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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 2021**

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 2021 (the “Year under Review”) together with the comparative figures for the corresponding year in 2020 as follows:

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue			
Brokerage related commission income and clearing fee income	4	16,202	1,130
Asset management fee income	4	6,472	5,357
Revenue from financial service provided	4	18,000	–
Interest income on margin clients	4	61,216	37,484
Interest income on loans receivable	4	11,825	14,615
Net realised (losses)/gains from sales of investments classified as held-for-trading	4	(81,245)	102,253
Income from film rights investment	4	4,484	–
Royalty income	4	–	33

* *for identification purpose only*

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

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total Revenue		36,954	160,872
Cost of revenue			
Related cost on film rights investment		<u>(4,268)</u>	<u>–</u>
Total cost of revenue		(4,268)	–
Other income	5	14,634	6,229
Other net loss	6	(32)	(30,710)
Unrealised (losses)/gains from changes in fair value of financial assets classified as held-for-trading	9	(28,713)	101,043
Net loss on disposal of debt securities at fair value through other comprehensive income (“FVTOCI”) (recycling)		(4,715)	–
Impairment loss on intangible assets		–	(859)
Impairment loss on film rights investment		(2,324)	–
Fair value loss on derivative financial instruments		(3,096)	–
Break fee income in relation to termination of acquisition of target companies		–	119,578
Reversal of impairment allowances on margin loans receivable, net	15(a)	51	269
(Impairment allowances)/reversal of impairment allowances on loans receivable, net	16(c)	(171)	1,645
Share of results of associates		254	–
Administrative expenses		<u>(38,176)</u>	<u>(45,652)</u>
(Loss)/profit from operations		(29,602)	312,415
Finance costs	7	<u>(4,330)</u>	<u>(38,031)</u>
(Loss)/profit before tax	9	(33,932)	274,384
Income tax expenses	10	<u>(2,311)</u>	<u>(2,999)</u>
(Loss)/profit for the year		<u>(36,243)</u>	<u>271,385</u>

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

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		507	(543)
Net loss on debt securities at FVTOCI (recycling)		(3,396)	(190)
Reclassification of cumulative investment revaluation reserve (recycling) upon disposal of debt securities at FVTOCI (recycling)		4,715	—
		<hr/>	<hr/>
Other comprehensive income/(expense) that may be reclassified subsequently to profit or loss, net of Nil tax		1,826	(733)
		<hr/>	<hr/>
Item that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at FVTOCI (non-recycling)		(5,717)	(18,295)
		<hr/>	<hr/>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods, net of Nil tax		(5,717)	(18,295)
		<hr/>	<hr/>
Other comprehensive expense for the year		(3,891)	(19,028)
		<hr/>	<hr/>
Total comprehensive (expense)/income for the year		(40,134)	252,357
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/profit for the year attributable to:			
Owners of the Company		(33,699)	265,869
Non-controlling interests		(2,544)	5,516
		<hr/>	<hr/>
		(36,243)	271,385
		<hr/> <hr/>	<hr/> <hr/>

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

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(37,212)	248,174
Non-controlling interests		(2,922)	4,183
		<u>(40,134)</u>	<u>252,357</u>
		2021	2020
(Loss)/earnings per share			
Basic and diluted			
(HK cents per share)	<i>11</i>	<u>(4)</u>	<u>34</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,335	3,997
Goodwill		–	–
Intangible assets		300	400
Investment in equity instrument designated at fair value through other comprehensive income	<i>12</i>	64,032	69,749
Interest in associates	<i>13</i>	48,254	–
Other financial assets		–	6,480
Other non-current assets		3,000	3,000
Prepayment for film rights		4,744	3,883
Film rights		5,457	8,166
		134,122	95,675
Current assets			
Accounts receivable	<i>14</i>	–	5,099
Margin loans receivable	<i>15</i>	450,719	536,160
Other receivables, deposits and prepayments		994	1,117
Loans receivable	<i>16</i>	126,782	107,403
Held-for-trading investments	<i>17</i>	34,907	131,961
Convertible notes receivable		–	10,821
Derivative financial instruments	<i>19</i>	–	–
Income tax recoverable		4,473	–
Bank balances – trust accounts		6,790	154,906
Bank balances and cash		157,659	41,149
		782,324	988,616
Current liabilities			
Accounts payable	<i>18</i>	8,077	165,983
Lease liabilities		2,512	1,199
Liability component of the convertible bonds	<i>19</i>	–	–
Other payables and accruals		2,889	3,172
Tax payable		–	3,080
		13,478	173,434
Net current assets		768,846	815,182
Total assets less current liabilities		902,968	910,857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**At 31 December 2021*

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Lease liabilities		4,028	—
		4,028	—
Net assets		898,940	910,857
Capital and reserves			
Share capital		33,197	33,197
Reserves		751,399	786,237
Total equity attributable to owners of the Company		784,596	819,434
Non-controlling interests		114,344	91,423
Total equity		898,940	910,857

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND HONG KONG ACCOUNTING STANDARDS (“HKASs”)

Changes in accounting policies

The Group has applied the following amendments to HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) to these financial statements for the current accounting period:

- Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022. The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Other than the Amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

None of these impact on the accounting policies of the Group.

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) (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 as below.

- securities brokerage and asset management segment engages in provision of securities brokerage services, margin financing services, asset management services and financial 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 film rights investment.

All assets are allocated to reportable segments with the exception of corporate assets (including interest in associates, bank balances and cash). All liabilities are allocated to reportable segments other than 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/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that bank and other interest income (excluding interest income from the provision of finance), other income (excluding loan commission income), other net (loss)/gain, finance costs, depreciation, impairment loss on intangible assets, share of results of associates 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 2021 and 2020 is set out below.

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

For the year ended 31 December 2021

	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	101,901	11,825	(81,256)	4,484	-	36,954
Inter-segment revenue	(11)	-	11	-	-	-
Segment revenue from external customers	<u>101,890</u>	<u>11,825</u>	<u>(81,245)</u>	<u>4,484</u>	<u>-</u>	<u>36,954</u>
Segment results	<u>90,659</u>	<u>25,090</u>	<u>(114,720)</u>	<u>(2,948)</u>	<u>-</u>	<u>(1,919)</u>
<i>Reconciliation:</i>						
Share of results of associates						254
Other income and other net loss						1,102
Depreciation						(3,414)
Finance costs						(4,330)
Unallocated head office and corporate expenses						
- staff cost						(13,123)
- others						(12,502)
Consolidated loss before tax						<u>(33,932)</u>

At 31 December 2021

	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>470,571</u>	<u>125,903</u>	<u>98,939</u>	<u>10,240</u>	<u>-</u>	<u>705,653</u>
Interest in associates						48,254
Unallocated head office and corporate assets						157,659
– cash and bank balance						4,880
– others						
Consolidated total assets						<u>916,446</u>
Segment liabilities	<u>(11,510)</u>	<u>(48)</u>	<u>(8)</u>	<u>(10)</u>	<u>-</u>	<u>(11,576)</u>
Unallocated head office and corporate liabilities						(5,930)
Consolidated total liabilities						<u>(17,506)</u>

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						(13,814)
– staff cost						(23,415)
– others						
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						
– cash and bank balance						41,149
– others						<u>2,318</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>

Other segment information

For the year ended 31 December 2021

	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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	61,216	11,825	1,084	-	-	74,125
Depreciation	(1,875)	-	-	-	(1,539)	(3,414)
Amortisation of intangible assets	(100)	-	-	-	-	(100)
Amortisation of film rights	-	-	-	(4,268)	-	(4,268)
Fair value gain on convertible notes receivable	-	-	379	-	-	379
Fair value loss on derivative financial instruments	(3,096)	-	-	-	-	(3,096)
Loss on early redemption of convertible bonds	(55)	-	-	-	-	(55)
Finance costs	(4,096)	-	(7)	-	(227)	(4,330)
Gain on disposal of subsidiaries	-	-	-	-	200	200
Net loss on disposal of debt securities at FVTOCI (recycling)	-	-	(4,715)	-	-	(4,715)
Losses from changes in fair value of financial assets classified as held-for-trading	-	-	(109,958)	-	-	(109,958)
Impairment loss on film rights investment	-	-	-	(2,324)	-	(2,324)
Reversal of impairment allowances on margin loans receivable, net	51	-	-	-	-	51
Impairment allowances on loans receivable, net	-	(171)	-	-	-	(171)
Additions to non-current assets during the year	3,650	-	-	4,744	52,102	60,496

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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	37,484	14,919	3,843	–	2,082	58,328
Depreciation	(1,614)	–	–	–	(1,845)	(3,459)
Amortisation of intangible assets	(100)	–	–	–	–	(100)
Fair value gain on convertible notes receivable	–	–	2,585	–	–	2,585
Finance costs	(101)	–	–	–	(37,930)	(38,031)
Gain from changes in fair value of financial assets classified as held-for-trading	–	–	203,296	–	–	203,296
Gain on initial recognition of equity instrument designated at FVTOCI	–	–	–	–	10,764	10,764
Loss on repurchase of notes payable	–	–	–	–	(37,835)	(37,835)
Impairment loss on intangible assets	(859)	–	–	–	–	(859)
Reversal of impairment allowances on margin loans receivable, net	269	–	–	–	–	269
Reversal of impairment allowances on loans receivable, net	–	1,645	–	–	–	1,645
Additions to non-current assets during the year	2,043	–	–	–	42	2,085

(b) Geographical information

The geographical location of customers is based on the location at which the services are being rendered. Substantially, 100% (2020: over 99%) of the Group's revenue from external customers and non-current assets (excluding financial instruments) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Securities brokerage and asset management		
Customer A	21,619	18,382
Customer B	18,000	Not applicable*
Customer C	12,259	Not applicable*
Customer D	11,925	7,681
Provision of finance		
Customer A	478	1,635

* 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 2021, revenue from above Customers A, B, C and D accounted for 10% or more of the Group's Adjusted Revenue. For the year ended 31 December 2020, revenue from above Customers A and D accounted for 10% or more of the Group's Adjusted Revenue.

4. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Brokerage related commission income and clearing fee income (<i>notes (i) and (ii)</i>)	16,202	1,130
Asset management fee income (<i>notes (i) and (ii)</i>)	6,472	5,357
Revenue from financial service provided (<i>notes (i) and (ii)</i>)	18,000	–
Interest income on margin clients (<i>notes (ii) and (vi)</i>)	61,216	37,484
Interest income on loans receivable (<i>notes (iii) and (vi)</i>)	11,825	14,615
Net realised (losses)/gains from sales of investments classified as held-for-trading (<i>notes (iv) and (v)</i>)	(81,245)	102,253
Income from film rights investment (<i>note (vii)</i>)	4,484	–
Royalty income (<i>notes (i) and (vii)</i>)	–	33
	<u>36,954</u>	<u>160,872</u>

Notes:

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

Included in revenue arising under the scope of HKFRS 15, revenue from brokerage related commission income and clearing fee income recognised at a point in time were HK\$16,202,000 (2020: HK\$1,130,000) and revenue from asset management fee income, revenue from financial service provided and royalty income recognised over time were HK\$24,472,000 (2020: HK\$5,390,000).

- (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 2021, the Group disposed of held-for-trading securities at cost of HK\$112,900,000 (2020: HK\$147,878,000) at gross proceeds of HK\$31,946,000 (2020: HK\$250,335,000), incurring trading fee of HK\$291,000 (2020: HK\$204,000).
- (vi) For the year ended 31 December 2021, the total amount of interest income on financial assets measured at amortised cost, including bank interest income (note 5), was HK\$73,041,000 (2020: HK\$54,485,000).
- (vii) Amount are reported under entertainment segment as set out in note 3.

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income on financial assets at fair value through profit or loss ("FVTPL")		
– Convertible notes receivable	667	1,686
– Coupon notes receivable and senior notes receivable	–	1,474
Interest income on debt securities at FVTOCI	417	683
Bank interest income	–	2,386
Loan commission income	13,500	–
Others	50	–
	<u>14,634</u>	<u>6,229</u>

6. OTHER NET LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value gain on convertible notes receivable	379	2,585
Gain on disposal of subsidiaries	200	–
Loss on early redemption of convertible bonds	(55)	–
Net foreign exchange loss	(556)	(6,698)
Loss on repurchase of notes payable	–	(37,835)
Gain on initial recognition of equity instrument designated at FVTOCI	–	10,764
Others	–	474
	<u>(32)</u>	<u>(30,710)</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on notes payable	–	37,842
Interest on borrowings – margin loans	7	–
Interest on convertible bonds	3,878	–
Interest on lease liabilities	445	189
	<u>4,330</u>	<u>38,031</u>
Total interest expense on financial liabilities that are not at FVTPL	<u>4,330</u>	<u>38,031</u>

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: HK\$Nil).

9. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting) the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration		
– Audit service	1,400	1,400
– Non-audit service	606	2,634
	2,006	4,034
Directors' emoluments	3,714	4,019
Other staff costs		
– Salaries and allowance	9,129	9,480
– Contribution to retirement benefit scheme	280	315
Total staff costs	13,123	13,814
Depreciation charge:		
– Owned property, plant and equipment	931	1,012
– Right-of-use assets	2,483	2,447
Amortisation of intangible assets	100	100
Amortisation of film rights	4,268	–
Impairment loss on film rights investment	2,324	–
Impairment loss on intangible assets	–	859
Fair value loss on derivative financial instruments	3,096	–
Net loss on disposal of debt securities at FVTOCI (recycling)	4,715	–
Changes in fair value of financial assets classified as held-for-trading:		
– Net realised losses/(gains) from sales of listed equity investments	81,245	(97,213)
– Net realised gains from sales of debt investments	–	(5,040)
– Unrealised losses/(gains) from changes in fair value of listed equity investments	28,713	(101,043)
	109,958	(203,296)

10. INCOME TAX EXPENSES

Income tax expenses recognised in profit or loss

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax	2,330	3,161
Over-provision in respect of prior years	(19)	(20)
	<u>2,311</u>	<u>3,141</u>
Deferred tax		
Origination and reversal of temporary difference	—	(142)
	<u>2,311</u>	<u>2,999</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% (2020: 16.5%) of the estimated assessable profits for the year ended 31 December 2021, 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\$2,000,000 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 in year ended 31 December 2020.

The subsidiary in Netherlands is subject to Dutch Corporate Income Tax at the rate of 15% for the first EUR395,000 of assessable profit and the remaining assessable profits are taxed at 25% (2020: 15% for the first EUR245,000 of assessable profit and the remaining assessable profits are taxed at 25%). No Dutch Corporate Income Tax has been provided for the years ended 31 December 2021 and 2020 as the Group has no estimated assessable profits in Netherlands.

Pursuant to rules and regulations of Bermuda, the British Virgin Islands (“BVI”), Cayman Islands, Marshall Islands and England and Wales, the Group has no assessable profits in the above-mentioned jurisdictions.

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK\$33,699,000 (2020: profit attributable to owners of the Company of HK\$265,869,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit for the purposes of basic (loss)/earnings per share	<u>(33,699)</u>	<u>265,869</u>
	2021	2020
Number of shares		
Issued ordinary shares at 1 January	829,921,572	691,921,572
Effect of shares issued	<u>–</u>	<u>84,459,016</u>
Weighted average number of ordinary shares in issue during the year	<u>829,921,572</u>	<u>776,380,588</u>

(b) Diluted (loss)/earnings per share

For the years ended 31 December 2021 and 2020, there were no dilutive potential ordinary shares in issue during the years and diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities designated at FVTOCI (non-recycling)		
– Listed equity securities in Hong Kong	<u>64,032</u>	<u>69,749</u>

On 22 May 2020, the Company issued 138,000,000 ordinary shares of the Company in exchange for 114,342,857 ordinary 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 dated 6 April 2020, 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 ended 31 December 2021 (2020: HK\$Nil).

Oshidori was incorporated in Bermuda. Oshidori principally engages in investment holding, tactical and/or strategical investments, provision of financial services including the Securities and Futures Commission (the "SFC") regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management) and provision of credit and lending services regulated under the Money Lenders Ordinance. According to the latest published unaudited financial statements, Oshidori had net assets of approximately HK\$10,951 million attributed to its shareholders as at 30 June 2021.

Oshidori Shares are pledged to financial institution to secure margin financing facilities obtained, which are not utilised by the Group as at 31 December 2021 and 2020. Details of the Group's investments are as follows:

Stock code	Stock name	Number of shares held as at 31 December 2021	Investment cost HK\$'000	Closing price as at 31 December 2021 HK\$	Market value as at 31 December 2021 HK\$'000	Unrealised loss measured		Approximate % of shareholding in investee as at 31 December 2021	Approximate % to the Group's total assets as at 31 December 2021	Number of issued shares of investee as at 31 December 2021	Dividend income recognised during the year ended 31 December 2021 HK\$'000
						Realised gain/(loss) during the year ended 31 December 2021 HK\$'000	at FVTOCI (non-recycling) during the year ended 31 December 2021 HK\$'000				
622	Oshidori International Holdings Limited	114,342,857	88,044	0.560	64,032	-	(5,717)	1.87%	6.99%	6,109,259,139	-

13. INTEREST IN ASSOCIATES

	2021 <i>HK\$'000</i>
Interests in associates before impairment (<i>Note (i)</i>)	48,254
Impairment losses recognised	—
	48,254
	48,254

Note:

- (i) The balance includes cost of interests in associates, after adjustment for sharing of the post-acquisition results and other comprehensive income of associates, dividend received.

Details of the Group's interests in associates, which are unlisted corporate entities whose quoted market price are not available, as at 31 December 2021 are as follows:

Name of associate	Place of incorporation or registration/operation	Particulars of issued and paid up capital	Proportion of ownership attributable to the Group <i>(Note b)</i>	Principal activity
Hope Capital Limited <i>(Note a)</i>	BVI	60 ordinary shares	30%	Investment holding
Hope Securities Limited	Hong Kong	75,000,000 ordinary shares	30%	Securities brokerage

Notes:

- (a) During the year ended 31 December 2021, the Group acquired 30% interests in Hope Capital Limited and its 100% owned subsidiary, Hope Securities Limited, with consideration of HK\$48,000,000. The investment in Hope Capital Limited enables the Group to realise the operating synergies through integration of skills, knowledge, expertise and client base to expand the Group's coverage of the financial services industry.
- (b) The Group's shareholdings in the associates are held through an indirect wholly-owned subsidiary of the Company.

The above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Hope Capital Limited and Hope Securities Limited
	As at 31 December 2021
	<i>HK\$'000</i>
Gross amounts of the associates:	
Current assets	179,715
Non-current assets	1,558
Current liabilities	(12,152)
Non-current liabilities	–
Equity	169,121
	From 1 November 2021 (date of acquisition) to 31 December 2021
	<i>HK\$'000</i>
Gross amounts of the associates:	
Revenue	2,166
Profit from continuing operations	846
Other comprehensive income	–
Total comprehensive income	846
Dividend received from the associates	–
Reconciled to the Group's interests in the associates:	
Gross amounts of net assets of the associates	169,121
Group's effective interest	30%
The Group's share of net assets of the associates	50,736
Unrecognised excess of the Group's share of the net fair value of the associates' identifiable assets and liabilities over the cost of investment	(2,482)
Carrying amount in the consolidated financial statements	48,254

14. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable arising from securities brokerage and asset management business:		
– Securities brokerage cash clients	–	128
– Asset management clients	–	4,950
	–	5,078
Accounts receivable arising from CGI business	–	21
	–	5,099

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	–	5,099

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 2021 and 2020 relate to clients that have a good track record with the Group for whom there was no recent history of default.

15. MARGIN LOANS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Margin loans receivable arising from securities brokerage business	451,118	536,610
Less: Impairment allowances	(399)	(450)
	450,719	536,160

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

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	450	–	–	450
Reversal of impairment allowances for the year	<u>(51)</u>	<u>–</u>	<u>–</u>	<u>(51)</u>
At 31 December 2021	<u>399</u>	<u>–</u>	<u>–</u>	<u>399</u>
ECL rate	0.09%	Not applicable	Not applicable	0.09%

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

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

	2021		
	Increase/ (decrease) in 12-month ECL <i>HK\$'000</i>	Increase/(decrease) in lifetime ECL	
		Not credit- impaired <i>HK\$'000</i>	Credit- impaired <i>HK\$'000</i>
Advance of margin loans receivable	205	–	–
Settlement of margin loans receivable	(256)	–	–
	2020		
	Increase/ (decrease) in 12-month ECL <i>HK\$'000</i>	Increase/(decrease) in lifetime ECL	
		Not credit- impaired <i>HK\$'000</i>	Credit- impaired <i>HK\$'000</i>
Advance of margin loans receivable	447	–	–
Settlement of margin loans receivable	(716)	–	–

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 2021 and 2020. The amounts presented are gross carrying amounts for margin loans receivable.

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2021				
Loan-to-collecteral ("LTV") less than 60%	<u>451,118</u>	<u>–</u>	<u>–</u>	<u>451,118</u>
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2020				
LTV less than 60%	<u>536,610</u>	<u>–</u>	<u>–</u>	<u>536,610</u>

- (b) At 31 December 2021, margin loans receivable of HK\$451,118,000 (2020: HK\$536,610,000) were secured by underlying equity securities amounted to approximately HK\$1,354,787,000 (2020: HK\$2,203,624,000).

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.

16. LOANS RECEIVABLE

	2021	2020
	HK\$'000	HK\$'000
Loans receivable	127,835	108,285
Less: Impairment allowances	<u>(1,053)</u>	<u>(882)</u>
	<u>126,782</u>	<u>107,403</u>

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group, and bears interest at rates ranging from 4% to 48% (2020: 6% to 48%) per annum. At 31 December 2021, except that a loan receivable of HK\$17,035,000 which is secured by a property held by the borrower as a second mortgage loan (2020: except that a loan receivables 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), 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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month	90	253
Due after 1 month but within 3 months	39,745	37,497
Due after 3 months but within 6 months	66,000	25,000
Due after 6 months but within 12 months	22,000	45,535
	<u>127,835</u>	<u>108,285</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 2021 and 2020.

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 2021

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	for ECL HK\$'000
At 1 January 2021	108,285	(882)	-	-	-	-	108,285	(882)
New loans/financing originated	214,687	(1,721)	-	-	-	-	214,687	(1,721)
Loans/financing derecognised or repaid during the year	(195,137)	1,550	-	-	-	-	(195,137)	1,550
At 31 December 2021	127,835	(1,053)	-	-	-	-	127,835	(1,053)

For the year ended 31 December 2020

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Allowance Gross exposure HK\$'000	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
At 31 December 2020	108,285	(882)	-	-	-	-	108,285	(882)

17. HELD-FOR-TRADING INVESTMENTS

As at 31 December 2021, held-for-trading investments represent the listed equity securities in Hong Kong of HK\$34,907,000 (2020: HK\$131,961,000). 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 2021	Investment cost	Closing price as at 31 December 2021	Market value as at 31 December 2021	Realised losses recognised during the year ended 31 December 2021	Unrealised gains/ (losses) recognised during the year ended 31 December 2021	Approximate % to held-for-trading investments as at 31 December 2021	Approximate % of shareholding in investee as at 31 December 2021	Approximate % to the Group's total assets as at 31 December 2021	Number of issued shares of investee as at 31 December 2021	Dividend income recognised during the year ended 31 December 2021
(1)	235	China Strategic Holdings Limited	160,000,000	9,280	0.046	7,360	-	(32,640)	21.09%	0.78%	0.80%	20,385,253,835	-
(2)	330	Esprit Holdings Limited	5,575,000	4,260	0.710	3,958	-	(302)	11.34%	0.20%	0.43%	2,830,817,343	-
(3)	613	Planetree International Development Limited	118,200	113	0.480	57	-	(61)	0.16%	0.01%	0.01%	942,527,675	-
(4)	708	China Evergrande New Energy Vehicle Group Limited	6,000,000	18,000	3.520	21,120	(79,083)	3,120	60.50%	0.06%	2.30%	10,843,793,000	-
(5)	1051	G-Resources Group Limited	254,401	2,275	2.800	712	-	(20)	2.04%	0.06%	0.08%	450,814,079	-
(6)	1827	Miricor Enterprises Holdings Limited	1,000,000	1,500	1.700	1,700	-	1,190	4.87%	0.25%	0.19%	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 merchandise, 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\$5,727 million attributed to its shareholders as at 30 June 2021.

- (2) Esprit Holdings Limited (“Esprit”) was incorporated in Bermuda. Esprit is principally engaged in retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known Esprit brand name in Europe, Asia Pacific, America and via e-shop platforms. Esprit has identified segments for internal and external reporting based on the regional structure and on the basis of the sales channel. The operating segments are on a regional level in Europe and Asia Pacific as well as e-shop and corporate services, sourcing and licensing activities on a global level. The regions have been further separated into retail and wholesale channel. According to the latest published unaudited financial statements, Esprit had net assets of approximately HK\$4,959 million attributed to its shareholders as at 30 June 2021.
- (3) 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 money lending services with operations under Money Lenders Ordinance (“MLO”) licences, (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment. Planetree operates through five segments: (i) financial services – operations under SFO licences, (ii) credit and lending services – operations under MLO licences, (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment. According to the latest published unaudited financial statements, Planetree had net assets of approximately HK\$1,780 million attributed to its shareholders as at 30 June 2021.
- (4) China Evergrande New Energy Vehicle 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, as well as health management business including “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-ageing 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, development and sales of vehicle living projects in the PRC and other countries. According to the latest published unaudited financial statements, Evergrande had net assets of approximately RMB11,080 million attributed to its shareholders as at 30 June 2021.
- (5) G-Resources Group Limited (“G-Resources”) was incorporated in Bermuda. The principal activities of G-Resources include financial services business, principal investment business, money lending business and real property business. G-Resources operates through three segments: (i) financial services business, (ii) principal investment business and (iii) real property business. According to the latest published unaudited financial statements, G-Resources had net assets of approximately USD1,631 million attributed to its shareholders as at 30 June 2021.

- (6) 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. 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\$200 million attributed to its shareholders as at 30 September 2021.

At 31 December 2021, the Group pledged held-for-trading investment of approximately HK\$34,907,000 (2020: approximately HK\$131,961,000) for the margin loan facilities of approximately HK\$14,926,000 (2020: approximately HK\$55,644,000). The Group did not utilise this facilities as at 31 December 2021 and 2020. The realised (losses)/gains and unrealised (losses)/gains arising from held-for-trading investments are reported under trading of securities segment.

18. ACCOUNTS PAYABLE

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Accounts payable arising from securities brokerage business:		
– Cash and margin clients and clearing house	<u>8,077</u>	<u>165,983</u>

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\$5,949,000 as at 31 December 2021 (2020: HK\$154,906,000) 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.

19. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

On 14 April 2021, Imagi Brokerage Limited (“Imagi Brokerage”), an indirect non-wholly owned subsidiary of the Company, issued an aggregate principal amount of HK\$100 million convertible bonds (the “Convertible Bonds”) to an independent third party, which are due on 14 April 2022, to raise additional fund to further grow and upscale the integrated financial services business engaged by Imagi Brokerage and its subsidiaries (collectively “Imagi Brokerage Group”). The Convertible Bonds are convertible into a total of 55,555,555 ordinary shares of Imagi Brokerage at an initial conversion price of HK\$1.80 per share subject to adjustments. Interest shall be payable on the principal amount of the Convertible Bonds at the rate of 5.5% per annum on quarterly basis on the last day of every 3 months commencing from the date of the issue of the Convertible Bonds.

Imagi Brokerage may by 7 days’ notice in writing at any time before the maturity date redeem all or part of the Convertible Bonds in the face value of the principal amount together with any accrued but unpaid interest. Any amount of the Convertible Bonds which remains outstanding on the maturity date will be redeemed at their then outstanding principal amount together with any accrued but unpaid interest.

The Convertible Bonds may be transferred to any person unless such transfer may result in breach of the Listing Rules on the part of Imagi Brokerage or the Company.

The Convertible Bonds holder have the right, which is exercisable during the period from the date of issue of the Convertible Bonds up to the maturity date on 14 April 2022, to convert the whole or any part (in minimum amount of HK\$1,000,000 and in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds into ordinary shares of Imagi Brokerage. Assuming there is no changes in issued shares of Imagi Brokerage from the date of issue of the Convertible Bonds to full conversion of the Convertible Bonds, the Company's equity interest in Imagi Brokerage Group will be reduced from approximately 90.01% to approximately 81.83% and Imagi Brokerage Group will remain as non-wholly-owned subsidiaries of the Company.

During the year ended 31 December 2021, none of the Convertible Bonds was converted into ordinary shares of Imagi Brokerage. The Convertible Bonds was early redeemed in full by Imagi Brokerage on 23 December 2021.

20. COMMITMENTS

(a) Capital commitments

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Commitments in respect of the investment for film rights contracted for but not provided for in the consolidated financial statements	—	11,100

(b) Credit commitments

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unutilised loan commitments		
– Original contractual maturity within one year	30,000	5,675

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.

21. EVENT AFTER THE REPROTING PERIOD

No significant events have occurred since 31 December 2021 to this results announcement date.

22. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
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
Amendments to HKAS 1, Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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 business, investment holdings, CGI and entertainment business. The integrated financial services of the Group comprises of securities brokerage and related financial 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\$16.9 million. The film investments of the Company ended on 31 December 2021 upon expiry of the film investment agreement dated 30 November 2018 which was supplemented by a supplemental agreement dated 28 December 2020 (collectively as the "Film Investment Agreements"). The Company will take a conservative stance towards movies investments especially under disruptive effect of Covid but the Company will still seek for any future movie investments when opportunities arise.

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"), a non-wholly-owned subsidiary of the Company, 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\$101.9 million for the Group. As at 31 December 2021, the outstanding margin loans receivable arising from securities brokerage business was approximately HK\$451.1 million which were fully secured by underlying equity securities held by the brokerage customers. With reference to the expected credit loss assessment performed by independent professional valuer, Imagi Brokerage provided approximately HK\$0.4 million impairment allowances on the outstanding margin loan as at 31 December 2021. Further details of margin loans receivable and the related movement of impairment allowances are disclosed in note 15 to the financial information.

In the first half of 2021, the Group has embarked on a marketing campaign with a view to promoting the brand image of the Group and expanding its reach into the mass market of securities brokerage related business and asset management services. The Group continue to explore other opportunities including through acquiring potential brokerage firms with clientele in different risk appetites and solid client base so as to enhance the varieties and quality of brokerage related services. On 28 October 2021, Main Events Inc. (an indirect wholly-owned subsidiary of the Company as the “Purchaser”) had conditionally agreed to acquire a 51% shareholding of Supreme China Securities Limited (“Supreme China Securities”) from Supreme China Group Limited at a consideration of HK\$27 million (subject to downward on a dollar-to-dollar basis adjustments). Completion is to take place upon obtaining the approval by SFC for the Purchaser becoming the substantial shareholder (as defined under the SFO) of Supreme China Securities. As at the date of this results announcement, the Purchaser had submitted the application to the SFC and not yet obtain the approval from the SFC.

With the intention of expanding the Company’s brokerage business network with other brokers, on 1 November 2021, China Resources Enterprise Ltd. (an indirect wholly-owned subsidiary of the Company) had acquired a 30% shareholding of Hope Capital Limited for a consideration of HK\$48 million which was settled in cash (the “Acquisition”). Upon completion of the Acquisition Hope Capital Limited and its wholly owned subsidiary namely Hope Securities Limited, a licensed corporation to carry out regulated activities in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) under SFO, have become associates of the Company.

With the steady advance in our brokerage operations and with the aforementioned acquisitions, the management of the Company (the “Management”) is confident the growth in financial services will be maintained and will remain as a sustainable profitable operation for the Group in the foreseeable future.

(ii) Money lending services

The Group conducted its money lending business through Imagi Lenders Limited (“Imagi Lenders”). Imagi Lenders’s clientele primarily consists of niche customers including corporations and high net-worth individuals. These clients mostly have been repeat customers and had been customers for a number of years who were mostly acquired through business referrals and introductions from the Company’s senior management, business partners or clients. Besides in compliance with all rules and regulations imposed under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong) (“MLO”), Imagi Lenders conduct the money lending business also with reference to both internal money lending policy (“ML Manual”) and the Group’s overall internal control and operation manual. The business team of Imagi Lenders is led by the general manager of the Company as a compliance officer who is responsible for credit assessment of the loan application and directors of Imagi Lenders are with full power and authorities to review and to approve or reject the loan application in accordance with MLO, ML Manual and the Group’s internal control and operation manual. The loan terms would be arrived at after considering a combination of factors including prevalent market interest rates, the financial strength of the borrower, the collaterals offered and past credit history of the borrower with Imagi Lenders and adjusted, if necessary, by arms-length negotiations with the borrower.

For the Year under Review, total interest income generated from money lending business was approximately HK\$11.8 million with a total new loan principal of approximately HK\$202.9 million originated during the Year under Review. As at 31 December 2021, a total principal amount and accrued interest of approximately HK\$127.8 million remain outstanding of which the amount of loans receivable due from the largest borrower and the five largest borrower in aggregate was approximately HK\$26.3 million and HK\$105.8 million respectively. The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, approximately HK\$1.1 million impairment allowances were provided on the outstanding loans receivable as at 31 December 2021. Further details of loans receivable, maturity profile and movement of impairment allowances on the loans receivable are disclosed in note 16 to the financial information.

The Management is confident that the money lending business will remain a consistent and rewarding business for the Group.

(iii) Securities investments and proprietary trading

Securities investments and proprietary trading is one of business segment under integrated financial services which mainly comprise of purchase and sale of listed equity/debt investments. For the Year under Review, total net realised losses from sales of listed equity investments/debt investments and unrealised losses from changes in fair value of listed equity investments classified as held-for-trading for the Year under Review were approximately HK\$86 million and approximately HK\$28.7 million respectively. As at 31 December 2021, the market value of listed equity investments classified as held-for-trading (for short-term purpose) were approximately HK\$34.9 million. 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 view of the development of Covid situation and imposition of strict social distancing restrictions in Hong Kong, the Company decide not to extend the Film Investment Agreements upon expiry on 31 December 2021. The Company will take a conservative stance in reviewing future opportunities towards movie investments.

FINANCIAL REVIEW

Review of results

The net loss attributable to the Shareholders for the Year under Review was approximately HK\$33.7 million compared to a net profit attributable to the Shareholders of approximately HK\$265.9 million for the corresponding financial year in 2020. Such turnaround of financial results from a profit for 2020 to a loss for the Year under Review was mainly attributable to the factors including but not limited to (i) net realised losses from sales of investments classified as held-for-trading of approximately HK\$81.2 million for the Year under Review as compared to net realised gains of approximately HK\$102.3 million for the last year, of which approximately HK\$79.1 million realised losses for the Year under Review arising from disposal of listed securities with details of disposal and related financial impact disclosed in the Company's announcements dated 4 October 2021 and 6 October 2021; (ii) net realised losses from disposal of debt securities which was measured at FVTOCI (recycling) of approximately HK\$4.7 million during the Year under Review; (iii) turnaround of changes in fair value of listed equity investments from unrealised gains of approximately HK\$101 million recorded in financial year 2020 to unrealised losses of approximately HK\$28.7 million for the Year under Review; (iv) absence of a non-recurring break fee income of approximately HK\$120 million in relation to termination of the proposed acquisition of the target 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 in 2020; and (v) absence of an one-off gain on initial recognition of equity instrument designated at fair value through other comprehensive income of approximately HK\$10.8 million recorded in the financial year 2020.

Notwithstanding the aforementioned factors attributable to the losses for the Year under Review and also under depressed financial markets conditions in 2021, the Group recorded a significant increase in revenue from securities brokerage and asset management segment by over 2.3 times to approximately HK\$102 million for the Year under Review as compared to approximately HK\$44 million for corresponding financial year in 2020 and such encouraging performance partially offset the losses for the Year under Review.

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 2021 remain healthy, with bank balances amounting to approximately HK\$158 million (2020: HK\$41 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 58 times (2020: approximately 5.7 times).

As at 31 December 2021, 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 (2020: zero).

CAPITAL STRUCTURE

During the Year under Review, the Company has not conducted any equity fund raising activities.

As at 31 December 2021, the total number of issued shares of the Company (the “Share(s)”) was 829,921,572 Shares with a par value of HK\$0.04 each. Based on the closing price of HK\$0.63 per Share as at 31 December 2021, the market value of the Company as at 31 December 2021 was approximately HK\$523 million (2020: approximately HK\$664 million).

The consolidated net asset value attributable to shareholder of the Company per Share as at 31 December 2021 was approximately HK\$0.95 (2020: approximately HK\$0.99).

SIGNIFICANT INVESTMENTS

As at 31 December 2021, save as disclosed in note 12 to the financial information, the Group did not hold any significant investments with a value of 5% or more of the Group total assets as at 31 December 2021.

EXPOSURE TO EXCHANGE RATES

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 risk. 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 2021, investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$64 million (2020: approximately HK\$70 million) and HK\$35 million (2020: approximately HK\$132 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 2021 and 2020.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year under Review (2020: Nil).

COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 20 to the financial information, the Group did not have any other significant capital commitments and contingent liabilities.

PROSPECTS

Amid the Covid and China regulatory authorities' clampdown, general business environment in 2021 had been difficult and little or no immediate improvement is envisaged for the near term. Despite the prevailing depressed 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 for the year of 2022. The Company is confident that the principal core business of integrated financial services will continue its steady progress and to expand significantly in 2022.

(a) Brokerage and related services business

With substantial capital injections in recent years and newly recruited staff and the additional licenses granted by the SFC since 2018 including Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management), had produced strong improvement in brokerage related business for the Year under Review. With further Type 6 (advising on corporate finance) licence application in progress which is expected to be granted by SFC in the second quarter of 2022, the Company's strategy of making financial services as the core business continue to be steadily implemented. The effects of the Covid and China regulatory authorities' clampdown are expected to persist in 2022 and for the foreseeable future. The Management will persist with its expansion strategy but will proceed with caution and constantly assess and monitor the market situation. 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 performance of Imagi Brokerage will continue to improve and, with aforementioned acquisitions during the Year under Review, 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 total new loan principal of approximately HK\$202.9 million. Interest income and other income in total of approximately HK\$25.3 million generated during the Year under Review was recorded under provision of finance segment. The Management is confident that the money lending business will in future provide consistent and significant returns to the Group.

(c) Securities investments and proprietary trading

For the Year under Review, the Hong Kong and China economy and financial markets had been negatively affected by Covid and China regulatory authorities' clampdown. Such conditions are expected to persist in 2022 and for or in the foreseeable future. The Company will constantly assess and monitor the market situation.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 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 2021.

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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this results announcement, the Company did not have any other material acquisitions or disposals of subsidiaries and associates during the Year under Review.

HUMAN RESOURCES

As at 31 December 2021, the Group employed 21 employees excluding 7 Directors (2020: 22 employees excluding 7 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\$13 million (2020: approximately HK\$14 million).

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

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

- (i) *Issuance of 5.5% one-year HK\$100,000,000 convertible bonds due 2022 (the “Convertible Bonds”) and early full redemption of the Convertible Bonds during the Year under Review*

On 14 April 2021, Imagi Brokerage issued a 5.5% one-year convertible bonds in a principal amount of HK\$100,000,000 due in 2022 (the “Convertible Bonds”) pursuant to a subscription agreement dated 13 April 2021 entered into with Blue River International Limited, an indirect-wholly-owned subsidiary of Blue River Holdings Limited (stock code: 498, formerly known as PYI Corporation Limited) and being an independent subscriber. The Convertible Bonds entitle the holder to convert into share(s) of Imagi Brokerage (“IBL Share(s)”) at a convertible price of HK\$1.8 per IBL Share (the “Conversion Price”). Assuming there is no changes in issued shares of Imagi Brokerage from the date of issue of the Convertible Bonds to full conversion of the Convertible Bonds, a total of 55,555,555 IBL Shares (the “Conversion Shares”) will be issued upon full conversion of the Convertible Bonds at the Conversion Price, representing approximately 9.09% of the issued share capital of Imagi Brokerage as enlarged by the issuance of the Conversion Shares. The Company's then equity interest in Imagi Brokerage and its subsidiaries (the “Imagi Brokerage Group”) will be reduced from approximately 90.01% to approximately 81.83% and Imagi Brokerage Group will remain as non-wholly-owned subsidiaries of the Company.

On 15 December 2021, Imagi Brokerage requested early redemption of the Convertible Bonds in full (the “Early Redemption”). Upon completion of the Early Redemption on 23 December 2021, the outstanding Convertible Bonds in the principal amount of HK\$100,000,000 had been fully redeemed by Imagi Brokerage and the accrued interest thereon has been fully paid pursuant to the terms and conditions of the Convertible Bonds. Details information regarding the issue of the Convertible Bonds were disclosed in the Company’s announcement dated 13 April 2021 and note 19 to the financial information.

(ii) *Material disposal of listed securities*

On 4 October 2021, the Group disposed 3,000,000 shares of China Evergrande New Energy Vehicle Group Limited (“Everg Vehicle”, stock code: 708) on the open market (the “Disposal”) at an average unit price of approximately HK\$3.84, representing the prevailing market price at the time of the Disposal, for an aggregate net proceeds of approximately HK\$11.47 million which was applied to business development of the integrated financial services of the Group. The Disposal resulted in a net realised loss of approximately HK\$79.1 million recorded in the Year under Review which is calculated based on the difference between the net proceeds from the Disposal and the carrying value of approximately HK\$90.6 million as at 31 December 2020. When aggregated with previous disposals of shares of Everg Vehicle conducted in October 2020 (within 12 months of the Disposal), the Disposal constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The information regarding the Disposal and financial impact required under the Listing Rules were disclosed in the Company’s announcements dated 4 October 2021 and 6 October 2021.

(iii) *Proposed acquisition of 51% equity interest in Supreme China Securities Limited*

On 28 October 2021, Main Events Inc. (an indirect wholly-owned subsidiary of the Company as the Purchaser) and Supreme China Group Limited (a company incorporated in the British Virgin Islands being an independent third party as the Vendor) entered into an agreement (the “Agreement”) pursuant to which the Purchaser had conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, 29,070,000 ordinary shares of Supreme China Securities Limited (the “Target Company”), representing 51% of the entire issued share thereof, at a consideration of HK\$27 million (subject to adjustments under the terms of the Agreement) (the “Proposed Acquisition”). The Target Company is a licensed corporation under the SFO to carry Type 1 (dealing in securities) regulated activity and its principal activities is engaged in securities brokerage, provision of underwriting/placing services in Hong Kong and provision of margin financing services. Completion of the Proposed Acquisition is subject to precedent conditions, including but not limited to, obtaining the approval from the SFC for the Purchaser becoming the substantial shareholder (as defined under the SFO) of the Target Company. An application had been made by the Purchaser to SFC in respect of change of control of the Target Company and up to the date of this results announcement the Purchaser yet to obtain approval from SFC. Details information regarding the Proposed Acquisition was disclosed in the Company’s announcement dated 28 October 2021.

(iv) Acquisition of 30% equity interest in Hope Capital Limited and its subsidiary (the “Acquisition”)

On 1 November 2021, China Resources Enterprise Ltd. (an indirect wholly-owned subsidiary of the Company as one of the purchaser “Purchaser A”) and Cordoba Homes Limited (“Purchaser B”), First Avenue Limited (“Purchaser C”) and Mr. Ki David (“Purchaser D”) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with Galaxy Vantage Limited (an independent third party as the Vendor), pursuant to which the Vendor agreed to sell the entire equity interest in Hope Capital Limited (the “Target Company”) at an aggregate consideration of HK\$160 million. Completion took place simultaneously upon signing of the Sale and Purchase Agreement on 1 November 2021, the Target Company was then owned as to 30% by the Group as Purchaser A (the “Acquisition”), as to 30% by Purchaser B, as to 30% by Purchaser C and as to 10% by Purchaser D. The consideration of HK\$48 million payable by the Group for the Acquisition was settled in cash. Details information regarding the Acquisition were disclosed in the Company’s announcements dated 1 November 2021 and 14 December 2021 and note 13 to the financial information.

(v) Deemed disposal of subsidiaries

Imagi Brokerage and Era Bright Limited (the “Subscriber”), a company incorporated in Hong Kong with limited liability which is a non-wholly-owned subsidiary of Touyun Biotech Group Limited (stock code: 1332), entered into a subscription agreement on 2 December 2021 pursuant to which 17,000,000 shares of Imagi Brokerage (representing approximately 2.97% of the enlarged share capital of Imagi Brokerage) were issued and allotted to the Subscriber on 2 December 2021 for a cash consideration of HK\$25 million (the “Deemed Disposal”). The new capital injection from the Deemed Disposal further strengthen the capital base and financial resources of Imagi Brokerage. Upon completion of the Deemed Disposal and as at 31 December 2021, the Company’s equity interests in Imagi Brokerage reduced from approximately 90.01% to approximately 87.34% and Imagi Brokerage Group remain indirect non-wholly owned subsidiaries of the Company.

AUDIT COMMITTEE

The audit committee of the Company (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 2021 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 Tuesday, 21 June 2022. The notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (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 Thursday, 16 June 2022 to Tuesday, 21 June 2022 (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 Wednesday, 15 June 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2021 ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.imagi.hk). The 2021 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) and the Company (www.imagi.hk) in due course.

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

Hong Kong, 16 March 2022

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

Executive Directors:

Mr. Kitchell Osman Bin (*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