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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)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “Board”) of directors (the “Director(s)”) of Imagi International Holdings Limited (the “Company”) presents the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2022 (the “Period under Review”) as follows:

**FINANCIAL INFORMATION**

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

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>			
Brokerage related commission income and clearing fee income	4	375	14,438
Asset management fee income	4	1,871	4,098
Revenue from financial service provided	4	12,000	–
Interest income on margin clients	4	23,270	32,099
Interest income on loans receivable	4	8,845	6,933
Net realised losses from sales of investments classified as held-for-trading	4	(7,886)	–
Income from film rights investment	4	1,183	4,484

\* for identification purpose only

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

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	(unaudited)
<b>Total Revenue</b>		<b>39,658</b>	62,052
<b>Cost of revenue</b>			
Related cost on film rights investment		<u>(1,607)</u>	<u>(4,268)</u>
<b>Total cost of revenue</b>		<b>(1,607)</b>	(4,268)
Other income	6	<b>240</b>	862
Other net (loss)/gain	7	<b>(582)</b>	55
Unrealised losses from changes in fair value of financial assets classified as held-for-trading	8	<b>(2,287)</b>	(24,849)
Fair value loss on derivative financial instruments	8	–	(1,435)
Impairment loss on film rights investment	8	<b>(59)</b>	–
Impairment allowances on margin loans receivable, net	15(a)	<b>(2,069)</b>	(176)
Impairment allowances on loans receivable, net	16(c)	<b>(708)</b>	(134)
Share of results of associates		<b>1,080</b>	–
Administrative expenses		<u>(15,226)</u>	<u>(20,127)</u>
<b>Profit from operations</b>		<b>18,440</b>	11,980
Finance costs		<u>(164)</u>	<u>(1,285)</u>
<b>Profit before tax</b>	8	<b>18,276</b>	10,695
Income tax credit/(expenses)	9	<u>10</u>	<u>(2,200)</u>
<b>Profit for the period</b>		<b><u>18,286</u></b>	<b><u>8,495</u></b>
<b>Other comprehensive income/(expense)</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>530</b>	210
Net loss on debt securities at fair value through other comprehensive income (“FVTOCI”) (recycling)		<u>–</u>	<u>(1,178)</u>

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Other comprehensive income/(expense) that may be reclassified subsequently to profit or loss, net of Nil tax	<u>530</u>	<u>(968)</u>
Item that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at FVTOCI (non-recycling)	<u>(9,719)</u>	<u>(10,291)</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods, net of Nil tax	<u>(9,719)</u>	<u>(10,291)</u>
<b>Other comprehensive expense for the period</b>	<u>(9,189)</u>	<u>(11,259)</u>
<b>Total comprehensive income/(expense) for the period</b>	<u><b>9,097</b></u>	<u><b>(2,764)</b></u>
<b>Profit for the period attributable to:</b>		
Owners of the Company	16,625	6,380
Non-controlling interests	<u>1,661</u>	<u>2,115</u>
	<u><b>18,286</b></u>	<u><b>8,495</b></u>
<b>Total comprehensive income/(expense) for the period attributable to:</b>		
Owners of the Company	8,792	(3,733)
Non-controlling interests	<u>305</u>	<u>969</u>
	<u><b>9,097</b></u>	<u><b>(2,764)</b></u>
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Earnings per share</b>		
Basic and diluted		
(HK cents per share)	<i>11</i>	
	<u><b>2</b></u>	<u><b>1</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>7,126</b>	8,335
Goodwill		–	–
Intangible assets		<b>750</b>	300
Investment in equity instrument designated at fair value through other comprehensive income	<i>12</i>	<b>54,313</b>	64,032
Interest in associates	<i>13</i>	<b>49,334</b>	48,254
Other non-current assets		<b>3,205</b>	3,000
Prepayment for film rights		<b>4,744</b>	4,744
Film rights		<b>3,791</b>	5,457
		<b>123,263</b>	134,122
<b>Current assets</b>			
Accounts receivable	<i>14</i>	<b>1,191</b>	–
Margin loans receivable	<i>15</i>	<b>476,286</b>	450,719
Other receivables, deposits and prepayments		<b>1,743</b>	994
Loans receivable	<i>16</i>	<b>182,534</b>	126,782
Held-for-trading investments	<i>17</i>	<b>40,620</b>	34,907
Derivative financial instruments		–	–
Income tax recoverable		<b>7,100</b>	4,473
Deposits with bank (maturity over 3 months)		<b>3,600</b>	–
Bank balances – trust accounts		<b>26,977</b>	6,790
Bank balances and cash		<b>160,866</b>	157,659
		<b>900,917</b>	782,324
<b>Current liabilities</b>			
Accounts payable	<i>18</i>	<b>26,961</b>	8,077
Lease liabilities		<b>2,575</b>	2,512
Liability component of the convertible bonds		–	–
Other payables and accruals		<b>8,151</b>	2,889
		<b>37,687</b>	13,478

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

	<b>30 June</b>	31 December
	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	(audited)
<b>Net current assets</b>	<u><b>863,230</b></u>	<u>768,846</u>
<b>Total assets less current liabilities</b>	<u><b>986,493</b></u>	<u>902,968</u>
<b>Non-current liabilities</b>		
Lease liabilities	<u><b>2,709</b></u>	<u>4,028</u>
	<u><b>2,709</b></u>	<u>4,028</u>
<b>Net assets</b>	<u><u><b>983,784</b></u></u>	<u><u>898,940</u></u>
<b>Capital and reserves</b>		
Share capital	<b>33,197</b>	33,197
Reserves	<u><b>769,289</b></u>	<u>751,399</u>
<b>Total equity attributable to owners of the Company</b>	<b>802,486</b>	784,596
<b>Non-controlling interests</b>	<u><b>181,298</b></u>	<u>114,344</u>
<b>Total equity</b>	<u><u><b>983,784</b></u></u>	<u><u>898,940</u></u>

## **NOTES:**

### **1. BASIS OF PREPARATION**

This interim financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 22 August 2022.

The interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements is unaudited, but has been reviewed by Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

### **2. PRINCIPAL ACCOUNTING POLICIES**

The accounting policies and methods of computation used in the interim financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021, except for the accounting policy changes that are expected to be reflected in the 2022 annual consolidated financial statements with details of any changes in accounting policies set out in note 3.

### **3. CHANGES IN ACCOUNTING POLICIES**

The Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA to this interim financial statements for the current accounting period:

- Amendments to HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to HKFRSs 2018-2020 Cycle

Except as described below, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **Amendments to HKFRS 3, Reference to the Conceptual Framework**

The amendments were made to HKFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

### **Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use**

The amendments to HKAS 16 Property, Plant and Equipment prohibits an entity from deducting from the costs of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the assets is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entity must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

### **Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract**

The amendments to HKAS 37 clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognition a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

### **Annual Improvements to HKFRSs 2018-2020 Cycle**

The following improvements were finalised in May 2020:

- HKFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- HKFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.

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

#### 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Brokerage related commission income and clearing fee income (notes (i) and (ii))	<b>375</b>	14,438
Asset management fee income (notes (i) and (ii))	<b>1,871</b>	4,098
Revenue from financial service provided (notes (i) and (ii))	<b>12,000</b>	–
Interest income on margin clients (notes (ii) and (vi))	<b>23,270</b>	32,099
Interest income on loans receivable (notes (iii) and (vi))	<b>8,845</b>	6,933
Net realised losses from sales of investments classified as held- for-trading (notes (iv) and (v))	<b>(7,886)</b>	–
Income from film rights investment (note (vii))	<b>1,183</b>	4,484
	<b>39,658</b>	62,052

#### Notes:

- (i) The commission income and clearing fee income, asset management fee income and revenue from financial service provided 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\$375,000 (2021: HK\$14,438,000) and revenue from asset management fee income and revenue from financial service provided recognised over time were HK\$13,871,000 (2021: HK\$4,098,000).

- (ii) Amount are reported under securities brokerage and asset management segment as set out in note 5.
- (iii) Amount are reported under provision of finance segment as set out in note 5.
- (iv) Amount are reported under trading of securities segment as set out in note 5.
- (v) During the six months ended 30 June 2022, the Group disposed of held-for-trading securities at cost of HK\$16,000,000 (2021: HK\$Nil) at gross proceeds of HK\$8,150,000 (2021: HK\$Nil), incurring trading fee of HK\$36,000 (2021: HK\$Nil).
- (vi) For the six months ended 30 June 2022, the total amount of interest income on financial assets measured at amortised cost, including bank interest income was HK\$32,115,000 (2021: HK\$39,032,000).
- (vii) Amounts are reported under entertainment segment as set out in note 5.



## 5. 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 computer graphic imaging ("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, deposits with bank (maturity over 3 months), 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 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, 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 is set out below.

## Segment results, assets and liabilities

For the six months ended 30 June 2022 (unaudited)

	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	37,579	8,845	(7,949)	1,183	-	39,658
Inter-segment revenue	(63)	-	63	-	-	-
Segment revenue from external customers	<u>37,516</u>	<u>8,845</u>	<u>(7,886)</u>	<u>1,183</u>	<u>-</u>	<u>39,658</u>
<b>Segment results</b>	<u>33,321</u>	<u>8,124</u>	<u>(10,214)</u>	<u>(862)</u>	<u>-</u>	<u>30,369</u>
<i>Reconciliation:</i>						
Share of results of associates						1,080
Other income and other net loss						(342)
Depreciation						(1,625)
Finance costs						(164)
Unallocated head office and corporate expenses						(7,052)
- staff cost						(7,052)
- others						(3,990)
<b>Consolidated profit before tax</b>						<u>18,276</u>
<b>As at 30 June 2022 (unaudited)</b>						
Segment assets	<u>517,174</u>	<u>184,281</u>	<u>94,933</u>	<u>9,751</u>	<u>-</u>	806,139
Interest in associates						49,334
Unallocated head office and corporate assets						3,600
- deposits with bank (maturity over 3 months)						160,866
- bank balances and cash						4,241
- others						
<b>Consolidated total assets</b>						<u>1,024,180</u>
Segment liabilities	<u>(35,614)</u>	<u>-</u>	<u>(8)</u>	<u>(86)</u>	<u>-</u>	(35,708)
Unallocated head office and corporate liabilities						(4,688)
<b>Consolidated total liabilities</b>						<u>(40,396)</u>

## Segment results, assets and liabilities (continued)

For the six months ended 30 June 2021 (unaudited)

	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	50,635	6,933	–	4,484	–	62,052
Inter-segment revenue	–	–	–	–	–	–
Segment revenue from external customers	<u>50,635</u>	<u>6,933</u>	<u>–</u>	<u>4,484</u>	<u>–</u>	<u>62,052</u>
Segment results	<u>43,090</u>	<u>6,786</u>	<u>(24,877)</u>	<u>(208)</u>	<u>–</u>	<u>24,791</u>
<i>Reconciliation:</i>						
Other income and other net gain						917
Depreciation						(1,797)
Finance costs						(1,285)
Unallocated head office and corporate expenses						
– staff cost						(6,625)
– others						(5,306)
Consolidated profit before tax						<u>10,695</u>
 As at 31 December 2021 (audited)						
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						
– bank balances and cash						157,659
– others						4,880
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>

## Other segment information

For the six months ended 30 June 2022 (unaudited)

	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	23,270	8,845	-	-	-	32,115
Depreciation	(953)	-	-	-	(672)	(1,625)
Amortisation of film rights	-	-	-	(1,607)	-	(1,607)
Amortisation of intangible assets	(50)	-	-	-	-	(50)
Finance costs	(80)	-	-	-	(84)	(164)
Losses from changes in fair value of financial assets classified as held-for-trading	-	-	(10,173)	-	-	(10,173)
Impairment loss on film rights investment	-	-	-	(59)	-	(59)
Impairment allowances on margin loans receivable, net	(2,069)	-	-	-	-	(2,069)
Impairment allowances on loans receivable, net	-	(708)	-	-	-	(708)
Additions to non-current assets during the period	1,089	-	-	-	32	1,121

## Other segment information (continued)

For the six months ended 30 June 2021 (unaudited)

	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	32,099	6,933	758	–	–	39,790
Depreciation	(942)	–	–	–	(855)	(1,797)
Amortisation of intangible assets	(50)	–	–	–	–	(50)
Amortisation of film rights	–	–	–	(4,268)	–	(4,268)
Fair value gain on convertible notes receivable	–	–	283	–	–	283
Fair value loss on derivative financial instruments	(1,435)	–	–	–	–	(1,435)
Finance costs	(1,216)	–	–	–	(69)	(1,285)
Losses from changes in fair value of financial assets classified as held-for-trading	–	–	(24,849)	–	–	(24,849)
Impairment allowances on margin loans receivable, net	(176)	–	–	–	–	(176)
Impairment allowances on loans receivable, net	–	(134)	–	–	–	(134)
Additions to non-current assets during the period	4	–	–	4,744	3,750	8,498

## 6. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income on financial assets at fair value through profit or loss		
– convertible notes receivable	–	417
Interest income on debt securities at FVTOCI	–	341
Government subsidy ( <i>note</i> )	240	–
Others	–	104
	<u>240</u>	<u>862</u>

*Note:* During the six months ended 30 June 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

## 7. OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value gain on convertible notes receivable	–	283
Net foreign exchange loss	(582)	(228)
	<u>(582)</u>	<u>55</u>

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Directors' emoluments		
– Fees	<b>480</b>	480
– Salaries and other benefits	<b>1,350</b>	1,350
– Contribution to retirement benefit scheme	<b>27</b>	27
	<b>1,857</b>	1,857
Other staff costs		
– Salaries and allowance	<b>5,042</b>	4,632
– Contribution to retirement benefit scheme	<b>153</b>	136
	<b>5,195</b>	4,768
<b>Total staff costs</b>	<b>7,052</b>	<b>6,625</b>
Depreciation charge:		
– Owned property, plant and equipment	<b>367</b>	573
– Right-of-use assets	<b>1,258</b>	1,224
Amortisation of intangible assets	<b>50</b>	50
Amortisation of film rights	<b>1,067</b>	4,268
Expense relating to short-term lease	<b>78</b>	17
Fair value loss on derivative financial instruments	–	1,435
Impairment loss on film rights investment	<b>59</b>	–
Changes in fair value of financial assets classified as held-for-trading:		
– Net realised losses from sales of listed equity investments	<b>7,886</b>	–
– Unrealised losses from changes in fair value of listed equity investments	<b>2,287</b>	24,849
	<b>10,173</b>	24,849

## 9. INCOME TAX (CREDIT)/EXPENSES

Income tax (credit)/expenses recognised in profit or loss:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Hong Kong Profits Tax</b>		
Current tax	–	2,200
Over-provision in respect of prior years	(10)	–
	<u>(10)</u>	<u>–</u>
	<u><u>(10)</u></u>	<u><u>2,200</u></u>

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

For the six months ended 30 June 2022, no provision for Hong Kong Profits Tax had been made in the interim financial statements as the amount is insignificant. For the six months ended 30 June 2021, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the period, 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 were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Pursuant to rules and regulations of Bermuda, British Virgin Islands, Cayman Islands, Marshall Islands and Netherlands, the Group has no estimated assessable profits in the above-mentioned jurisdictions.

## 10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (2021: HK\$Nil).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of HK\$16,625,000 (2021: HK\$6,380,000) and the weighted average number of 829,921,572 (2021: 829,921,572) ordinary shares in issue during the period.



**(b) Diluted earnings per share**

For the six months ended 30 June 2022 diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue during the periods.

For the six months ended 30 June 2021, the calculation of diluted earnings per share amount has not included the potential effects of the deemed conversion of the convertible bonds issued by an indirect non-wholly-owned subsidiary into ordinary shares during the period, as they had anti-dilutive effect on the basic earnings per share amount for the period.

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

The investment represents 114,342,857 ordinary shares (31 December 2021: 114,342,857 ordinary shares) of Oshidori International Holdings Limited, a company listed on the Stock Exchange, held by the Group for long-term strategic purposes, which is stated at fair value at the end of the reporting period.

The investment is pledged to financial institution to secure margin financing facilities obtained, which are not utilised by the Group as at 30 June 2022 and 31 December 2021.

No dividends were received on this investment during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$Nil).

**13. INTEREST IN ASSOCIATES**

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
Interests in associates before impairment ( <i>note</i> )	<b>49,334</b>	48,254
Impairment losses recognised	—	—
	<b><u>49,334</u></b>	<b><u>48,254</u></b>

*Note:*

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

#### 14. ACCOUNTS RECEIVABLE

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
Accounts receivable arising from securities brokerage and asset management business:		
– Securities brokerage cash clients	8	–
Accounts receivable arising from entertainment business:		
– Film rights investment	<u>1,183</u>	<u>–</u>
	<u><b>1,191</b></u>	<u><b>–</b></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:

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
Within 90 days	<u><b>1,191</b></u>	<u><b>–</b></u>

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

The settlement term of accounts receivable from film rights investment is 30 days after the receipt by the producer from the distributor and calculation from the producer.

The Group did not hold any collateral or other credit enhancements over these balances. Accounts receivable as at 30 June 2022 and 31 December 2021 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

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
Margin loans receivable arising from securities brokerage business	478,754	451,118
Less: Impairment allowances	<u>(2,468)</u>	<u>(399)</u>
	<u><b>476,286</b></u>	<u><b>450,719</b></u>

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

	Stage 1 <i>HK\$'000</i> (unaudited)	Stage 2 <i>HK\$'000</i> (unaudited)	Stage 3 <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
At 1 January 2022	399	–	–	399
Transfer to stage 2	(63)	63	–	–
Impairment allowances for the period	<u>1,285</u>	<u>784</u>	<u>–</u>	<u>2,069</u>
<b>At 30 June 2022</b>	<b><u>1,621</u></b>	<b><u>847</u></b>	<b><u>–</u></b>	<b><u>2,468</u></b>
<b>Expected credit losses (“ECL”) rate</b>	<b>0.35%</b>	<b>6.18%</b>	<b>Not applicable</b>	<b>0.52%</b>
	Stage 1 <i>HK\$'000</i> (audited)	Stage 2 <i>HK\$'000</i> (audited)	Stage 3 <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
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%

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

	Increase/ (decrease) in 12-month ECL <i>HK\$'000</i> (unaudited)	Increase/(decrease) in lifetime ECL Not credit- impaired <i>HK\$'000</i> (unaudited)	Credit- impaired <i>HK\$'000</i> (unaudited)
Advance of margin loans receivable	1,314	–	–
Settlement of margin loans receivable	(29)	–	–
Margin loan receivable with gross carrying amount of HK\$13,711,000 increased in credit risk and transferred to lifetime ECL – not credit impaired	<u>–</u>	<u>784</u>	<u>–</u>

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

	31 December 2021		
	Increase/ (decrease) in 12-month ECL <i>HK\$'000</i> (audited)	Increase/(decrease) in lifetime ECL Not credit- impaired <i>HK\$'000</i> (audited)	Credit- impaired <i>HK\$'000</i> (audited)
Advance of margin loans receivable	205	–	–
Settlement of margin loans receivable	(256)	–	–
	<u>205</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 period/year-end staging classification as at 30 June 2022 and 31 December 2021. The amounts presented are gross carrying amounts for margin loans receivable.

	Stage 1 <i>HK\$'000</i> (unaudited)	Stage 2 <i>HK\$'000</i> (unaudited)	Stage 3 <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>At 30 June 2022</b>				
LTV at 80% or above	3,235	13,711	–	16,946
LTV between 70% and 79%	5,058	–	–	5,058
LTV between 60% and 69%	–	–	–	–
LTV less than 60%	456,750	–	–	456,750
	<u>465,043</u>	<u>13,711</u>	<u>–</u>	<u>478,754</u>
	Stage 1 <i>HK\$'000</i> (audited)	Stage 2 <i>HK\$'000</i> (audited)	Stage 3 <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
<b>At 31 December 2021</b>				
LTV at 80% or above	90	–	–	90
LTV between 70% and 79%	–	–	–	–
LTV between 60% and 69%	11,228	–	–	11,228
LTV less than 60%	439,800	–	–	439,800
	<u>451,118</u>	<u>–</u>	<u>–</u>	<u>451,118</u>

- (b) At 30 June 2022, margin loans receivable of HK\$478,754,000 (31 December 2021: HK\$451,118,000) were secured by underlying equity securities amounted to approximately HK\$1,577,216,000 (31 December 2021: HK\$1,354,787,000).

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 of business in margin financing.
- (e) At 30 June 2022, margin loans receivable carry interest at 9% to 20% (31 December 2021: 12% to 20%) per annum.

## 16. LOANS RECEIVABLE

	<b>30 June 2022</b>	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Loans receivable	<b>184,295</b>	127,835
Less: Impairment allowances	<b>(1,761)</b>	(1,053)
	<b><u>182,534</u></b>	<b><u>126,782</u></b>

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group, and bears interest at rates ranging from 4% to 15% (31 December 2021: 4% to 48%) per annum. At 30 June 2022, except that a loan receivable of HK\$14,031,000 (31 December 2021: HK\$17,035,000) which is secured by a property held by the borrower as a second mortgage loan, 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:

	<b>30 June 2022</b>	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Past due over 3 months but within 6 months	<b>26,100</b>	–
Due within 1 month	<b>15,050</b>	90
Due after 1 month but within 3 months	<b>89,226</b>	39,745
Due after 3 months but within 6 months	<b>53,919</b>	66,000
Due after 6 months but within 12 months	<b>–</b>	22,000
	<b><u>184,295</u></b>	<b><u>127,835</u></b>

(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 six months ended 30 June 2022 and for the year ended 31 December 2021.

The transfers of financial instruments represent 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 six months ended 30 June 2022 (unaudited)**

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Total	
	Allowance		Allowance		Allowance		Allowance	
	Gross	for	Gross	for	Gross	for	Gross	for
	exposure	ECL	exposure	ECL	exposure	ECL	exposure	ECL
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	127,835	(1,053)	-	-	-	-	127,835	(1,053)
New loans/financing originated	98,845	(778)	-	-	-	-	98,845	(778)
Transfer to Stage 2	(26,100)	184	26,100	(184)	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(331)	-	-	-	(331)
Loans/financing derecognised or repaid during the period	(42,385)	401	-	-	-	-	(42,385)	401
<b>At 30 June 2022</b>	<b>158,195</b>	<b>(1,246)</b>	<b>26,100</b>	<b>(515)</b>	<b>-</b>	<b>-</b>	<b>184,295</b>	<b>(1,761)</b>

For the year ended 31 December 2021 (audited)

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Allowance		Allowance		Allowance		Allowance	
	Gross exposure	for ECL	Gross exposure	for ECL	Gross exposure	for ECL	Gross exposure	for ECL
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	<u>127,835</u>	<u>(1,053)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,835</u>	<u>(1,053)</u>

## 17. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represent the listed equity securities in Hong Kong. All listed equity securities in Hong Kong are pledged to financial institutions to secure margin financing facilities obtained, which are not utilised by the Group as at 30 June 2022 and 31 December 2021.

## 18. ACCOUNTS PAYABLE

<b>30 June</b>	31 December
<b>2022</b>	2021
<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(unaudited)</b>	<b>(audited)</b>

Accounts payable arising from securities brokerage business:

– cash and margin clients and clearing house	<u><b>26,961</b></u>	<u><b>8,077</b></u>
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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\$26,461,000 as at 30 June 2022 (31 December 2021: HK\$5,949,000) 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. ACQUISITION OF BUSINESS

On 27 May 2022, the Group completed acquisition of 51% of the issued share capital of Supreme China Securities Limited (“Supreme China”), a company principally engaged in securities brokerage, provision of margin financing, and provision of underwriting and placing services in Hong Kong, by cash consideration of HK\$21,594,000. The acquisition provides a good opportunity for the Group to expand its reach to different clientele and to trim the operating expenses, manifesting the synergy effects in terms of clientele and trading infrastructure with an aim to increasing efficiencies.

Since the acquisition, Supreme China contributed HK\$293,000 to the Group’s revenue and loss of HK\$176,000 to the consolidated profit during the six months ended 30 June 2022.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit after tax of the Group for the six months ended 30 June 2022 would have been HK\$40,583,000 and HK\$8,948,000, respectively.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value <i>HK\$’000</i> (unaudited)
Property, plant and equipment	286
Intangible assets	500
Other non-current assets	205
Accounts receivable	15
Margin loans receivable	5,643
Other receivables, deposits and prepayments	2,450
Bank balances – trust accounts	11,295
Bank balances and cash	34,705
Accounts payable	(12,647)
Other payables and accruals	(111)
	<hr/>
Total identifiable net assets at fair value	42,341
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of Supreme China	(20,747)
	<hr/>
	21,594
Goodwill on acquisition	–
	<hr/>
Total consideration, satisfied by cash	21,594
	<hr/> <hr/>
Net cash flow arising on acquisition	
Cash consideration	(21,594)
Less: Cash and cash equivalent balances acquired	34,705
	<hr/>
Net cash inflow arising on acquisition	13,111
	<hr/> <hr/>



Acquisition-related costs (included in administrative expenses) amounted to HK\$66,000.

The margin loans receivable acquired with fair value of HK\$5,643,000 comprise gross contractual amounts due of HK\$13,020,000, of which HK\$7,377,000 was expected to be uncollectible at the date of acquisition.

The accounts receivable, other receivables and deposit comprise gross contractual amounts due of HK\$1,934,000, of which HK\$Nil was expected to be uncollectible at the date of acquisition.

## 20. COMMITMENTS

### 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.

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
Unutilised loan commitments		
– Original contractual maturity within one year	<u>–</u>	<u>30,000</u>

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. CHANGE IN OWNERSHIP INTEREST IN SUBSIDIARIES

During the six months ended 30 June 2022, there is a share dilution in Imagi Fin Group Limited (“IFGL”) which allotted additional 670 ordinary shares to an independent third party for a cash consideration of HK\$55,000,000, resulting in the Company's effective interests in IFGL changed from 100% to 93.72%, and IFGL became a direct non-wholly-owned subsidiary of the Company. IFGL is an investment holding company with Imagi Brokerage Limited and its subsidiaries (collectively as “Imagi Brokerage Group”), Imagi Lenders Limited (“Imagi Lenders”) and Supreme China as its principal subsidiaries (IFGL together with its subsidiaries are collectively referred as “IFGL Group”).

An amount of HK\$45,902,000 (being the proportionate share of the carrying amount of the net assets of IFGL Group) has been transferred to the additional non-controlling interests. In addition, the carrying amounts of the Group's relevant components of equity (i.e. investment revaluation reserve) are adjusted to reflect the changes in interests. The difference of HK\$7,373,000 between the increase in the non-controlling interests (excluding the reattribution of other comprehensive expense of HK\$1,725,000 accumulated in the investment revaluation reserve) and the consideration received has been credited to other reserve.

## **22. EVENT AFTER THE REPORTING PERIOD**

On 18 July 2022, Imagi Lenders, an indirect non-wholly-owned subsidiary, entered into a loan agreement (the “Loan Agreement”) with Blue River Holdings Limited (the “Borrower”), an independent third party. Imagi Lenders agreed to grant to the Borrower a loan facility with a principal amount of HK\$75,000,000 for a term of 12 months, bearing interest at 5% per annum payable quarterly in arrears from the date of the Loan Agreement and with a  $\frac{3}{4}\%$  one-off commitment fee.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATIONAL REVIEW

For the Period under Review, the Group's principal business remains engaged in integrated financial services ("Integrated Financial Services"), investment holdings, computer graphic imaging ("CGI") and entertainment business. The Integrated Financial Services comprises of securities brokerage and related financial advisory services, margin financing services, asset management services, corporate finance advisory services, money lending services, securities investments and proprietary trading.

#### (a) Integrated Financial Services Businesses

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

The Company conduct brokerage business and related financial advisory services through its indirect 87.34%-owned subsidiary, Imagi Brokerage Limited ("Imagi Brokerage") and its indirect 51%-owned subsidiary, Supreme China Securities Limited ("Supreme China"). Imagi Brokerage is a registered licensed corporation under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") since 2004 to trade in securities through the trading facilities of the Stock Exchange and is, among other things, an Exchange Participant of the Stock Exchange and a Clearing Participant of Hong Kong Securities Clearing Company Limited. Currently Imagi Brokerage is licenced by Securities and Futures Commission (the "SFC") to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) under the SFO. Besides providing securities brokerage services and margin financing services to its clients, Imagi Brokerage also provides other securities related services including but not limited to placement and underwriting services, corporate finance advisory, investment advisory, asset management services. Supreme China is a registered licensed corporation under the SFO to trade in securities through the trading facilities of the Stock Exchange and is an Exchange Participant of the Stock Exchange and a Clearing Participant of Hong Kong Securities Clearing Company Limited. Currently Supreme China is licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the SFO.

Imagi Brokerage commenced asset/investment management services in late 2020. Currently it is conducting asset management and financial services to three clients. Total related income for the Period under Review generated from asset management and financial services provided was approximately HK\$14 million as compared to 4 million for the corresponding interim period in 2021. For the Period under Review, Imagi Brokerage continued to place substantial resources and management attention to the ongoing development of its margin financing business. The gross margin loan receivable as at 30 June 2022 was approximately HK\$479 million and the related revenue generated from margin financing business for the Period under Review was approximately HK\$23 million.

In an effort to generate additional revenue and profit capabilities and to further diversify the business of Imagi Brokerage, on 6 June 2022, Imagi Brokerage had successfully been granted an additional licence to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. Imagi Brokerage envisioned that such additional licence would generate a new source of revenue for future and will provide boost to Imagi Brokerage's marketing efforts for its other businesses.

To further develop and enhance the client base of the brokerage business, the Group decided to acquire a 51% shareholding in Supreme China in October 2021 (the "Acquisition", details information of the Acquisition was disclosed in the Company's announcement dated 28 October 2021). The Acquisition completed and settled in cash at adjusted downward consideration of HK\$21,594,000 on 27 May 2022 upon all precedent conditions being satisfied, including but not limited to, obtaining the approval from the SFC for changes of the substantial shareholder of Supreme China. Upon completion, Supreme China became an indirect 51%-owned subsidiary of the Company and its financial results was consolidated into the Group's financial statements since 27 May 2022. The management of the Company (the "Management") believes Supreme China will provide additional contribution to the Company's brokerage business in the future.

The segment revenue and segment results of securities brokerage and asset management for the Period under Review were approximately HK\$37.5 million and HK\$33.3 million respectively as compared to approximately HK\$50.6 million and HK\$43.1 million respectively for the same interim period last year. The Group was confronted with extremely difficult environment including: (1) continual and lingering effects of the COVID-19 pandemic; (2) the inflation in the world economies thus prompting substantial interest rate hikes; (3) the conflict in Ukraine and the dire logistics and supply chain problems that greatly disrupted international trades and economies; and (4) regulatory actions of Chinese government on China's property markets and tech companies. This had led to a substantial decline in the Hong Kong equity market, inducing very negative sentiments for investors. In view of the above-mentioned current unstable and depressed market conditions, the Group is taking a cautious approach towards commencing new businesses and other expansion plans. However, the Company is of the view that the longer term prospects of the Hong Kong equity market remain promising and will constantly review the status and the health of the market and will adjust the Group's strategy towards securities brokerage and related businesses accordingly.

**(ii) *Money lending business***

The Company conduct money lending business through its indirect 90.91%-owned subsidiary namely Imagi Lenders Limited ("Imagi Lenders"), a company with a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) which is the principal statute governing the money lending business in Hong Kong.

Revenue contributed from money lending business increased by approximately 28% from approximately HK\$6.9 million for the same interim period in 2021 to approximately HK\$8.8 million for the Period under Review. The Company is of the view that the longer term prospects of the Hong Kong economy remain promising and will constantly review the status and the health of the money lending market and will adjust our strategy accordingly. The Company remained confident in the long term prospects for the business. However, given the current uncertain and poor economic environment, the Company has adopted a conservative approach towards growing this business.

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

As at 30 June 2022 the aggregate of listed securities classified as investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments amounted to approximately HK\$95 million. The realised and unrealised losses charged to the consolidated profit or loss from listed equity investments were approximately HK\$7.9 million and HK\$2.3 million respectively for the Period under Review. In view of the current depressed local equity market with escalating uncertainties as aforementioned, the Company is taking a cautious stance in its proprietary trading business. However, the Company is of the view that the longer term prospects of the Hong Kong equity market remain promising and will constantly review the status and the health of the equity market and will adjust our strategy accordingly.

As at 30 June 2022, save as disclosed in note 12 to the unaudited interim financial statements, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets (the "Significant Investments") as at 30 June 2022.

Further details of the Group's Significant Investments as at 30 June 2022 was as follows:

Stock code	Stock name	Number of shares held as at 30 June 2022	Investment cost HK\$'000	Market price as at 30 June 2022 HK\$	Market value as at 30 June 2022 HK\$'000	Realised gain/(loss) for the Period under Review HK\$'000	Unrealised loss measured at FVTOCI (non-recycling) for the Period under Review HK\$'000	Approximate% shareholding in investee as at 30 June 2022	Approximate% to the Group's total assets as at 30 June 2022	Number of issued shares of investee as at 30 June 2022	Dividend income recognised during the Period under Review HK\$'000
622	Oshidori International Holdings Limited	114,342,857	88,044	0.475	54,313	-	(9,719)	1.87%	5.3%	6,109,259,139	-

*Oshidori International Holdings Limited (“Oshidori”)*

Oshidori was incorporated in Bermuda. Oshidori and its subsidiaries principally engage in investment holdings, tactical and/or strategic investments (including property investments), and provisions of financial services including the SFC regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance. Oshidori operates through three segments: (i) financial services segment – provision of securities brokerage, margin financing, placing and underwriting, investment advisory, assets management and corporate finance advisory services; (ii) tactical and/or strategic investments segment – investment in financial instruments; and (iii) credit and lending services segment – provision of credit and money lending services. According to the latest published audited financial statements, Oshidori had net assets attributable to its shareholders as at 31 December 2021 of approximately HK\$5,741 million. Further details of investments in Oshidori are set out in note 12 to the unaudited interim financial statements.

To further expand the Integrated Financial Services of the Group and to enhance the capital base of Imagi Fin Group Limited (“IFGL”, being the holding company of Integrated Financial Services business of the Group and a direct wholly-owned subsidiary of the Company), during the Period under Review, IFGL allotted and issued 670 shares (representing approximately 6.28% of the enlarged share capital of IFGL) at a consideration of HK\$55,000,000 to Jolly Win Global Limited (an indirect wholly-owned subsidiary of CST Group Limited (stock code: 985)). Upon completion on 21 June 2022, the Company holds approximately 93.72% of the share capital of IFGL.

**(b) CGI Business and Entertainment Businesses**

The Company sees no improvement in the near term prospects of the CGI business especially with the severe impact of the COVID-19 pandemic and therefore will continue to suspend its efforts on the production side but will retain efforts on the distribution side of the CGI business.

In view of the COVID-19 pandemic and other depressing economic factors, the Company suspended its investment in movie business upon expiry of film investment agreement dated 30 November 2018 which was supplemented by a supplemental agreement dated 28 December 2020 (collectively as the “Film Investment Agreements”) on 31 December 2021. Pursuant to the Film Investment Agreements, the Group agreed to invest in six proposed films within the contract period as set out in the Film Investment Agreements with a total budget investment of HK\$20.4 million. The Group is entitled to share income generated from such six films based on the proportion of investment amounts for each proposed film. Up to the expiry of the Film Investment Agreements, the Group had invested approximately HK\$16.9 million in four of the proposed movies. Three of the films were screened in October 2019, February 2021 and August 2021 respectively. The Company will take a conservative stance in reviewing any future opportunities towards movie investments but remains confident in the longer term future for movie industry.

The segment revenue and segment results of movie business for the Period under Review were approximately HK\$1.2 million and loss of approximately HK\$0.9 million respectively as compared to approximately HK\$4.5 million and loss of approximately HK\$0.2 million respectively for the same interim period last year which are reported under entertainment segment as set out in note 5 to the unaudited interim financial statements.

## **FINANCIAL REVIEW**

### **Review of Results**

The consolidated profit before tax of the Company for the Period under Review was approximately HK\$18 million as compared to the consolidated profit before tax of HK\$10.7 million for the corresponding period in 2021 (the “Previous Period”). Such increase in profit was mainly due to (i) decrease in unrealised losses from changes in fair value of listed equity investments classified as held-for-trading from approximately HK\$24.8 million recorded in the Previous Period to approximately HK\$2.3 million for the Period under Review; and (ii) absence of fair value loss on derivative financial instruments and interest expenses on convertible bonds of approximately HK\$1.4 million and HK\$1.2 million respectively recorded in the Previous Period. The aforementioned factors were partially offset by (i) decrease in revenue from securities brokerage and asset management segment by 26% to approximately HK\$37.5 million; and (ii) net realised losses from disposal of listed equity investments classified as held-for-trading of approximately HK\$7.9 million recorded in the Period under Review.



## **Liquidity and Financial Resources**

During the Period under Review, the Group primarily financed its operation with internally generated cash flows. The liquidity and financial position of the Group as at 30 June 2022 remain healthy, with bank balances amounting to approximately HK\$161 million (31 December 2021: approximately HK\$158 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 24 times (31 December 2021: approximately 58 times).

As at 30 June 2022, the Group had no bank or other borrowing (31 December 2021: HK\$Nil) and therefore the gearing ratio (expressed as a percentage of total borrowings over total shareholders' equity) was zero (31 December 2021: zero).

The unaudited consolidated net asset value attributable to the Shareholders per share of the Company (the "Share(s)") as at 30 June 2022 was approximately HK\$0.97 (as at 31 December 2021 (audited): approximately HK\$0.95).

## **Capital Structure**

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

As at 30 June 2022, the total number of issued Shares was 829,921,572 with a par value of HK\$0.04 each. Based on the closing price of HK\$0.43 per Share as at 30 June 2022, the Company's market value as at 30 June 2022 was approximately HK\$357 million (31 December 2021: approximately HK\$523 million).

## **Pledge of Assets**

As at 30 June 2022, investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$54 million and approximately HK\$41 million respectively (31 December 2021: approximately HK\$64 million and approximately HK\$35 million respectively) were pledged to financial institutions to secure margin financing facilities provided to the Group. The Group did not utilise the margin financing facilities as at 30 June 2022 and 31 December 2021.

## **Exposure to Exchange Rates**

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar 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 Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

## **Contingent Liabilities and Capital Commitments**

Save as disclosed in note 20 to the unaudited interim financial statements, the Group did not have any other significant contingent liabilities and capital commitments as at 30 June 2022.

## **INTERIM DIVIDEND**

The Board do not recommend the payment of an interim dividend for the Period under Review (six-month period ended 30 June 2021: Nil).

## **FUTURE PLANS AND PROSPECTS**

### **Integrated Financial Services Businesses**

The Company intends to further develop its Integrated Financial Services businesses into being fully integrated comprising of securities brokerage services, futures trading, margin financing, placing and underwriting services, securities related advisory services, investment advisory services, asset management services, corporate finance advisory services, securities investments and proprietary trading and money lending business.

Currently the Company's activities remain concentrated in the brokerage, margin financing, asset management, securities investments and proprietary trading, and money lending businesses. We will continue to expand into the placement/underwriting and the corporate finance advisory services and plans to launch additional services to maintain the momentum for its existing businesses growth and to take advantage of new business opportunities when they present themselves to the Company. The Company has created the human resources and other infrastructure required for its intended expansion of its current business. The Company intends to enter into the mass market to foster additional diversity in its business portfolio. However, in view of the current challenging finance market conditions, the Company will adopt a cautious and conservative stance to its near term expansion. Nevertheless, the Company is of the view that the longer term prospects of the Hong Kong financial and equity markets remain promising and will constantly review the status and the health of the market and will adjust our strategy accordingly.

## **CGI Business and Entertainment Businesses**

As aforementioned, the Management does not see positive change in the prospects for the CGI business and will devote minimal resources to maintain the business until there are substantial change in potential and prospects for the business. Although the Company suspend its investment in movie industry during the Period under Review, the Company will keep reviewing any investment opportunities in movies and will invest when such suitable opportunities arise.

## **HUMAN RESOURCES**

As at 30 June 2022, the Group employed 31 employees excluding 7 Directors (2021: 23 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 with the latest labour 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 Period under Review amounted to approximately HK\$7.1 million (2021: approximately HK\$6.6 million).

## **DISCLOSURE OF OTHER INFORMATION**

### **Other Information for the Period under Review and up to the date of this announcement**

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

#### ***(i) Deemed disposal of subsidiaries***

On 20 June 2022, IFGL (together with its subsidiaries as the "IFGL Group") and Jolly Win Global Limited (the "Subscriber", a company incorporated in British Virgin Islands with limited liability which is an indirect wholly-owned subsidiary of CST Group Limited (stock code: 985)) entered into a subscription agreement (the "Subscription Agreement"). Pursuant to the Subscription Agreement, 670 shares of IFGL (representing approximately 6.28% of the enlarged share capital of IFGL) were issued and allotted to the Subscriber on 21 June 2022 for a cash consideration of HK\$55 million (the "Deemed Disposal"). The proceed of HK\$55 million from the Deemed Disposal had brought in new capital to the IFGL Group to further strengthen its capital base and for the development of its Integrated Financial Services. Upon completion of the Deemed Disposal, the Company's shareholding in IFGL was diluted from 100% to approximately 93.72% and IFGL Group remain as non-wholly owned subsidiaries of the Company. The Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details information regarding the Deemed Disposal was disclosed in the Company's announcement dated 20 June 2022.

**(ii) Grant of loan facility**

On 18 July 2022, Imagi Lenders as the Lender entered into a loan agreement (the “Loan Agreement”) with Blue River Holdings Limited as the Borrower (a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 498)). Pursuant to the Loan Agreement, the Lender agreed to grant the Borrower an unsecured revolving loan facility with a principal amount of HK\$75,000,000 for a term of 12 months from the date of the Loan Agreement, bearing interest at 5% per annum and with a <sup>3</sup>/<sub>4</sub>% one-off commitment fee (the “Loan Facility”). The grant of the Loan Facility constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details information regarding the Loan Facility was disclosed in the Company’s announcement dated 18 July 2022.

**Corporate Governance Practices**

The Company is committed to maintain high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Period under Review, the Company has complied with the code provision set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

**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 standard as set out in the Model Code throughout the Period under Review.

**Purchase, Sale or Redemption of Listed Securities of the Company**

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

## **REVIEW OF THE INTERIM RESULTS**

As at the date of this interim results announcement, the Board is comprised of three executive Directors, namely Mr. Kitchell Osman Bin (Chairman), Mr. Shimazaki Koji and Ms. Choi Ka Wing; and four independent non-executive Directors, namely Dr. Santos Antonio Maria, Mr. Miu Frank H., Ms. Liu Jianyi and Mr. Chan Hak Kan. The Audit Committee of the Company has reviewed, with the management and the independent auditor of the Company, the interim results and the unaudited interim financial statements of the Company for the Period under Review.

The Board has approved and authorised to issue the unaudited interim financial statements of the Company for the Period under Review on 22 August 2022.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2022 INTERIM REPORT**

This interim results announcement is published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.imagi.hk](http://www.imagi.hk)). The 2022 interim report of the Company containing all information required by the Listing Rules will be despatched to the Shareholders and will also be available on the same websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 22 August 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