (iv) Amount are reported under trading of securities segment as set out in note 3.
- (v) During the year ended 31 December 2020, the Group disposed of held-for-trading securities at cost of HK\$147,878,000 (2019: HK\$547,009,000) at gross proceeds of HK\$250,335,000 (2019: HK\$467,548,000), incurring trading fee of HK\$204,000 (2019: HK\$878,000).
- (vi) For the year ended 31 December 2020, the total amount of interest income on financial assets measured at amortised cost, including bank interest income (note 5), was HK\$54,485,000 (2019: HK\$12,776,000).
- (vii) Amount are reported under entertainment segment as set out in note 3.

## 5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income on financial assets at fair value through profit or loss (“FVTPL”)		
– convertible notes receivable	1,686	1,740
– coupon notes receivable and senior notes receivable	1,474	–
Interest income on debt securities at fair value through other comprehensive income (“FVTOCI”)	683	683
Bank interest income	2,386	476
	<u>6,229</u>	<u>2,899</u>

## 6. OTHER NET (LOSS)/GAIN

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fair value gain on convertible notes receivable	2,585	1,372
Loss on repurchase of notes payable	(37,835)	–
Gain on initial recognition of equity instrument designated at FVTOCI	10,764	–
Net foreign exchange (loss)/gain	(6,698)	6,925
Others	474	–
	<u>(30,710)</u>	<u>8,297</u>

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on notes payable	37,842	13,829
Interest on borrowings – margin loans	–	1,397
Interest on loans payable	–	640
Interest on lease liabilities	189	310
	<hr/>	<hr/>
Total interest expense on financial liabilities that are not at fair value through profit or loss	<b>38,031</b>	16,176
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## 8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: HK\$nil).

## 9. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging/(crediting) the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration		
– audit service	1,400	1,300
– non-audit service	2,634	4,257
	4,034	5,557
Directors' emoluments	4,019	4,522
Other staff costs		
– Salaries and allowance	9,480	14,105
– Contribution to retirement benefit scheme	315	368
Total staff costs	13,814	18,995
Depreciation charge:		
– owned property, plant and equipment	1,012	827
– right-of-use assets	2,447	2,447
Amortisation of intangible assets	100	–
Impairment loss on intangible assets	859	–
Changes in fair value of financial assets classified as held-for-trading		
– Net realised (gains)/losses from sales of listed equity investments	(97,213)	80,339
– Net realised gains from sales of debt investments	(5,040)	–
– Unrealised (gains)/losses from changes in fair value of listed equity investments	(101,043)	28,421
	<hr/> <hr/>	<hr/> <hr/>
	<b>(203,296)</b>	108,760

## 10. INCOME TAX EXPENSE

### Income tax expense recognised in profit or loss

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Hong Kong Profits Tax</b>		
Current tax	3,161	81
(Over)/under-provision in respect of prior years	<u>(20)</u>	<u>119</u>
	3,141	200
<b>Deferred tax</b>		
Origination and reversal of temporary difference	<u>(142)</u>	<u>–</u>
	<u><u>2,999</u></u>	<u><u>200</u></u>

The Group is subject to income tax on an entity basis on profits arising on derived from the jurisdictions in which the members domiciled and operate.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2019:16.5%) of the estimated assessable profits for the year ended 31 December 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis for the year ended 31 December 2019.

The subsidiary in Netherlands is subject to Dutch Corporate Income Tax at the rate of 15.0% for the first EUR 245,000 of assessable profit and the remaining assessable profits are taxed at 25% (2019: 16.5% for the first EUR 200,000 of assessable profit and the remaining assessable profits are taxed at 25.0%). No Dutch Corporate Income Tax has been provided for the years ended 31 December 2020 and 2019 as the Group has no estimated assessable profits in Netherlands.

Pursuant to rules and regulations of Bermuda, British Virgin Islands (“BVI”), Cayman Islands, Marshall Islands, Netherlands and England and Wales, the Group is not subject to any income tax in the respective jurisdictions.

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of HK\$265,869,000 (2019: loss of HK\$159,496,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Profit/(loss)</b>		
Profit/(loss) for the purposes of basic earnings/(loss) per share	<u>265,869</u>	<u>(159,496)</u>
	2020	2019
<b>Number of shares</b>		
Issued ordinary shares at 1 January	691,921,572	691,921,572
Effect of shares issued	<u>84,459,016</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the year	<u>776,380,588</u>	<u>691,921,572</u>

### (b) Diluted earnings/(loss) per share

For the years ended 31 December 2020 and 2019, there were no dilutive potential ordinary shares in issue during the years and diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

## 12. INVESTMENT IN EQUITY INSTRUMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK\$'000	2019 HK\$'000
Equity securities designated at FVTOCI (non-recycling)		
– Listed equity securities in Hong Kong	<u>69,749</u>	<u>–</u>

On 22 May 2020, the Company issued 138,000,000 shares of the Company in exchange for 114,342,857 shares (“Oshidori Shares”) of Oshidori International Holdings Limited (“Oshidori”), a company listed on the Stock Exchange, with a fair value of HK\$88,044,000 at the acquisition date.

These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the directors believe that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in long run.

Pursuant to the terms of the share swap agreement, the Group agreed not to sell, offer to sell, transfer or otherwise dispose of any of the Oshidori Shares during the lock-up period of two years from the date of completion of the share swap without the prior written consent of Oshidori.

No dividends were received on this investment during the year (2019: not applicable).

Oshidori was incorporated in Bermuda. Oshidori principally engages in investment holding, tactical and/or strategical investment and the provision of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate financial advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services. According to the latest published unaudited financial statements, Oshidori had net assets of approximately HK\$6,717 million attributed to its shareholders as at 30 June 2020.

Oshidori Shares are pledged to financial institution to secure margin financing facilities obtained, which are not utilised by the Group as at 31 December 2020. Details of the Group’s investments are as follows:

Stock code	Stock name	Number of shares held as at 31 December 2020	Investment cost	Closing price as at 31 December 2020	Market value as at 31 December 2020	Unrealised		Approximate % of shareholding in investee as at 31 December 2020	Approximate % to the Group’s total assets as at 31 December 2020	Number of issued shares of investee as at 31 December 2020	Dividend income recognised during the year ended 31 December 2020
						Realised gain/(loss) during the year ended 31 December 2020	loss measured at FVTOCI during the year ended 31 December 2020				
622	Oshidori International Holdings Limited	114,342,857	88,044	0.610	69,749	–	(18,295)	1.87%	6.43%	6,113,609,139	–



### 13. OTHER FINANCIAL ASSETS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Financial assets measured at FVTOCI (recycling)		
Debt securities listed in Singapore	<u>6,480</u>	<u>6,670</u>

The other financial assets represent the Group's investment in debt securities issued by China Evergrande Group, a company listed in the Stock Exchange, with the principal amount of USD1,000,000 (equivalent to HK\$7,800,000) which is carrying interest at 8.75% per annum and with maturity on 28 June 2025.

### 14. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

On 24 July 2019, the Group entered into a sale and purchase agreement (the "Agreement") with the seller in relation to acquisition of the entire issued share capital and the shareholders' loan of Les Ambassadeurs Club Limited for the consideration of £122,000,000 (subject to adjustment) which shall be settled by the Group in cash. During the year ended 31 December 2019, the Group had paid £10,000,000 (approximately HK\$95,535,000) to the seller as deposit. Since the seller terminated the transaction during the year ended 31 December 2020, the seller refunded the deposit of £10,000,000 (approximately HK\$95,600,000) to the Group and paid break fee of £12,800,000 (approximately HK\$119,578,000) to the Group in accordance with the Agreement.

### 15. ACCOUNTS RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts receivable arising from securities brokerage and asset management business:		
– Securities brokerage cash clients	128	88
– Asset management clients	<u>4,950</u>	<u>–</u>
	5,078	88
Accounts receivable arising from CGI business	<u>21</u>	<u>27</u>
	<u>5,099</u>	<u>115</u>

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the trade date or invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	<u>5,099</u>	<u>115</u>

The normal settlement terms of accounts receivable from securities brokerage cash clients are two days after the trade date.

The credit term of accounts receivable for asset management clients is repayable on demand.

The credit period for customers of CGI business is generally 30 days.

The Group did not hold any collateral or other credit enhancements over these balances. Accounts receivable as at 31 December 2020 and 2019 relate to clients that have a good track record with the Group for whom there was no recent history of default.

## 16. MARGIN LOANS RECEIVABLE

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin loans receivable arising from securities brokerage business	<b>536,610</b>	226,210
Less: impairment allowances	<b>(450)</b>	(719)
	<b><u>536,160</u></b>	<b><u>225,491</u></b>

(a) An analysis of changes in the provision for impairment allowances of margin clients is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2020	<b>719</b>	–	–	<b>719</b>
Reversal of impairment allowances for the year	<b>(269)</b>	–	–	<b>(269)</b>
At 31 December 2020	<b><u>450</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>450</u></b>
Expected credit loss (“ECL”) rate	<b><u>0.08%</u></b>	<b><u>Not applicable</u></b>	<b><u>Not applicable</u></b>	<b><u>0.08%</u></b>
	Stage 1	Stage 2	Stage 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2019	–	–	–	–
Impairment allowances for the year	<b>719</b>	–	–	<b>719</b>
At 31 December 2019	<b><u>719</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>719</u></b>
ECL rate	<b><u>0.3%</u></b>	<b><u>Not applicable</u></b>	<b><u>Not applicable</u></b>	<b><u>0.3%</u></b>

Changes in impairment allowances for margin loans receivable are mainly due to:

	<b>2020</b>		
	<b>Increase/ (decrease) in 12-month ECL <i>HK\$'000</i></b>	<b>Increase/(decrease) in lifetime ECL</b>	
		<b>Not credit- impaired <i>HK\$'000</i></b>	<b>Credit- impaired <i>HK\$'000</i></b>
Advance of margin loans receivable	447	–	–
Settlement of margin loans receivable	(716)	–	–
	<u>447</u>	<u>–</u>	<u>–</u>
	<b>2019</b>		
	<b>Increase in 12-month ECL <i>HK\$'000</i></b>	<b>Increase/(decrease) in lifetime ECL</b>	
		<b>Not credit- impaired <i>HK\$'000</i></b>	<b>Credit- impaired <i>HK\$'000</i></b>
Advance of margin loans receivable	719	–	–
	<u>719</u>	<u>–</u>	<u>–</u>

The table below shows the credit quality and the maximum exposure to credit risk of margin loans receivable based on the Group's credit policy and year-end staging classification as at 31 December 2020 and 2019. The amounts presented are gross carrying amounts for margin loans receivable.

	<b>Stage 1 <i>HK\$'000</i></b>	<b>Stage 2 <i>HK\$'000</i></b>	<b>Stage 3 <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>At 31 December 2020</b>				
Loan-to-collateral (“LTV”) less than 60%	<u>536,610</u>	<u>–</u>	<u>–</u>	<u>536,610</u>
	<i>Stage 1 HK\$'000</i>	<i>Stage 2 HK\$'000</i>	<i>Stage 3 HK\$'000</i>	<i>Total HK\$'000</i>
<b>At 31 December 2019</b>				
LTV less than 60%	<u>226,210</u>	<u>–</u>	<u>–</u>	<u>226,210</u>

- (b) At 31 December 2020, margin loans receivable of HK\$536,610,000 (2019: HK\$226,210,000) were secured by underlying equity securities amounted to approximately HK\$2,203,624,000 (2019: HK\$670,497,000).

Trading limits are set for margin clients. The Group seeks to maintain tight control over its outstanding receivables in order to minimise the credit risk. Outstanding balances are regularly monitored by management.

- (c) The Group offsets certain margin loans receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.
- (d) No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature business in margin financing.

## 17. LOANS RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loans receivable	108,285	314,452
Less: Impairment allowances	<u>(882)</u>	<u>(2,527)</u>
	<u><b>107,403</b></u>	<u><b>311,925</b></u>

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group, and bears interest at rates ranging from 6% to 48% (2019: 7% to 12.5%) per annum. Except that a loan receivable of HK\$25,086,000 which is secured with (i) share charge executed by the borrower and its immediate holding company; (ii) a charge over the borrower's securities accounts; and (iii) a floating charge over all assets of the borrower and its immediate holding company (2019: nil), the Group did not hold any collateral or other credit enhancements over these balances.

### (b) Maturity profile

At the end of the reporting period, the maturity profile of loans receivable, based on maturity date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Due within 1 month	253	10,181
Due after 1 month but within 3 months	37,497	304,271
Due after 3 months but within 6 months	25,000	–
Due after 6 months but within 12 months	<u>45,535</u>	<u>–</u>
	<u><b>108,285</b></u>	<u><b>314,452</b></u>

### (c) ECL of loans receivable

The table below provides a reconciliation of the Group's gross carrying amount and allowances for loans receivable for the years ended 31 December 2020 and 2019.

The transfers of financial instruments represents the impact of stage transfers on the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase in ECL due to these transfers.

**Reconciliation of gross exposure and allowances for loans receivable**

**For the year ended 31 December 2020**

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000
At 1 January 2020	304,415	(2,307)	10,037	(220)	-	-	314,452	(2,527)
New loans/financing originated	361,378	(3,390)	561	(16)	-	-	361,939	(3,406)
Loans/financing derecognised or repaid during the year	(557,508)	4,815	(10,598)	236	-	-	(568,106)	5,051
<b>At 31 December 2020</b>	<b>108,285</b>	<b>(882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,285</b>	<b>(882)</b>

**For the year ended 31 December 2019**

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000
At 1 January 2019	16,516	-	-	-	-	-	16,516	-
New loans/financing originated	536,864	(3,881)	-	-	-	-	536,864	(3,881)
Transfer to Stage 2	(10,037)	96	10,037	(96)	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(124)	-	-	-	(124)
Loans/financing derecognised or repaid during the year	(238,928)	1,478	-	-	-	-	(238,928)	1,478
<b>At 31 December 2019</b>	<b>304,415</b>	<b>(2,307)</b>	<b>10,037</b>	<b>(220)</b>	<b>-</b>	<b>-</b>	<b>314,452</b>	<b>(2,527)</b>

## 18. HELD-FOR-TRADING INVESTMENTS

As at 31 December 2020, held-for-trading investments represent the listed equity securities in Hong Kong of HK\$131,961,000 (2019: HK\$87,248,000). All listed equity securities in Hong Kong are pledged to financial institutions to secure margin financing facilities obtained. Details of the Group's investments are as follows:

Note	Stock code	Stock name	Number of shares held as at 31 December 2020	Investment cost HK\$'000	Closing price as at 31 December 2020 HK\$	Market value as at 31 December 2020 HK\$'000	Realised	Unrealised	Approximate % to held-for-trading investments as at 31 December 2020	Approximate % of shareholding in investee Group's total assets as at 31 December 2020	Approximate % to the issued shares of investee as at 31 December 2020	Dividend income recognised during the year ended 31 December 2020 HK\$'000	
							gains/(losses) recognised during the year ended 31 December 2020 HK\$'000	gains/(losses) recognised during the year ended 31 December 2020 HK\$'000					
(1)	235	China Strategic Holdings Limited	160,000,000	9,280	0.250	40,000	-	34,400	30.31%	0.78%	3.69%	20,385,253,835	-
(2)	613	Planetree International Development Limited	118,200	113	1.000	118	-	5	0.08%	0.01%	0.01%	939,527,675	-
(3)	708	China Evergrande New Energy Vehicle Group Limited (formerly known as Evergrande Health Industry Group Limited)	3,000,000	27,243	30.200	90,600	96,838	67,290	68.66%	0.03%	8.36%	8,816,580,000	-
(4)	1051	G-Resources Group Limited	15,264,069	2,275	0.048	733	(462)	(152)	0.56%	0.06%	0.07%	27,048,844,786	-
(5)	1827	Miricor Enterprises Holdings Limited	1,000,000	1,500	0.510	510	-	(500)	0.39%	0.25%	0.05%	400,000,000	-

- (1) China Strategic Holdings Limited (“China Strategic”) was incorporated in Hong Kong. China Strategic principally engages in the business of investment in securities, trading of electronic components, money lending as well as securities brokerage. China Strategic operates through four segments: (i) investment in securities, (ii) trading of coke products and electronic components, (iii) money lending and (iv) securities brokerage. According to the latest published unaudited financial statements, China Strategic had net assets of approximately HK\$3,372 million attributed to its shareholders as at 30 June 2020.
- (2) Planetree International Development Limited (“Planetree”) was incorporated in Bermuda. Planetree principally engages in (i) financial services with operations under the Securities and Futures Ordinance (“SFO”) licences, (ii) credit and lending services with operations under Money Lenders Ordinance (“MLO”) licences, (iii) tactical and strategic investment and (iv) property investment and leasing. Planetree operates through four segments: (i) financial services – operations under SFO licences, (ii) credit and lending services – operations under MLO licences, (iii) tactical and strategic investment and (iv) property investment and leasing. According to the latest published unaudited financial statements, Planetree had net assets of approximately HK\$1,615 million attributed to its shareholders as at 30 June 2020.

- (3) China Evergrande New Energy Vehicle Group Limited (formerly known as Evergrande Health Industry Group Limited) (“Evergrande”) was incorporated in Hong Kong. The principal activities of Evergrande include technology research and development and manufacturing of, and sales services in respect of new energy vehicles, “Internet+” community health management, international hospitals, elderly care and rehabilitation. Evergrande operates through two segments: (i) health management segment – “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology, anti-aging and sales of health and living projects in the People Republic of China (“PRC”); and (ii) new energy vehicle segment – technology research and development, production and sales of new energy vehicles in the PRC and other countries. According to the latest published unaudited financial statements, Evergrande had net liabilities of approximately RMB7,467 million attributed to its shareholders as at 30 June 2020.
- (4) G-Resources Group Limited (“G-Resources”) was incorporated in Bermuda. The principal activities of G-Resources include principal investment business, financial services business, money lending business and real property business. G-Resources operates through three segments: (i) principal investment business, (ii) financial services business and (iii) real property business. According to the latest published unaudited financial statements, G-Resources had net assets of approximately USD1,528 million attributed to its shareholders as at 30 June 2020.
- (5) Miricor Enterprises Holdings Limited (“Miricor Enterprises’) was incorporated in the Cayman Islands. Miricor Enterprises is principally engaged in the provision of medical aesthetic services and the sale of skin care products in Hong Kong. Miricor Enterprises operates through two segments: (i) provision of medical aesthetic services and (ii) sale of skin care products. According to the latest published unaudited financial statements, Miricor Enterprises had net assets of approximately HK\$152 million attributed to its shareholders as at 30 September 2020.

At 31 December 2020, the Group pledged held-for-trading investments of approximately HK\$131,961,000 (2019: approximately HK\$87,248,000) for the margin loan facilities of approximately HK\$55,644,000 (2019: approximately HK\$21,729,000). The Group did not utilise this facilities as at 31 December 2020 and 2019. The amount of both realised gains/(losses) and unrealised gains/(losses) from held-for-trading investments are under trading of securities segment.

## 19. CONVERTIBLE NOTES RECEIVABLE

	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
Convertible notes receivable – designated at FVTPL	<u>10,821</u>	<u>20,236</u>

Convertible notes receivable acquired are designated at fair value through profit or loss because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the group is provided internally on that basis to the Group’s key management personnel.

The carrying amount represented the fair value of an investment in convertible notes issued by China Agri-Products Exchange Limited (“China Agri-Products”), a company listed on the Stock Exchange. The principal amount of the convertible notes is HK\$11,200,000 (2019: HK\$23,200,000), which can be converted into 28,000,000 (2019: 58,000,000) ordinary shares of China Agri-Products at a conversion price of HK\$0.4 per share from the inception date until the date which is five business days preceding the maturity date on 18 October 2021. The convertible notes carried interest at 7.5% per annum, payable semi-annually on 19 April and 19 October of each calendar year. The convertible notes could be redeemed by China Agri-Products any date on or before maturity date at its principal amount.

For the year ended 31 December 2020, the fair value gain of the convertible notes receivable amounting to HK\$2,585,000 (2019: HK\$1,372,000) is recognised in “other net (loss)/gain” in note 6, with reference to the valuation carried out by an independent qualified professional valuer.

During the year ended 31 December 2020, part of the convertible notes in the principal amount of HK\$12,000,000 was early redeemed by China Agri-Products with consideration of HK\$12,000,000.

## 20. ACCOUNTS PAYABLE

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts payable arising from securities brokerage business:		
– cash and margin clients and clearing house	<b>165,983</b>	5,444

The settlement terms of accounts payable to cash and margin clients and clearing house are two days after trade date. Accounts payable to cash clients are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable amounting to HK\$154,906,000 as at 31 December 2020 (2019: HK\$5,326,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of conducting the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

## 21. NOTES PAYABLE

On 13 November 2019, a subsidiary of the Company, Imagi Holdings Limited, issued the notes (“Notes Payable”) at 100% in an aggregate nominal value of HK\$1,000,000,000 which will mature on 13 November 2022. The Notes Payable carry interest at the coupon rate of 10% per annum. The interest is payable semiannually in arrears on 13 May and 13 November each year. The Notes Payable are guaranteed by the Company. The notes were listed on Singapore Exchange Securities Trading Limited on 19 December 2019.



The directors of the Company considered that no derivatives were embedded in the Notes Payable and it is appropriate to use amortised cost to record the Notes Payable in the consolidated statement of financial position.

During the year ended 31 December 2020, the Company made on-market repurchases of all of the outstanding notes in an aggregated principal amount of HK\$1,000,000,000 for cash of approximately HK\$1,022,573,000 (including accrued interest) and cancellation of all of the repurchased notes were completed by the Group. Upon the cancellation of the repurchased notes, there are no Notes Payable outstanding at 31 December 2020.

## 22. COMMITMENTS

### (a) Capital commitments

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitments in respect of the investment for film rights contracted for but not provided for in the consolidated financial statements	<b>11,100</b>	11,100

### (b) Credit commitments

The Group's credit commitments mainly includes loan commitments. The contractual amounts of unutilised loan commitments represent the amounts should the contracts be fully drawn upon.

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unutilised loan commitments		
– Original contractual maturity within one year	<b>5,675</b>	31

The Group may be exposed to credit risk in above credit business. The management of the Group periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the contractual amounts shown above is not representative of expected future cash outflows.

### 23. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

### 24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance Contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in the financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATIONAL REVIEW

For the Year under Review, the Group's principal business remains to be engaging in integrated financial services, investment holdings, CGI and entertainment business. The integrated financial services of the Group comprises of securities brokerage and related services, margin financing services, asset management services, money lending services, securities investments and proprietary trading.

Starting from 2016 and continuing to the present, the Company began to focus on the integrated financial services business as a core principal activity. The Company expects that this will remain as our core business for the future. In late 2018, the Company had also decided to invest in movie business with minority interests in each of six proposed movies with total budgeted investment of HK\$20.4 million and the total investment incurred thus far amounted to approximately HK\$12.1 million.

The major segments of the Group's business for the Year under Review are as follows:

#### **(a) Integrated financial services business**

##### ***(i) Brokerage and related services***

Imagi Brokerage Limited ("Imagi Brokerage"), formerly known as John & Wong Securities Company Limited, continued its business expansion in brokerage and other related services with a further HK\$250 million additional capital injection by the Group in March 2020, the aggregate capital injected into Imagi Brokerage by the Group then increased to HK\$500 million. For the Year under Review, Imagi Brokerage also issued and allotted a total of 55,500,000 new shares by way of two subscriptions on 27 August 2020 and 16 November 2020 respectively (representing in aggregate approximately 9.99% of the issued share capital of Imagi Brokerage) to an independent third party for an aggregate cash consideration of HK\$74.34 million and since 27 August 2020 Imagi Brokerage became a non-wholly-owned subsidiary of the Company.

Imagi Brokerage has recruited and is planning to recruit additional personnel to undertake additional services and businesses including placement and underwriting, investment advisory services and asset management services. For the Year under Review, Imagi Brokerage generated a total revenue of HK\$44 million for the Group. The management of the Company (the "Management") is confident the stride to full-fledged financial services will be maintained and on track to be a sustainable profitable operation for the Group in the foreseeable future.

**(ii) Money lending services**

The Company offered money lending through Imagi Lenders Limited (“Imagi Lenders”), formerly known as Longtop Enterprises Limited, a non-wholly-owned subsidiary of the Company. Imagi Lenders has money lenders license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the Year under Review, the Company made a total loan principal of approximately HK\$347.3 million and earned interest income on loans receivable of approximately HK\$14.6 million. The money lending business charged annual interest rates at a range from 6% to 48% (2019: range from 7% to 12.5%). As at 31 December 2020, a total principal amount and accrued interest on loans receivable of approximately HK\$108.3 million remains outstanding. The Management is confident that the money lending business will in future provide consistent and significant returns to the Group.

**(iii) Securities investments and proprietary trading**

The Company conducted its short-term proprietary trading business through Imagi Investments (BVI) Limited, formerly known as Unimagi Investment Limited. In October 2020, the Group had disposed 7,000,000 shares of China Evergrande New Energy Vehicle Group Limited (stock code: 708) on the open market with an aggregate sale proceeds of approximately HK\$151.2 million, the proceeds from the disposals were used to finance the business development of the integrated financial services. As a result of such disposals, the Group recorded an aggregate realised gains of approximately HK\$96.8 million in the profit or loss for the Year under Review. The realised gains represents the difference between the sale proceeds from the disposals and the fair value of the disposed listed equity investments as at 31 December 2019. Details information regarding the disposals were disclosed in the Company’s announcements dated 28 October 2020 and 29 October 2020.

As at 31 December 2020, the market value of listed equity instrument and listed debt securities measured at fair value through other comprehensive income (for long-term purpose) were approximately HK\$69.7 million and approximately HK\$6.5 million respectively, while held-for-trading listed equity investments (for short-term purpose) were approximately HK\$132 million. Total net realised gains from sales of listed equity investments/debt investments and unrealised gains from changes in fair value of listed equity investments classified as held-for-trading for the Year under Review were approximately HK\$102.3 million and approximately HK\$101 million respectively. In view of the uncertainties and the Company’s future development strategies, the Company will continuously carefully review its strategy in this business.

## **(b) CGI business and entertainment business**

The Management does not see immediate improving prospects for the CGI business. After considering costs and benefits, the Company will devote minimal resources with the intention of just maintaining the CGI business until there are substantial improvements in the potential and prospects. Accordingly, the Company had temporarily suspended efforts on the production side of the CGI business but will only retain efforts on the distribution side of the CGI business. In 2018, the Company had decided to invest in movie business with minority interests in each movie in a total of six movies with total budgeted investment of HK\$20.4 million and the investment incurred up to the Year under Review amounted to approximately HK\$12.1 million for three of the proposed films. Two of the films was screened in October 2019 and February 2021 respectively.

## **FINANCIAL REVIEW**

### **Review of results**

The net profit attributable to shareholders of the Company (the “Shareholders”) for the Year under Review was approximately HK\$265.9 million compared to net loss attributable to Shareholders of approximately HK\$159.5 million last year. Such turnaround financial results from loss for 2019 to a profit for the Year under Review was mainly attributable to the factors including but not limited to (i) increase in interest income on margin clients from approximately HK\$6.7 million to approximately HK\$37.5 million; (ii) newly developed asset management business which generated management fee income of approximately HK\$5.4 million for the Group; (iii) increase in interest income on loans receivable from approximately HK\$5.7 million to approximately HK\$14.6 million; (iv) net realised gains from sales of listed equity investments/debt investments classified as held-for-trading investments of approximately HK\$102.3 million as compared to net realised losses of approximately HK\$80.3 million last year; (v) turnaround of changes in fair value of financial assets classified as held-for-trading from unrealised losses of approximately HK\$28.4 million for 2019 to unrealised gains of approximately HK\$101 million for the Year under Review; and (vi) a non-recurring break fee income for termination of the proposed acquisition of the target companies, a group companies principally engaged in operation of private members club located in London, United Kingdom providing access to a high-end casino as well as luxury travel and concierge services.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Year under Review, the Group primarily financed its existing operations with internally generated cash flows. The liquidity and financial position of the Group as at 31 December 2020 remain healthy, with bank balances amounting to approximately HK\$41 million (2019: HK\$734 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 5.7 times (2019: approximately 112 times).

As at 31 December 2020, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total Shareholders' equity) was zero (2019: 196.6%).

## **CAPITAL STRUCTURE**

During the Year under Review, the Company has not conducted any equity fund raising activities. On 22 May 2020, pursuant to a share swap agreement dated 6 April 2020 (the "Share Swap Agreement") entered into between the Company and Oshidori International Holdings Limited ("Oshidori"), an independent third party, 138,000,000 shares (the "Subscription Shares") were issued and allotted at a subscription price of HK\$0.58 each to a nominee of Oshidori in exchange for 114,342,857 shares of Oshidori as consideration shares at a price of HK\$0.70 each from Oshidori for a total consideration of HK\$80,040,000 (the "Share Swap"). The Subscription Shares were issued under a general mandate granted to the Directors by the Shareholders at an annual general meeting held on 13 June 2019, representing approximately 19.94% of the issued share capital of the Company as at the date of the Share Swap Agreement and approximately 16.63% of the issued share capital of the Company as enlarged by the Subscription Shares issued pursuant to the Share Swap Agreement. The Share Swap was completed on 22 May 2020 and Oshidori became a substantial Shareholder upon completion. Such shares of Oshidori are recorded as investment in equity instrument designated at fair value through other comprehensive income as set out in note 12 to the consolidated financial statements. Details of the Share Swap were disclosed in the Company's announcements dated 6 April 2020, 4 May 2020, 18 May 2020, 19 May 2020 and 22 May 2020.

As at 31 December 2020, the total number of issued Shares was 829,921,572 Shares with a par value of HK\$0.04 each. Based on the closing price of HK\$0.80 per Share as at 31 December 2020, the market value of the Company as at 31 December 2020 was approximately HK\$664 million (2019: approximately HK\$609 million).

The consolidated net asset value per Share as at 31 December 2020 was approximately HK\$1.098 (2019: approximately HK\$0.733).

## **EXPOSURE TO EXCHANGE RATES**

Except for bank deposits in Renminbi at trust account of brokerage clients, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollar. The Group's exposure to currency risk is minimal as Hong Kong dollar is pegged to United States dollar. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the Management will closely monitor the exposure of the Group to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

## **PLEDGE OF ASSETS**

As at 31 December 2020, investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$70 million and HK\$132 million (2019: held-for-trading investments of approximately HK\$87 million) was pledged to financial institutions to secure margin financing facilities provided to the Group. The Group did not utilise the margin financing facilities as at 31 December 2020 and 2019.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year under Review (2019: Nil).

## **COMMITMENTS AND CONTINGENT LIABILITIES**

Save as disclosed in note 22 to financial information, the Group did not have any other significant commitments and contingent liabilities.

## **PROSPECTS**

The general business environment in the past year had been difficult and the outlook for the coming year still remains taxing and uncertain. Despite the poor conditions, the Company had made encouraging progress in its principal core business for the Year under Review and expects such improvement in performance will continue unabated. The Company hopes and expects that the principal core business of integrated financial services business segment set out below will continue to expand and progress significantly in the coming year.



**(a) Brokerage and related services business**

The combined effects of the series of capital injections in recent years made by the Group, additional staff and the additional licenses granted by the Securities and Futures Commission of Hong Kong (“SFC”) since 2018 including Type 2 (dealing in future contracts), Type 4 (advisory on securities), Type 5 (advisory on future contracts) and Type 9 (asset management), had produced strong improvement in brokerage related business for the Year under Review. With the application in process for the Type 6 (advising on corporate finance) expected to be approved by SFC in the second quarter of 2021, the stride to full-fledged financial services will continue to be implemented.

The Hong Kong and international economy and markets were being negatively influenced by the international trade conflicts and the 2019 novel coronavirus disease (COVID-19) which had added substantial uncertainty to the local and world securities markets in 2020. Such conditions are expected to persist for the coming year and the foreseeable future. The Management will persist with its expansion strategy but will constantly assess and monitor the situation and will proceed with caution. In this regards, the Management is planning for further recruitments to augment the human resources of Imagi Brokerage and is also planning to enter into the mass market as a future expansion strategy. The Company expects that Imagi Brokerage’s performance will continue to improve and will remain a significant contributor to the Group’s operations and profits for the foreseeable future.

**(b) Money lending business**

The Group conducts money lending business through Imagi Lenders and during the Year under Review, the Group made a total loan principal of approximately HK\$347.3 million and generated a total interest income of approximately HK\$14.6 million. The Management is planning for further expansion and to enter into the mass market and is confident that the money lending business will in future provide consistent and significant returns to the Group.

**(c) Securities investments and proprietary trading**

The Hong Kong and world economy had been negatively affected by international factors, such as the trade disputes between China and United States, which had been ongoing for the last couple of years. The Hong Kong market was further negatively impacted by the effect of COVID-19 which had a strong negative impact for the local and international economy and added substantial uncertainty to local and world securities markets in 2020. Such conditions are expected to persist for the coming year and the foreseeable future. The Company will constantly assess and monitor the situation and will proceed with caution accordingly. Furthermore, the Company had decided to allocate more resources to its other principal business and may further reduce its commitment in this segment of business for the coming year.



## **GENERAL INFORMATION**

### **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the importance of good corporate governance is essential for enhancing accountability and transparency of a company to investing public and other stakeholders.

During the Year under Review, the Company has complied with the code provisions (the “Code Provision”) set out in the Corporate Governance Code (the “CG Code”) and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board is committed to establish good corporate governance that ensures legal and regulatory compliance of the Company. The Board acknowledges that it has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, and evaluating and determining the nature and extent of the risks that the Company shall take in achieving its strategic objectives.

The Board, supported by the audit committee of the Company (the “Audit Committee”) as well as the management of the Company, engaged a team of independent internal control advisors to conduct a review of the Company’s risk management and internal control systems during the Year under Review. The review covered financial, operational and compliance controls, as well as the adequacy of resources in accounting, financial reporting and internal audit functions.

The risk management and internal control functions of the Company include the following elements:

- identify significant risks that may potentially impact the Company’s performance;
- introduce appropriate controls to manage identified risks; and
- monitor and review the effectiveness of such measures.

The risk management and internal control systems of the Company is largely top-down, involving the Board, the Audit Committee, and key business units. These parties all play important roles in the system. Such system is designed to ensure that significant risks are properly managed rather than eliminated from, the Company’s business environment.

The internal control system also includes control procedures implemented to ensure authorised access and the confidentiality of inside information. The Company has developed a disclosure policy which provides a guidance to the Directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

The Board has put in place adequate measures to perform the internal audit function necessary at different levels of the Company. An independent review of the adequacy and effectiveness of the risk management and internal control systems has also been performed by a team of independent internal control advisors during the Year under Review. This review has been conducted based on risk parameters such as the probability and hazard of the risks, critical points that may trigger the risk control measures, and the prioritisation of risk control, among others. Relevant information has been collected from the management during the assessment period for the purpose of classifying and analysing the identified risk areas, reasonable estimates about the probability of these risks, as well as the losses they may generate.

Key issues in relation to financial, information technology, operational and compliance controls and risk management functions have been examined during the review and discussed with the management, on which findings and recommendations for improvement have been provided to the Audit Committee. The Company will be carrying out these recommendations as appropriate, and ongoing review of the same will be conducted in subsequent years.

In general, the Company has established and maintained appropriate and effective risk management and internal control systems for the year ended 31 December 2020.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. In response to the specific enquiry made by the Company, all Directors confirmed that they fully complied with the required standards set out in the Model Code throughout the Year under Review.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Year under Review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **HUMAN RESOURCES**

As at 31 December 2020, the Group employed 22 employees excluding 7 Directors (2019: 37 employees excluding 8 Directors). The emolument policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. The Company will review regularly to ensure compliance of the latest labor laws and market norms where the Group has operations. In addition to basic salaries, incentives in the form of bonus, share options and share award may also be offered to eligible employees on the basis of individual performance and the Group's business results. The total staff cost paid to Directors and staff for the Year under Review amounted to approximately HK\$14 million (2019: approximately HK\$19 million).

## **OTHER INFORMATION FOR THE YEAR UNDER REVIEW AND UP TO THE DATE OF THIS RESULTS ANNOUNCEMENT**

Save as disclosed elsewhere in this annual results announcement, the Group have the following events for the Year under Review and up to the date of this annual results announcement:

### **(i) Termination of very substantial acquisition and cease of reverse takeover application**

On 18 March 2020, termination notice was served by the seller whereby the seller elected to terminate the sale and purchase agreement dated 24 July 2019 (the "Sale and Purchase Agreement") in relation to the potential very substantial acquisition in UK gaming business (the "Acquisition") and the Sale and Purchase Agreement was terminated on 25 March 2020. In light of the termination, the seller had paid the break fee of £12,800,000 as liquidated damages in accordance with the terms of the Sale and Purchase Agreement. The sum of £10,000,000 that was paid into the escrow account (being the first payment instalment under the Sale and Purchase Agreement) with accrued interest had also been refunded to the Group in accordance with the terms of the escrow agreement.

As a result of the termination of the Sale and Purchase Agreement, the Acquisition and new listing application as reverse takeover of the Company under Chapter 14 of the Listing Rules will not proceed. Details information regarding the Acquisition and its termination were disclosed in the Company's announcements dated 20 May 2019, 24 July 2019 and 18 March 2020.

**(ii) Repurchase and cancellation of HK\$1,000,000,000 guaranteed notes**

In May 2020, the Company (as the purchaser) repurchased 10% guaranteed notes in an aggregate principal amount of HK\$1,000,000,000 due 2022 (the “Notes”) carry interest at a coupon rate of 10% per annum on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) at an average price (including accrued interest) of approximately HK\$1.0226. The Notes were issued by Imagi Holdings Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, on 13 November 2019 and listed on the SGX-ST on 19 December 2019. Upon cancellation of the repurchased Notes on 19 May 2020 and 22 May 2020, there is no Notes outstanding. Details information regarding the repurchase and cancellation of the Notes were disclosed in the Company’s announcements dated 19 May 2020 and 22 May 2020.

**(iii) Deemed disposal of subsidiaries**

Imagi Brokerage and Elegant Basic Investments Limited (the “Subscriber”), a company incorporated in British Virgin Islands with limited liability which is a direct wholly-owned subsidiary of China Ever Grand Financial Leasing Group Co., Ltd (stock code: 379), entered into subscription agreements on 26 August 2020 and 12 November 2020 (collectively as the “Subscription Agreements”) pursuant to which 12,500,000 shares and 43,000,000 shares of Imagi Brokerage were issued and allotted to the Subscriber on 27 August 2020 and 16 November 2020 respectively for a total cash consideration of HK\$74.34 million (the “Deemed Disposals”). The new capital injection from the Deemed Disposals further strengthen the capital base and financial resources of Imagi Brokerage. As at 31 December 2020, the Company holds 90.01% share capital of Imagi Brokerage and its subsidiaries (collectively as “Imagi Brokerage Group”) and Imagi Brokerage Group remain indirect non-wholly owned subsidiaries of the Company. Details information regarding the Deemed Disposals was disclosed in the Company’s announcement dated 12 November 2020.

## **AUDIT COMMITTEE**

The Audit Committee has met with the external auditor of the Company, Crowe (HK) CPA Limited, and the management of the Company, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the Year under Review. The Audit Committee has also discussed auditing, financial reporting matters, risk management and internal control systems of the Company. As at the date this announcement, the Audit Committee comprises four independent non-executive Directors, namely Mr. Miu Frank H. (Chairman of the Audit Committee), Dr. Santos Antonio Maria, Ms. Liu Jianyi and Mr. Chan Hak Kan.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Company's auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this results announcement.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company (the "AGM") is scheduled to be held on Thursday, 10 June 2021. The notice of the AGM will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.imagi.hk](http://www.imagi.hk)) in due course.

The register of members of the Company will be closed, for the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, from Monday, 7 June 2021 to Thursday, 10 June 2021 (both days inclusive), during which period no transfer of share(s) of the Company can be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificate(s) must be lodged for registration with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 4 June 2021.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2020 ANNUAL REPORT**

This annual results announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.imagi.hk](http://www.imagi.hk)). The 2020 annual report of the Company containing all information required by the Listing Rules will be despatched to the Shareholders and will also be available on websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.imagi.hk](http://www.imagi.hk)) in due course.

By order of the Board  
**Imagi International Holdings Limited**  
**Kitchell Osman Bin**  
*Acting Chairman*

Hong Kong, 16 March 2021

*At the date of this announcement, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Kitchell Osman Bin (*Acting Chairman*)  
Mr. Shimazaki Koji  
Ms. Choi Ka Wing

*Independent non-executive Directors:*

Dr. Santos Antonio Maria  
Mr. Miu Frank H.  
Ms. Liu Jianyi  
Mr. Chan Hak Kan