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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 2022**

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 2022 (the “Year under Review”) together with the comparative figures for the corresponding year in 2021 as follows:

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue			
Brokerage related commission income and clearing fee income	4	2,431	16,202
Asset management fee income	4	2,517	6,472
Revenue from financial service provided	4	18,000	18,000
Interest income on margin clients	4	26,209	61,216
Interest income on loans receivable	4	15,785	11,825
Loan commitment fee income	4	563	–
Dividend income from held-for-trading investments	4	31	–

* *for identification purpose only*

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

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Net realised losses from sales of investments classified as held-for-trading	4	(7,887)	(81,245)
Income from film rights investment	4	1,183	4,484
Royalty income	4	42	–
Total Revenue		58,874	36,954
Cost of revenue			
Related cost on film rights investment		(1,607)	(4,268)
Total cost of revenue		(1,607)	(4,268)
Other income	5	744	14,634
Other net loss	6	(7,293)	(32)
Unrealised losses from changes in fair value of financial assets classified as held-for-trading	9	(13,087)	(28,713)
Net loss on disposal of debt securities at fair value through other comprehensive income (“FVTOCI”) (recycling)	9	–	(4,715)
Impairment loss on film rights investment		(2,757)	(2,324)
Fair value loss on derivative financial instruments (Impairment allowances)/reversal of impairment allowances on margin loans receivable, net	15(a)	(6,505)	51
Impairment allowances on loans receivable, net	16(d)	(5,073)	(171)
Share of results of associates		1,718	254
Administrative expenses		(35,510)	(38,176)
Loss from operations		(10,496)	(29,602)
Finance costs	7	(357)	(4,330)
Loss before tax	9	(10,853)	(33,932)
Income tax expenses	10	(3,726)	(2,311)
Loss for the year		(14,579)	(36,243)

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

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		382	507
Net loss on debt securities at FVTOCI (recycling)		–	(3,396)
Reclassification of cumulative investment revaluation reserve (recycling) upon disposal of debt securities at FVTOCI (recycling)		–	4,715
		<u>382</u>	<u>1,826</u>
Other comprehensive income that may be reclassified subsequently to profit or loss, net of Nil tax			
		<u>382</u>	<u>1,826</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>(23,035)</u>	<u>(5,717)</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods, net of Nil tax			
		<u>(23,035)</u>	<u>(5,717)</u>
Other comprehensive expense for the year		<u>(22,653)</u>	<u>(3,891)</u>
Total comprehensive expense for the year		<u><u>(37,232)</u></u>	<u><u>(40,134)</u></u>

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

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(10,972)	(33,699)
Non-controlling interests		(3,607)	(2,544)
		<u>(14,579)</u>	<u>(36,243)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(28,826)	(37,212)
Non-controlling interests		(8,406)	(2,922)
		<u>(37,232)</u>	<u>(40,134)</u>
Loss per share			
Basic and diluted (HK cents per share)	<i>11</i>	<u>(1)</u>	<u>(4)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,376	8,335
Goodwill		–	–
Intangible assets		700	300
Investment in equity instruments designated at fair value through other comprehensive income	<i>12</i>	167,885	64,032
Interest in associates	<i>13</i>	–	48,254
Other non-current assets		3,205	3,000
Prepayment for film rights		4,744	4,744
Film rights		1,093	5,457
		184,003	134,122
Current assets			
Accounts receivable	<i>14</i>	5,304	–
Margin loans receivable	<i>15</i>	469,983	450,719
Other receivables, deposits and prepayments		1,526	994
Loans receivable	<i>16</i>	171,376	126,782
Held-for-trading investments	<i>17</i>	29,821	34,907
Derivative financial instruments		–	–
Income tax recoverable		3,946	4,473
Deposits with bank (maturity over 3 months)		3,600	–
Bank balances – trust accounts		23,291	6,790
Bank balances and cash		76,262	157,659
		785,109	782,324
Current liabilities			
Accounts payable	<i>18</i>	23,323	8,077
Lease liabilities		3,258	2,512
Liability component of the convertible bonds		–	–
Other payables and accruals		3,378	2,889
		29,959	13,478
Net current assets		755,150	768,846
Total assets less current liabilities		939,153	902,968
Non-current liabilities			
Lease liabilities		1,698	4,028
		1,698	4,028

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**At 31 December 2022*

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Net assets		937,455	898,940
Capital and reserves			
Share capital		33,197	33,197
Reserves		731,671	751,399
Total equity attributable to owners of the Company		764,868	784,596
Non-controlling interests		172,587	114,344
Total equity		937,455	898,940

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 for the first time:

- 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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except as described below, the application of the amendments to HKFRSs and HKASs in the current year has no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has no impact on the Group’s consolidated financial statements.

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

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The cost of the items is measured in accordance with HKAS 2.

The amendments do not have a material impact on these financial statements.

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

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Previously, the Group included only incremental costs when determining whether a contract was onerous.

In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

None of these impact on the Group's consolidated financial statements.

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 2022 and 2021 are set out below.

(a) Segment results, assets and liabilities

For the year ended 31 December 2022

	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	49,220	16,348	(7,919)	1,225	-	58,874
Inter-segment revenue	(63)	-	63	-	-	-
Segment revenue from external customers	<u>49,157</u>	<u>16,348</u>	<u>(7,856)</u>	<u>1,225</u>	<u>-</u>	<u>58,874</u>
Segment results	<u>36,108</u>	<u>11,210</u>	<u>(21,169)</u>	<u>(4,204)</u>	<u>-</u>	21,945
<i>Reconciliation:</i>						
Share of results of associates						1,718
Other income and other net loss						(6,549)
Depreciation						(3,513)
Finance costs						(357)
Unallocated head office and corporate expenses						
- Staff cost						(15,239)
- Others						(8,858)
Consolidated loss before tax						<u>(10,853)</u>

At 31 December 2022

	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>507,406</u>	<u>173,594</u>	<u>197,706</u>	<u>7,090</u>	<u>-</u>	885,796
Unallocated head office and corporate assets						
– Deposits with bank (maturity over 3 months)						3,600
– Cash and bank balance						76,262
– Others						<u>3,454</u>
Consolidated total assets						<u>969,112</u>
Segment liabilities	<u>(26,713)</u>	<u>(48)</u>	<u>(8)</u>	<u>(10)</u>	<u>-</u>	(26,779)
Unallocated head office and corporate liabilities						<u>(4,878)</u>
Consolidated total liabilities						<u>(31,657)</u>

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	<u>(11)</u>	<u>–</u>	<u>11</u>	<u>–</u>	<u>–</u>	<u>–</u>
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						<u>(12,502)</u>
Consolidated loss before tax						<u><u>(33,932)</u></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>	705,653
Interest in associates						48,254
Unallocated head office and corporate assets						
– Cash and bank balance						157,659
– Others						<u>4,880</u>
Consolidated total assets						<u>916,446</u>
Segment liabilities	<u>(11,510)</u>	<u>(48)</u>	<u>(8)</u>	<u>(10)</u>	<u>–</u>	(11,576)
Unallocated head office and corporate liabilities						<u>(5,930)</u>
Consolidated total liabilities						<u>(17,506)</u>

Other segment information**For the year ended 31 December 2022**

	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	26,244	15,785	-	-	-	42,029
Depreciation	(2,176)	-	-	-	(1,337)	(3,513)
Amortisation of intangible assets	(100)	-	-	-	-	(100)
Amortisation of film rights	-	-	-	(1,607)	-	(1,607)
Loss on disposal of associates	-	-	-	-	(6,858)	(6,858)
Finance costs	(193)	-	-	-	(164)	(357)
Losses from changes in fair value of financial assets classified as held-for-trading	-	-	(20,974)	-	-	(20,974)
Gain on lease termination	-	-	-	-	7	7
Impairment loss on film rights investment	-	-	-	(2,757)	-	(2,757)
Impairment allowances on margin loans receivable, net	(6,505)	-	-	-	-	(6,505)
Impairment allowances on loans receivable, net	-	(5,073)	-	-	-	(5,073)
Additions to non-current assets during the year (<i>note</i>)	2,348	-	-	-	39	2,387

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 (<i>note</i>)	3,650	–	–	4,744	52,102	60,496

Note: Non-current assets exclude financial instruments.

(b) Geographical information

The geographical location of customers is based on the location at which the services are being rendered. Substantially, over 99% (2021: 100%) 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Securities brokerage and asset management		
Customer A	Not applicable*	21,619
Customer B	18,000	18,000
Customer C	Not applicable*	12,259
Customer D	Not applicable*	11,925
Provision of finance		
Customer A	Not applicable*	478
Customer B	2,022	Nil

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

For the year ended 31 December 2022, revenue from above Customer B accounted for 10% or more of the Group's Adjusted Revenue. 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.

4. REVENUE

	2022 HK\$'000	2021 HK\$'000
Brokerage related commission income and clearing fee income (notes (i) and (ii))	2,431	16,202
Asset management fee income (notes (i) and (ii))	2,517	6,472
Revenue from financial service provided (notes (i) and (ii))	18,000	18,000
Interest income on margin clients (notes (ii) and (vi))	26,209	61,216
Interest income on loans receivable (notes (iii) and (vi))	15,785	11,825
Loan commitment fee income (note (iii))	563	–
Dividend income from held-for-trading investments (note (iv))	31	–
Net realised losses from sales of investments classified as held- for-trading (notes (iv) and (v))	(7,887)	(81,245)
Income from film rights investment (note (vii))	1,183	4,484
Royalty income (notes (i) and (vii))	42	–
	58,874	36,954

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, loan commitment fee income, dividend 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\$2,431,000 (2021: HK\$16,202,000) and revenue from asset management fee income, revenue from financial service provided and royalty income recognised over time were HK\$20,559,000 (2021: HK\$24,472,000).

- (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 2022, the Group disposed of held-for-trading securities at cost of HK\$16,000,000 (2021: HK\$112,900,000) at gross proceeds of HK\$8,150,000 (2021: HK\$31,946,000), incurring trading fee of HK\$37,000 (2021: HK\$291,000).
- (vi) For the year ended 31 December 2022, the total amount of interest income on financial assets measured at amortised cost, including bank interest income (note 5), was HK\$42,029,000 (2021: HK\$73,041,000).
- (vii) Amount are reported under entertainment segment as set out in note 3.

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	35	–
Government subsidy (<i>note</i>)	704	–
Interest income on financial assets at FVTPL		
– Convertible notes receivable	–	667
Interest income on debt securities at FVTOCI	–	417
Loan commission income	–	13,500
Others	5	50
	<u>744</u>	<u>14,634</u>

Note: During the year ended 31 December 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.

6. OTHER NET LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fair value gain on convertible notes receivable	–	379
Gain on disposal of subsidiaries	–	200
Gain on lease termination	7	–
Loss on disposal of associates	(6,858)	–
Loss on early redemption of convertible bonds	–	(55)
Net foreign exchange loss	(442)	(556)
	<u>(7,293)</u>	<u>(32)</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on borrowings – margin loans	–	7
Interest on convertible bonds	–	3,878
Interest on lease liabilities	<u>357</u>	<u>445</u>
Total interest expense on financial liabilities that are not at FVTPL	<u><u>357</u></u>	<u><u>4,330</u></u>

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: HK\$Nil).

9. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Audit service	1,500	1,400
– Non-audit service	627	606
	2,127	2,006
Directors' emoluments	3,714	3,714
Other staff costs		
– Salaries and allowance	11,168	9,129
– Contribution to retirement benefit scheme	357	280
Total staff costs	15,239	13,123
Depreciation charge:		
– Owned property, plant and equipment	742	931
– Right-of-use assets	2,771	2,483
Amortisation of intangible assets	100	100
Amortisation of film rights	1,607	4,268
Impairment loss on film rights investment	2,757	2,324
Net loss on disposal of debt securities at FVTOCI (recycling)	–	4,715
Fair value loss on derivative financial instruments	–	3,096

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss from changes in fair value of financial assets classified as held-for-trading (mandatorily measured at FVTPL)		
– Net realised losses from sales of listed equity investments	7,887	81,245
– Unrealised losses from changes in fair value of listed equity investments	13,087	28,713
	20,974	109,958

10. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax	3,736	2,330
Over-provision in respect of prior years	(10)	(19)
	3,726	2,311

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% (2021: 16.5%) of the estimated assessable profits for the year ended 31 December 2022, 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 subsidiary in Netherlands is subject to Dutch Corporate Income Tax at the rate of 15% for the first EUR 395,000 of assessable profit and the remaining assessable profits are taxed at 25.8% (2021: 15% for the first EUR 395,000 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 2022 and 2021 as the Group has no estimated assessable profits in Netherlands.

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

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of HK\$10,972,000 (2021: HK\$33,699,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2022 HK\$'000	2021 HK\$'000
Loss		
Loss for the purposes of basic loss per share	<u>(10,972)</u>	<u>(33,699)</u>
	2022	2021
Number of shares		
Issued ordinary shares at 1 January	829,921,572	829,921,572
Effect of shares issued	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the year	<u>829,921,572</u>	<u>829,921,572</u>

(b) Diluted loss per share

For the years ended 31 December 2022 and 2021, there were no dilutive potential ordinary shares in issue during the years and diluted loss per share was the same as the basic loss per share.

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

	2022 HK\$'000	2021 HK\$'000
Equity securities designated at FVTOCI (non-recycling)		
– Listed equity securities in Hong Kong (<i>note (i)</i>)	31,444	64,032
– Unlisted equity securities (<i>note (ii)</i>)		
– Entity A	123,959	—
– Entity B	10,445	—
– Entity C	<u>2,037</u>	<u>—</u>
	<u>136,441</u>	<u>—</u>
	<u>167,885</u>	<u>64,032</u>

Note (i):

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 up to 21 May 2022 without the prior written consent of Oshidori.

No dividends were received on this investment during the year ended 31 December 2022 (2021: HK\$Nil).

Oshidori was incorporated in Bermuda. Oshidori principally engages in investment holding, tactical and/or strategical investments (including property 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 8 (securities margin financing) and 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\$5,414 million attributed to its shareholders as at 30 June 2022.

Oshidori Shares are pledged to financial institution to secure margin financing facilities obtained, which are not utilised by the Group as at 31 December 2022 and 2021. Details of the Group’s investments are as follows:

Stock code	Stock name	Number of shares held as at 31 December 2022	Investment cost HK\$’000	Closing price as at 31 December 2022 HK\$	Market value as at 31 December 2022 HK\$’000	Realised gain/(loss) during the year ended 31 December 2022 HK\$’000	Unrealised loss at FVTOCI (non-recycling) during the year ended 31 December 2022 HK\$’000	Approximate % of shareholding in investee as at 31 December 2022	Approximate % to the Group’s total assets as at 31 December 2022	Number of issued shares of investee as at 31 December 2022	Dividend income recognised during the year ended 31 December 2022 HK\$’000
622	Oshidori International Holdings Limited	114,342,857	88,044	0.275	31,444	-	(32,588)	1.87%	3.24%	6,109,259,139	-

Note (ii):

The above unlisted equity investments represent the Group's equity interest in certain private entities established in the BVI. 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.

During the year ended 31 December 2022, with the allotment of additional shares by Hope Capital Limited ("Hope Capital" or "Entity A") to other investors, the Group's interest in Hope Capital reduced and resulted in loss of significant influence by the Group over Hope Capital. Thereafter, the investment in Hope Capital is recognised as financial asset designated at FVTOCI.

During the year ended 31 December 2022, the Group accepted the settlement proposal offered by Entity B that the Group subscribed 820 shares in Entity B (representing 5.28% of the then issued share capital of Entity B) at a consideration of approximately HK\$15,051,000 which is settled by the loan and interest receivable of the same amount due by Entity B as the borrower to the Group as the lender. Upon the settlement of this loan and interest receivable of approximately HK\$15,051,000, the fair value of the equity instrument acquired as determined by an independent professional valuer amounted to HK\$12,174,000, with the difference of approximately HK\$2,877,000 being recognised as impairment loss on the loan and interest receivable and written off at the date of derecognition of the loan receivable.

With the allotment of additional shares by Entity B to other investor, the Group's equity interest in Entity B reduced from 5.28% to 4.70% at 31 December 2022.

No dividend was declared from unlisted equity investments during the year ended 31 December 2022 (2021: not applicable).

13. INTEREST IN ASSOCIATES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests in associates before impairment (<i>note (i)</i>)	–	48,254
Impairment losses recognised	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>48,254</u>

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 is 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	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

Note:

- (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) On 27 May 2022 and 10 October 2022, Hope Capital Limited allotted and issued its new 60 and 85 ordinary shares, respectively, to two new shareholders of Hope Capital Limited. The Group's shareholding in Hope Capital Limited was decreased to 17.39% eventually. The Group determined that Hope Capital Limited ceased to be an associate of the Group on 10 October 2022 and the Group recognised a loss on disposal of associates of approximately HK\$6,858,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

The remaining shareholding in Hope Capital Limited held by the Group were accounted for as financial assets at FVTOCI in the consolidated statement of financial position. The loss on disposal of associates of HK\$6,858,000 is calculated as follows:

	For the year ended 31 December 2022 <i>HK\$'000</i>
Fair value of the 17.39% interest retained recognised as financial assets at FVTOCI	43,114
Carrying amount of the 23.08% interest in associates on the date of losing significant influence over Hope Capital Limited	(49,972)
Loss on disposal of associates	<u>(6,858)</u>

The above associates are accounted for using the equity method in the consolidated financial statements up to the date of disposal.

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 2022 HK\$'000	As at 31 December 2021 HK\$'000
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
	From 1 January 2022 to 10 October 2022 HK\$'000	2021 (date of acquisition) to 31 December 2021 HK\$'000
Gross amounts of the associates'		
Revenue	11,267	2,166
Profit from continuing operations	6,818	846
Other comprehensive income	–	–
Total comprehensive income	6,818	846
Dividend received from the associates	–	–
	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable arising from:		
Securities brokerage and asset management segment		
– Securities brokerage cash clients and clearing house	4,081	–
Entertainment segment	1,223	–
	<u>5,304</u>	<u>–</u>

At 1 January 2021, amounts receivable from contracts with customers amounted to HK\$5,099,000.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	4,121	–
Over 180 days but within 1 year	1,183	–
	<u>5,304</u>	<u>–</u>

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

Accounts receivable from securities brokerage cash clients and clearing house as at 31 December 2022 were not past due. No credit loss allowance has been provided for accounts receivable from clearing house as the related credit loss allowances were immaterial.

The Group offsets certain accounts receivable and accounts payable arising from securities brokerage cash clients and clearing house when the Group 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. At 31 December 2022, the amount set off was HK\$2,453,000 (2021: HK\$Nil).

The settlement term of accounts receivable from film rights investment and CGI business 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 31 December 2022 and 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Margin loans receivable arising from securities brokerage business	476,887	451,118
Less: Impairment allowances	<u>(6,904)</u>	<u>(399)</u>
	<u>469,983</u>	<u>450,719</u>

- (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 2022	399	–	–	399
Transfer to stage 2	(183)	183	–	–
Impairment allowances for the year	77	6,428	–	6,505
At 31 December 2022	293	6,611	–	6,904
Expected credit loss (“ECL”) rate	0.14%	2.40%	Not Applicable	1.45%
	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	(51)	–	–	(51)
At 31 December 2021	399	–	–	399
ECL rate	0.09%	Not applicable	Not applicable	0.09%

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

	2022		
	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	173	–	–
Settlement of margin loans receivable	(96)	–	–
Margin loans receivable with gross carrying amount of HK\$220,404,000 increased in credit risk and transferred to lifetime ECL – not credit impaired	–	6,428	–

	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)	–	–

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 2022 and 2021. The amounts presented are gross carrying amounts for margin loans receivable.

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2022				
Loan-to-collateral value (“LTV”) at				
80% or above	–	27,468	–	27,468
LTV between 70% and 79%	–	2,181	–	2,181
LTV between 60% and 69%	1,224	7,830	–	9,054
LTV less than 60%	200,732	237,452	–	438,184
	<u>201,956</u>	<u>274,931</u>	<u>–</u>	<u>476,887</u>
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2021				
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 31 December 2022, margin loans receivable of HK\$476,887,000 (2021: HK\$451,118,000) were secured by underlying equity securities amounted to approximately HK\$1,377,052,000 (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 31 December 2022, margin loans receivable carry interest at 9% to 16% (2021: 12% to 20%) per annum.

16. LOANS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans receivable	174,625	127,835
Less: Impairment allowances	(3,249)	(1,053)
	171,376	126,782

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group. During the year ended 31 December 2022, the loans granted by the Group were of the size in the range from HK\$2.5 million to HK\$75 million (during the year ended 31 December 2021: from HK\$10 million to HK\$42 million), with interest rates ranging from 4% to 15% (2021: 4% to 48%) per annum. At 31 December 2022, except that a loan receivable of HK\$11,024,000 which is secured by a property held by the borrower as a second mortgage loan (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), the Group did not hold any collateral or other credit enhancements over these balances.

As at 31 December 2022, the outstanding loan receivables were due from 9 (2021: 7) customers, and none of the customers is from a connected person, of which the largest single loan and the five largest loans in aggregate represent approximately 43% (2021: 21%) and 79% (2021: 83%) respectively of the total loan receivables.

(b) Maturity profile

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Past due over 1 month but within 3 months	5,037	–
Past due over 6 months but within 1 year	17,694	–
Due within 1 month	777	90
Due after 1 month but within 3 months	51,905	39,745
Due after 3 months but within 6 months	24,212	66,000
Due after 6 months but within 12 months	75,000	22,000
	<u>174,625</u>	<u>127,835</u>

(c) Distribution of loans receivable balance

The following tables set forth the distribution of the balances of the Group's outstanding loan exposure to borrowers by size as at 31 December 2022 and 2021:

As at 31 December 2022

	Number of loan	Original tenure of loan <i>(note)</i>	Interest rate per annum	Loans receivable <i>HK\$'000</i>	Impairment allowances <i>HK\$'000</i>	Net loans receivable <i>HK\$'000</i>
Over HK\$5,000,000 to HK\$10,000,000	1	12 months	12% p.a.	5,037	(181)	4,856
Over HK\$10,000,000 to HK\$20,000,000	7	3 months – 12 months	4% p.a. – 15% p.a.	93,836	(2,282)	91,554
Over HK\$20,000,000 to HK\$80,000,000	1	12 months	5% p.a.	75,752	(786)	74,966
	<u>9</u>			<u>174,625</u>	<u>(3,249)</u>	<u>171,376</u>

As at 31 December 2021

	Number of loan	Original tenure of loan (<i>note</i>)	Interest rate per annum	Loans receivable <i>HK\$'000</i>	Impairment allowances <i>HK\$'000</i>	Net loans receivable <i>HK\$'000</i>
Over HK\$5,000,000 to HK\$10,000,000	1	12 months	12% p.a. – 48% p.a.	5,037	(41)	4,996
Over HK\$10,000,000 to HK\$20,000,000	2	3 months – 6 months	4% p.a. – 8% p.a.	32,188	(245)	31,943
Over HK\$20,000,000 to HK\$30,000,000	4	6 months – 12 months	5% p.a. – 15% p.a.	90,610	(767)	89,843
	<u>7</u>			<u>127,835</u>	<u>(1,053)</u>	<u>126,782</u>

Note: The term of the loans were extended on case by case basis and the extension period ranged from 4 to 12 months.

(d) 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 2022 and 2021.

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 2022

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross exposure	Allowance for ECL
	Gross exposure	Allowance for ECL	Gross exposure	Allowance for ECL	Gross exposure	Allowance for 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	194,291	(1,532)	3,994	(326)	-	-	198,285	(1,858)
Transfer to Stage 2	(29,337)	225	29,337	(225)	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(2,136)	-	-	-	(2,136)
Impairment loss recognised on loan balance (note 12)	-	(2,877)	-	-	-	-	-	(2,877)
Written off (note 12)	(15,051)	2,877	-	-	-	-	(15,051)	2,877
Loans/financing derecognised or repaid during the year	(125,844)	879	(10,600)	919	-	-	(136,444)	1,798
At 31 December 2022	151,894	(1,481)	22,731	(1,768)	-	-	174,625	(3,249)

For the year ended 31 December 2021

	Non credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross exposure	Allowance for ECL
	Gross exposure	Allowance for ECL	Gross exposure	Allowance for ECL	Gross exposure	Allowance 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	127,835	(1,053)	-	-	-	-	127,835	(1,053)

17. HELD-FOR-TRADING INVESTMENTS

As at 31 December 2022, held-for-trading investments represent the listed equity securities in Hong Kong of HK\$29,821,000 (2021: HK\$34,907,000). 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:

Stock code	Stock name	Number of shares held as at 31 December 2022	Investment cost HK\$'000	Closing price as at 31 December 2022 HK\$	Market value/ carrying amount as at 31 December 2022 HK\$'000	Realised gains/ (losses) recognised during the year ended 31 December 2022 HK\$'000	Unrealised gains/ (losses) recognised during the year ended 31 December 2022 HK\$'000	Approximate % to held-for-trading investments as at 31 December 2022	Approximate % of shareholding in investee as at 31 December 2022	Approximate % to the Group's total assets as at 31 December 2022	Number of issued shares of investee as at 31 December 2022	Dividend income recognised during the year ended 31 December 2022 HK\$'000
235	CSC Holdings Limited	160,000,000	9,280	0.033	5,280	-	(2,080)	17.71%	0.78%	0.54%	20,385,253,835	-
330	Esprit Holdings Limited	5,575,000	4,260	0.840	4,683	-	725	15.70%	0.20%	0.48%	2,830,817,343	-
613	Planetree International Development Limited	118,200	113	0.500	59	-	2	0.20%	0.01%	0.01%	945,527,675	-
708	China Evergrande New Energy Vehicle Group Limited	6,000,000	18,000	1.830	10,980	-	(10,140)	36.82%	0.06%	1.13%	10,843,793,000	-
723	Reliance Global Holdings Limited	426,028,260	8,000	0.016	6,817	-	(1,184)	22.86%	4.67%	0.70%	9,115,435,181	-
1051	G-Resources Group Limited	254,401	2,275	2.170	552	-	(160)	1.85%	0.06%	0.06%	450,814,079	31
1827	Miricor Enterprises Holdings Limited	1,000,000	1,500	1.450	1,450	-	(250)	4.86%	0.25%	0.15%	400,000,000	-

At 31 December 2022, the Group pledged held-for-trading investment of approximately HK\$29,821,000 (2021: approximately HK\$34,907,000) for the margin loan facilities of approximately HK\$6,331,000 (2021: approximately HK\$14,926,000). The Group did not utilise this facilities as at 31 December 2022 and 2021. The realised gains/(losses) and unrealised gains/(losses) arising from held-for-trading investments are reported under trading of securities segment.

18. ACCOUNTS PAYABLE

	2022 HK\$'000	2021 HK\$'000
Accounts payable arising from securities brokerage business:		
– Cash and margin clients and clearing house	<u>23,323</u>	<u>8,077</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.

The Group offsets certain accounts payable and accounts receivable arising from securities brokerage cash clients and clearing house when the Group 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. At 31 December 2022, the amount set off was HK\$2,453,000 (2021: HK\$Nil).

Accounts payable amounting to HK\$23,165,000 as at 31 December 2022 (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. The acquisition has been accounted for as acquisition of business using the acquisition method.

Since the acquisition, Supreme China contributed HK\$3,007,000 to the Group’s revenue and loss of HK\$2,507,000 to the consolidated loss during the year ended 31 December 2022.

Had the combination taken place at the beginning of the period, the revenue of the Group and the loss after tax of the Group for the year ended 31 December 2022 would have been HK\$59,800,000 and HK\$22,384,000, respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

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

	Fair value <i>HK\$’000</i>
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)

	Fair value <i>HK\$'000</i>
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	<u>(20,747)</u>
	21,594
Goodwill on acquisition	<u>—</u>
Total consideration, satisfied by cash	<u><u>21,594</u></u>
 <u>Net cash flow arising on acquisition</u>	
Cash consideration	(21,594)
Less: Cash and cash equivalent balances acquired	<u>34,705</u>
Net cash inflow arising on acquisition	<u><u>13,111</u></u>

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 deposits 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, which are not yet effective for the year ended 31 December 2022 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
HKFRS 17, Insurance Contracts and the related Amendments	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
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	a date to be determined

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 remained to engage in integrated financial services ("Integrated Financial Services"), computer graphic imaging ("CGI") business and entertainment business. The Integrated Financial Services comprises of provision of securities brokerage and related financial advisory services, asset management services, margin financing services, money lending services, listed and unlisted securities investments and proprietary trading. The Management monitors the results of the Group based on four different operating segments: (i) securities brokerage and asset management; (ii) provision of finance (excluding margin financing under brokerage business); (iii) trading of securities; and (vi) entertainment.

The Company had primarily focused on its core business of the Integrated Financial Services business since 2016 and will continue to devote its principal resources to this business.

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 financial services

The Group conducts its brokerage and related financial services through Imagi Brokerage Limited ("Imagi Brokerage") and Supreme China Securities Limited ("Supreme China"). Imagi Brokerage and Supreme China have different risk appetites targeting different clienteles and both of which are indirect non-wholly-owned subsidiaries of the Company. Imagi Brokerage has licenses to engage in 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) regulated businesses under the Securities and Futures Commission of Hong Kong (the "SFC"). Imagi Brokerage is a main contributor to the Group's business and the Management is confident that it will remain a significant contributor to the Group's operations and profits through revenues from brokerage commission and clearing fee income, underwriting and placement commission, related financial services income, interest income on margin clients and asset management fee income. With reference to the sale and purchase agreement dated 28 October 2021 with an independent third party, Main Events Inc. (an indirect non-wholly-owned subsidiary of the Company as the "Purchaser") had completed the acquisition of 51% shareholding in Supreme China on 27 May 2022 upon obtaining approval by SFC. Supreme China is principally engaged in securities brokerage, provision of margin financing and provision of underwriting and placing services in Hong Kong under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO") to carry out Type 1 (dealing in securities) regulated activity.

The Board believes that acquisition and/or forming informal strategic alliance with other local brokerage firms would enable the Company to further consolidate the existing clientele, technological infrastructure, and type of services of the allied brokerage firms and attract more customers for different financial services. The Group continues to explore other opportunities including co-operations with other brokerage firms and through acquisitions of 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.

For the Year under Review, brokerage and related financial services business generated a total revenue of approximately HK\$49.2 million for the Group. As at 31 December 2022, the outstanding margin loans receivable arising from securities brokerage business was approximately HK\$476.9 million which were secured by underlying equity securities held by the brokerage customers. With reference to the expected credit loss assessment performed by an independent professional valuer, approximately HK\$6.9 million impairment allowances was provided on the outstanding margin loans receivable as at 31 December 2022.

With the steady advance in our brokerage operations, the management of the Company (the “Management”) is confident the Company will maintain its pace in the expansion of its financial services and brokerage operations will remain as a core, sustainable and profitable business for the Group in the foreseeable future.

(ii) Money lending services

The Group conducts its money lending business through Imagi Lenders Limited (“Imagi Lenders”) which is a licensed money lender and is governed under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong) (“MLO”) to undertake money lending business in Hong Kong. The Group focuses on providing sizeable loans to niche customers including corporate customers and high-net-worth individuals instead of the mass customer market. These niche customers mostly have been repeat customers and had been customers for a number of years who were mostly acquired through business referrals or introductions by the Company’s senior management, business partners or clients or had past business or dealings with the Group. Besides in compliance with all rules and regulations imposed under the 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. The Company has not entered into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrower(s) whose loan(s) was granted during the Year under Review and was still outstanding as at 31 December 2022.

During the Year under Review, the new loans granted by the Group were of the size in a range from HK\$2.5 million to HK\$75 million and in total new loan principal of HK\$182.5 million. The source of funds for the money lending business is funded by internal resources of the Group and thus no external financial cost. For the Year under Review, total interest income generated from money lending business was approximately HK\$15.8 million, with interest rates ranging from 4% to 15% per annum which are competitive interest rate in the market. As at 31 December 2022, the outstanding loan receivables (including the loan principal and accrued interest) amounted approximately HK\$174.6 million were due from nine customers, of which the largest single loan and the five largest loans in aggregate represent approximately 43% (HK\$75.8 million) and approximately 79% (HK\$138.3 million) respectively to the total loans receivable (before impairment allowances). The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, approximately HK\$3.3 million impairment allowances were provided on the outstanding loans receivable of approximately HK\$174.6 million as at 31 December 2022.

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 operation under the Integrated Financial Services which mainly comprise of purchase and sale of listed and unlisted equity/debt investments. For the Year under Review, total net realised losses from sales of listed equity 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\$7.9 million and approximately HK\$13.1 million respectively. As at 31 December 2022, the market value/fair value (as the case may be) of listed equity investments classified as held-for-trading (for short-term purpose) were approximately HK\$29.8 million.

As the world inflation in 2022 (particularly in United States) exerted great pressure on interest rates with interest rate increased at a very fast pace. The Chinese regulatory authorities' clampdown on the tech and media operators and the severe curtailment in credits to the over-leveraged property companies, in conjunction with the continuing China's COVID-19 restrictions, further placed great pressure on the Hong Kong and China financial markets for the first 10 months of 2022. While November and December of 2022 witnessed a significant rebound in the markets and outlook has improved, the Company remains cautious and 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 November 2018, the Group started to invest in movie business by entering into film investment agreement with an experienced film production house within the film industry in six proposed movies within the contract period with total budget investment of HK\$20.4 million. In view of the imposition of strict social distancing restrictions in Hong Kong, the Group decide not to extend the film investment agreement upon expiry on 31 December 2021. Throughout the contract period between 2018 and 2021, the Group had invested in four movies with minority interests each and in total amounted to approximately HK\$16.9 million. Of which one of the movie still under post production and expected theatrical release in 2024.

In view of the easing of COVID situation and the resultant relaxing of strict social distancing restrictions in Hong Kong, the Company will look out for potential opportunities in movie investments but will take a conservative stance in reviewing such future opportunities. The Company will also seek for any entertainment business and other movie related investments/development when opportunities arise.

FINANCIAL REVIEW

Review of results

The net loss attributable to shareholders of the Company (the “Shareholders”) for the Year under Review was approximately HK\$11.0 million compared to a net loss attributable to the Shareholders of approximately HK\$33.7 million for the corresponding financial year in 2021. Such decrease in loss of the Group as compared to last year was primarily attributable to, among other factors, (i) reduction in both net realised losses from sales of investments classified as held-for-trading from approximately HK\$81.2 million to approximately HK\$7.9 million and unrealised losses from changes in fair value of financial assets classified as held-for-trading from approximately HK\$28.7 million to approximately HK\$13.1 million for Year under Review respectively; and (ii) absence of net realised losses from disposal of debt securities in 2022 (2021: approximately HK\$4.7 million). The aforementioned factors were partially offset by (i) decrease in revenue (excluding net realised losses from sales of investments classified as held-for-trading) of the Group for the Year under Review by 44% to approximately HK\$66.8 million as compared to approximately HK\$118.2 million in 2021; (ii) absence of loan commission income in 2022 (2021: HK\$13.5 million); and (iii) increase in impairment allowances on margin loans receivable and loans receivable 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 2022 remain healthy, with bank balances amounting to approximately HK\$76 million (2021: HK\$158 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 26 times (2021: approximately 58 times).

As at 31 December 2022, 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 (2021: zero).

CAPITAL STRUCTURE

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

As at 31 December 2022, 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\$0.325 per Share as at 30 December 2022 (being the last trading day), the market value of the Company as at 31 December 2022 was approximately HK\$270 million (2021: approximately HK\$523 million).

The consolidated net asset value attributable to shareholder of the Company per Share as at 31 December 2022 was approximately HK\$0.92 (2021: approximately HK\$0.95).

SIGNIFICANT INVESTMENTS

As at 31 December 2022, save as disclosed in note 12 to the consolidated financial statements, the Group did not hold any significant investments with a value of 5% or more of the Group total assets as at 31 December 2022.

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 2022, investment in equity instruments designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$31 million (2021: approximately HK\$64 million) and HK\$30 million (2021: approximately HK\$35 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 2022 and 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year under Review (2021: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

PROSPECTS

With China loosening its restrictions on COVID-19 and its regulatory authorities easing their clampdowns, general business environment in Hong Kong and China for 2023 is expected to see substantial improvement for the near term as demonstrated by the immense rebound in November and December of 2022. We also expected that the high interest regime, as a result of high inflation, may soon top out and reverse in the coming year thus producing better environment for the global economy and financial markets. The Company will strive to make more progress in its principal core business of integrated financial services and is confident that there will be improvement in performance for the coming year.

(a) Brokerage and related services business

With substantial capital injections in recent years since 2017, newly recruited staff and a full array of licenses granted by the SFC including 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), brokerage and related services business had produced steady and satisfactory performance even in the poor environment under the Year under Review. The Company's strategy of making financial services as a core business had been and will continue to be steadily advanced and implemented. With the effects of COVID and China regulatory authorities' clampdown are expected to be further relaxed in 2023 and with less interest rate hikes pressure, the outlook will improve 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. The Company expects that performance of brokerage and related services business will continue to improve in 2023 and remain a significant contributor to the Group's operations and profits for the coming future.

(b) Money lending business

During the Year under Review, the Group made total new loan principal of HK\$182.5 million and generated interest income and commitment fee income in total of approximately HK\$16.3 million which was recorded under provision of finance segment. The Management is confident that the money lending business will in future continue to provide steady and attractive returns to the Group.

(c) Securities investments and proprietary trading

For most of the time in 2022, the Hong Kong and China economy and financial markets had been negatively affected by high interest rates, expectations of further interest rate hikes, COVID and China regulatory authorities' clampdown. While such conditions are expected to improve significantly in 2023 and for or in the foreseeable future, the Company will remain cautious and will constantly assess and monitor the market situation.

(d) CGI business and entertainment business

The Management believes that CGI business will not be profitable in the near terms and as a result, the Company will devote only minimal resources to maintain the business until there is significant turnaround in prospects for this business.

The Group started to investment in film by entering into a film investment agreement (the "Agreement") with a reputable film production house in November 2018 and suspended the film investment upon expiry of the Agreement on 31 December 2021 after taking into consideration of the disruptive effects of COVID on the movie industry in Hong Kong. As Hong Kong begins returning to normal in 2023, the Company will seek for additional opportunities in movie investments and also will look towards to broaden its entertainment business in other entertainment related areas, especially on distribution of local movies.

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 set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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. The Company will notify its Directors in advance for any aware restricted period for dealings in the Company’s securities. 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

On 27 May 2022, Main Events Inc. (an indirect non-wholly-owned subsidiary of the Company) completed acquisition of 51% equity interest in Supreme China and settled by way of cash of approximately HK\$21.6 million pursuant to sale and purchase agreement dated 28 October 2021.

On 1 November 2021, China Resources Enterprise Ltd. (an indirect non-wholly-owned subsidiary of the Company) acquired 60 shares in Hope Capital Limited (“Hope Capital”), representing 30% equity interest in Hope Capital, at a consideration of HK\$48 million which was settled in cash. Hope Capital and its subsidiary Hope Capital Securities Limited (collectively as the “Target Group”) then became associates of the Company. During the Year under Review, Hope Capital further issued and allotted 60 and 85 new shares respectively to two of its shareholders, the Group’s shareholding in Hope Capital was reduced to 17.39% on 10 October 2022 and the Target Group ceased to be associates of the Group. The Group recognised a loss on disposal of associates of approximately HK\$6.9 million for the Year under Review.

Save as disclosed, 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 2022, the Group employed 28 employees excluding 7 Directors (2021: 21 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\$15 million (2021: approximately HK\$13 million).

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

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

(i) Deemed disposal of subsidiaries

On 20 June 2022, Imagi Fin Group Limited (“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 proceeds 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 million for a term of 12 months from the date of the Loan Agreement, bearing interest at 5% per annum and with a $\frac{3}{4}$ % 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. As at the 31 December 2022, full revolving facilities was being drawdown by the Borrower and the total outstanding under the Loan Agreement was approximately HK\$75.8 million.

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), Mr. Chan Hak Kan, Ms. Liu Jianyi and Dr. Santos Antonio Maria.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Company’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 2022 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 Company’s audited consolidated financial statements for the Year under Review. 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 Wednesday, 28 June 2023. 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 Wednesday, 21 June 2023 to Wednesday, 28 June 2023 (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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 20 June 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2022 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 2022 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, 24 March 2023

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

Executive Directors:

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

Independent non-executive Directors:

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