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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 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) of Imagi International Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively as the “**Group**”) for the six months ended 30 June 2023 (the “**Period under Review**”).

UNAUDITED FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue			
Brokerage related commission income and clearing fee income	4	685	375
Asset management fee income	4	2,170	1,871
Revenue from financial service provided	4	–	12,000
Interest income on margin clients	4	23,845	23,270
Interest income on loans receivable	4	5,817	8,845
Net realised losses from sales of investments classified as held-for-trading	4	–	(7,886)
Income from film distribution license rights	4	382	–
Income from film rights investment	4	–	1,183
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* *for identification purpose only*

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

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Total Revenue		32,899	39,658
Cost of revenue			
Related cost on film distribution license rights		(239)	–
Related cost on film rights investment		–	(1,607)
Total cost of revenue		(239)	(1,607)
Other income	6	2,666	240
Other net gain/(loss)	7	234	(582)
Unrealised losses from changes in fair value of financial assets classified as held-for-trading	8	(6,948)	(2,287)
Impairment loss on film rights investment		–	(59)
Impairment allowances on margin loans receivable, net	14(a)	(4,139)	(2,069)
Impairment allowances on loans receivable, net	15(d)	(46)	(708)
Share of results of associates		–	1,080
Administrative expenses		(18,240)	(15,226)
Profit from operations		6,187	18,440
Finance costs		(246)	(164)
Profit before tax	8	5,941	18,276
Income tax (expenses)/credit	9	(1,000)	10
Profit for the period		4,941	18,286
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(150)	530

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

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
<i>Notes</i>	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other comprehensive (expense)/income that may be reclassified subsequently to profit or loss, net of Nil tax	<u>(150)</u>	<u>530</u>
Item that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”) (non-recycling)	<u>(37,739)</u>	<u>(9,719)</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods, net of Nil tax	<u>(37,739)</u>	<u>(9,719)</u>
Other comprehensive expense for the period	<u>(37,889)</u>	<u>(9,189)</u>
Total comprehensive (expense)/income for the period	<u>(32,948)</u>	<u>9,097</u>
Profit for the period attributable to:		
Owners of the Company	4,064	16,625
Non-controlling interests	<u>877</u>	<u>1,661</u>
	<u>4,941</u>	<u>18,286</u>
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	(30,254)	8,792
Non-controlling interests	<u>(2,694)</u>	<u>305</u>
	<u>(32,948)</u>	<u>9,097</u>
	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Earnings per share		
Basic and diluted		
(HK cents per share)	<u>0.48</u>	<u>2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		9,016	6,376
Goodwill		–	–
Intangible assets		650	700
Investment in equity instruments designated at fair value through other comprehensive income	12	154,050	167,885
Other non-current assets		3,205	3,205
Prepayment for film rights		4,744	4,744
Film rights		1,093	1,093
Prepayment for film distribution license rights		35	–
Film distribution license rights		599	–
		173,392	184,003
Current assets			
Accounts receivable	13	3,533	5,304
Margin loans receivable	14	458,856	469,983
Other receivables, deposits and prepayments		3,939	1,526
Loans receivable	15	132,330	171,376
Held-for-trading investments	16	32,573	29,821
Income tax recoverable		2,946	3,946
Deposits with bank (maturity over 3 months)		3,600	3,600
Bank balances – trust accounts		23,249	23,291
Bank balances and cash		115,974	76,262
		777,000	785,109
Current liabilities			
Accounts payable	17	36,835	23,323
Lease liabilities		4,770	3,258
Other payables and accruals		2,254	3,378
		43,859	29,959

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2023

	30 June 2023	31 December 2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Net current assets	733,141	755,150
Total assets less current liabilities	906,533	939,153
Non-current liabilities		
Lease liabilities	2,026	1,698
	2,026	1,698
Net assets	904,507	937,455
Capital and reserves		
Share capital	33,197	33,197
Reserves	701,417	731,671
Total equity attributable to owners of the Company	734,614	764,868
Non-controlling interests	169,893	172,587
Total equity	904,507	937,455

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This condensed consolidated financial statements have 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 29 August 2023.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of a condensed consolidated 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 condensed consolidated financial statements are unaudited, but have 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 condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022, except for the accounting policy changes that are expected to be reflected in the 2023 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 new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA to these condensed consolidated financial statements for the current accounting period:

HKFRS 17 and the Related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments does not have any significant impact on the Group’s condensed consolidated financial statements for the six months ended 30 June 2023.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments does not have any significant impact on the Group’s condensed consolidated financial statements for the six months ended 30 June 2023.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The application of the amendments does not have any significant impact on the Group's condensed consolidated financial statements for the six months ended 30 June 2023.

None of above changes have impact on the accounting policies of the Group.

4. REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Brokerage related commission income and clearing fee income <i>(notes (i) and (ii))</i>	685	375
Asset management fee income <i>(notes (i) and (ii))</i>	2,170	1,871
Revenue from financial service provided <i>(notes (i) and (ii))</i>	–	12,000
Interest income on margin clients <i>(notes (ii) and (vi))</i>	23,845	23,270
Interest income on loans receivable <i>(notes (iii) and (vi))</i>	5,817	8,845
Net realised losses from sales of investments classified as held-for-trading <i>(notes (iv) and (v))</i>	–	(7,886)
Income from film distribution license rights <i>(notes (i) and (vii))</i>	382	–
Income from film rights investment <i>(note (vii))</i>	–	1,183
	32,899	39,658

Notes:

- (i) The commission income and clearing fee income, asset management fee income, revenue from financial service provided and income from film distribution license rights 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\$685,000 (2022: HK\$375,000) and revenue from asset management fee income, revenue from financial service provided and income from film distribution license rights recognised over time were HK\$2,552,000 (2022: HK\$13,871,000).

- (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 2023, the Group disposed of held-for-trading securities at cost of HK\$Nil (2022: HK\$16,000,000) at gross proceeds of HK\$Nil (2022: HK\$8,150,000), incurring trading fee of HK\$Nil (2022: HK\$36,000).

- (vi) For the six months ended 30 June 2023, the total amount of interest income on financial assets measured at amortised cost, including bank interest income set out in note 6, was HK\$29,754,000 (2022: HK\$32,115,000).
- (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, film rights investment and film distribution license rights business.

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 gain/(loss), 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 is set out below.

(a) Segment results, assets and liabilities

For the six months ended 30 June 2023 (unaudited)

	Securities brokerage and asset management HK\$'000	Provision of Finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue	26,700	5,817	-	382	-	32,899
Inter-segment revenue	-	-	-	-	-	-
Segment revenue from external customers	<u>26,700</u>	<u>5,817</u>	<u>-</u>	<u>382</u>	<u>-</u>	<u>32,899</u>
Segment results	<u>19,608</u>	<u>5,756</u>	<u>(7,250)</u>	<u>(741)</u>	<u>-</u>	<u>17,373</u>
<i>Reconciliation:</i>						
Other income and other net gain						2,900
Depreciation						(2,881)
Finance costs						(246)
Unallocated head office and corporate expenses						
– Staff cost						(8,513)
– Others						(2,692)
Consolidated profit before tax						<u>5,941</u>

At 30 June 2023 (unaudited)

	Securities brokerage and asset management HK\$'000	Provision of Finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	<u>496,176</u>	<u>134,548</u>	<u>186,623</u>	<u>11,339</u>	<u>-</u>	<u>828,686</u>
Unallocated head office and corporate assets						
– Deposits with bank (maturity over 3 months)						3,600
– Bank balances and cash						115,974
– Others						2,132
Consolidated total assets						<u>950,392</u>
Segment liabilities	<u>(39,838)</u>	<u>-</u>	<u>(8)</u>	<u>(2,929)</u>	<u>-</u>	<u>(42,775)</u>
Unallocated head office and corporate liabilities						(3,110)
Consolidated total liabilities						<u>(45,885)</u>

For the six months ended 30 June 2022 (unaudited)

	Securities brokerage and asset management HK\$'000	Provision of finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
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>
Segment results	<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						
– Staff cost						(7,052)
– Others						(3,990)
Consolidated profit before tax						<u>18,276</u>

At 31 December 2022 (audited)

	Securities brokerage and asset management HK\$'000	Provision of finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	<u>507,406</u>	<u>173,594</u>	<u>197,706</u>	<u>7,090</u>	<u>–</u>	<u>885,796</u>
Unallocated head office and corporate assets						
– Deposits with bank (maturity over 3 months)						3,600
– Bank balances and cash						76,262
– Others						3,454
Consolidated total assets						<u>969,112</u>
Segment liabilities	<u>(26,713)</u>	<u>(48)</u>	<u>(8)</u>	<u>(10)</u>	<u>–</u>	<u>(26,779)</u>
Unallocated head office and corporate liabilities						(4,878)
Consolidated total liabilities						<u>(31,657)</u>

(b) Geographical information

The geographical location of customers is based on the location at which the services are being rendered. All (for the six months ended 30 June 2022: 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.

6. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	92	–
Dividend income from investment in equity instrument designed at FVTOCI		
– Relating to investments held at the end of the reporting period	1,682	–
Government subsidy (<i>note</i>)	–	240
Others	892	–
	<u>2,666</u>	<u>240</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 GAIN/(LOSS)

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain on lease termination	88	–
Net foreign exchange gain/(loss)	146	(582)
	<u>234</u>	<u>(582)</u>

8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments		
– Fees	480	480
– Salaries and other benefits	1,350	1,350
– Contribution to retirement benefit scheme	27	27
	<u>1,857</u>	<u>1,857</u>
Other staff costs		
– Salaries and allowance	6,443	5,042
– Contribution to retirement benefit scheme	213	153
	<u>6,656</u>	<u>5,195</u>
Total staff costs	<u>8,513</u>	<u>7,052</u>
Depreciation charge:		
– Owned property, plant and equipment	395	367
– Right-of-use assets	2,486	1,258
Amortisation of intangible assets	50	50
Amortisation of film rights	–	1,067
Amortisation of film distribution license rights	31	–
Expense relating to short-term leases	17	78
Impairment loss on film rights investment	–	59
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	–	7,886
– Unrealised losses from changes in fair value of listed equity investments	6,948	2,287
	<u>6,948</u>	<u>10,173</u>

9. INCOME TAX EXPENSES/(CREDIT)

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax		
Current tax	1,000	–
Over-provision in respect of prior years	–	(10)
	<u>1,000</u>	<u>(10)</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 2023 and 2022, the applicable Hong Kong Profits Tax rate was 16.5%, 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%.

Income tax expense is recognised in the current period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in the current period may have to be adjusted in a subsequent interim period of the current financial year if the estimate of the annual income tax rate changes.

For the six months ended 30 June 2022, no provision for Hong Kong Profits Tax had been made as the amount is insignificant.

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 2023, nor has any dividend been proposed since the end of the reporting period (2022: 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\$4,064,000 (2022: HK\$16,625,000) and the weighted average number of 829,921,572 (2022: 829,921,572) ordinary shares in issue during the period.

(b) Diluted earnings per share

For the six months ended 30 June 2023 and 2022, there were no dilutive potential ordinary shares in issue during the periods.

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Equity securities designated at FVTOCI (non-recycling)		
– Listed equity securities in Hong Kong (<i>Note (i)</i>)	25,727	31,444
– Unlisted equity securities (<i>Note (ii)</i>)		
– Entity A	96,709	123,959
– Entity B	10,203	10,445
– Entity C	21,411	2,037
	128,323	136,441
	154,050	167,885

Notes (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.

The investment in 114,342,857 Oshidori Shares (31 December 2022: 114,342,857 Oshidori Shares) 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.

Oshidori Shares were pledged to financial institution to secure margin financing facilities obtained, which were not utilised by the Group as at 30 June 2023 and 31 December 2022.

No dividends were received on this investment during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$Nil).

Notes (ii):

All unlisted equity investments represent the Group's equity interest in 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 new shares by Hope Capital Limited ("Hope Capital" or "Entity A") to other investors, the Group's interest in Hope Capital was eventually diluted to 17.39% on 10 October 2022 and resulted in loss of significant influence by the Group over Hope Capital. The investment in Hope Capital thereafter is reclassified from interest in associates to financial assets designated at FVTOCI.

With allotment of new shares by Entity A to other investors during the six months ended 30 June 2023, the Group's effective interest in Entity A reduced from 17.39% at 31 December 2022 to 16.79% at 30 June 2023.

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 was 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 interest in Entity B at the settlement date as determined by an independent professional valuer amounted to HK\$12,174,000, with the difference of 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 in financial year ended 31 December 2022.

With the allotment of new shares by Entity B to other investors, the Group's effective interest in Entity B reduced from 5.28% (at the acquisition date) to 4.70% at 31 December 2022.

With the allotment of new shares by Entity B to other investor during the six months ended 30 June 2023, the Group's effective interest in Entity B reduced from 4.70% at 31 December 2022 to 4.22% at 30 June 2023.

During the six months ended 30 June 2023, the Group further invested HK\$23,904,000 to Entity C. The Group's effective interest in Entity C remains 8% at 30 June 2023 (31 December 2022: 8%) with proportional allotment of shares by Entity C to all its investors.

Except for Entity A declared and paid dividend of HK\$1,682,000 to the Group during the six months ended 2023 (for the year ended 31 December 2022: Nil), no dividend was declared from other unlisted equity securities.

The following table further set forth the significant investment with a value of 5% or more of the Group's total assets as at 30 June 2023:

Name of investee	Number of shares held as at 30 June 2023	Investment cost as at 30 June 2023 <i>HK\$'000</i>	Fair value as at 30 June 2023 <i>HK\$'000</i>	Realised gain/(loss) recognised during the period ended 30 June 2023 <i>HK\$'000</i>	Unrealised loss measured at FVTOCI (non-recycling) during the period ended 30 June 2023 <i>HK\$'000</i>	Approximate % to the Group's total assets as at 30 June 2023	Approximate % of shareholding in investee as at 30 June 2023	Dividend income recognised during the period ended 30 June 2023 <i>HK\$'000</i>
Hope Capital Limited	180	112,714	96,709	-	(27,250)	10.18%	16.79%	1,682

13. ACCOUNTS RECEIVABLE

	30 June 2023 <i>HK\$'000</i> (unaudited)	31 December 2022 <i>HK\$'000</i> (audited)
Accounts receivable arising from:		
Securities brokerage and asset management segment		
– Securities brokerage cash clients and clearing house	1,968	4,081
Entertainment segment	1,565	1,223
	<u>3,533</u>	<u>5,304</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:

	30 June 2023 <i>HK\$'000</i> (unaudited)	31 December 2022 <i>HK\$'000</i> (audited)
Within 90 days	2,350	4,121
Over 180 days but within 1 year	–	1,183
Over 1 year	1,183	–
	<u>3,533</u>	<u>5,304</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 30 June 2023 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 30 June 2023, the amount set off was approximately HK\$1,055,000 (31 December 2022: HK\$2,453,000).

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 settlement term of accounts receivable from film distribution license rights is 30 days from the date of billing.

The Group did not hold any collateral or other credit enhancements over these balances. Accounts receivable as at 30 June 2023 and 31 December 2022 relate to clients that have a good track record with the Group for whom there was no recent history of default.

14. MARGIN LOANS RECEIVABLE

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Margin loans receivable arising from securities brokerage business	469,899	476,887
Less: Impairment allowances	(11,043)	(6,904)
	<u>458,856</u>	<u>469,983</u>

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

	Stage 1	Stage 2	Stage 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2023	293	6,611	–	6,904
Transfer to stage 2	(282)	282	–	–
Transfer to stage 3	–	(2,318)	2,318	–
Impairment allowances for the period	811	1,022	2,306	4,139
At 30 June 2023 (unaudited)	<u>822</u>	<u>5,597</u>	<u>4,624</u>	<u>11,043</u>
Expected credit losses (“ECL”) rate	0.55%	1.85%	28.27%	2.35%

	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	<u>77</u>	<u>6,428</u>	<u>–</u>	<u>6,505</u>
At 31 December 2022 (audited)	<u><u>293</u></u>	<u><u>6,611</u></u>	<u><u>–</u></u>	<u><u>6,904</u></u>
ECL rate	0.14%	2.40%	Not applicable	1.45%

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 2023 and 31 December 2022. 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)
At 30 June 2023				
Loan-to-collateral value (“LTV”) at 80% or above				
or above	–	15,233	11,432	26,665
LTV between 70% and 79%	–	2,797	–	2,797
LTV between 60% and 69%	2,015	2,875	4,923	9,813
LTV less than 60%	<u>148,485</u>	<u>282,139</u>	<u>–</u>	<u>430,624</u>
	<u><u>150,500</u></u>	<u><u>303,044</u></u>	<u><u>16,355</u></u>	<u><u>469,899</u></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)
At 31 December 2022				
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%	<u>200,732</u>	<u>237,452</u>	<u>–</u>	<u>438,184</u>
	<u><u>201,956</u></u>	<u><u>274,931</u></u>	<u><u>–</u></u>	<u><u>476,887</u></u>

- (b) At 30 June 2023, margin loans receivable of HK\$469,899,000 (31 December 2022: HK\$476,887,000) were secured by underlying equity securities amounted to approximately HK\$1,063,968,000 (31 December 2022: HK\$1,377,052,000).

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 2023, margin loans receivable carry interest at 9% to 16% (31 December 2022: 9% to 16%) per annum.

15. LOANS RECEIVABLE

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Loans receivable	135,625	174,625
Less: Impairment allowances	(3,295)	(3,249)
	<u>132,330</u>	<u>171,376</u>

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group. During the six months ended 30 June 2023, the loans granted by the Group were of the size in the range from HK\$0.1 million to HK\$75 million (during the year ended 31 December 2022: from HK\$2.5 million to HK\$75 million), with interest rates ranging from 4% to 12% (31 December 2022: 4% to 15%) per annum. At 30 June 2023, except that a loan receivable of HK\$8,017,000 which is secured by a property held by the borrower as a second mortgage loan (31 December 2022: HK\$11,024,000), the Group did not hold any collateral or other credit enhancements over these balances.

As at 30 June 2023, the outstanding loan receivables were due from 10 (31 December 2022: 9) customers, and none of the customers is from a connected person, of which the largest single loan of HK\$55,136,000 (31 December 2022: HK\$75,752,000) and the five largest loans in aggregate of HK\$104,688,000 (31 December 2022: HK\$138,308,000) represent approximately 41% (31 December 2022: 43%) and 77% (31 December 2022: 79%) respectively of the total loans receivable before impairment allowances.

(b) Maturity profile

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Past due over 1 month but within 3 months	–	5,037
Past due over 6 months but within 1 year	5,037	17,694
Due within 1 month	55,152	777
Due after 1 month but within 3 months	31,397	51,905
Due after 3 months but within 6 months	43,939	24,212
Due after 6 months but within 12 months	100	75,000
	135,625	174,625

(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 30 June 2023 and 31 December 2022:

As at 30 June 2023 (unaudited)

	Number of loan	Original tenure of loan (note)	Interest rate per annum	Loans receivable HK\$'000	Impairment allowances HK\$'000	Net loans receivable HK\$'000
Over HK\$10,000 to HK\$10,000,000	4	3 months – 12 months	4% p.a.- 12% p.a.	20,865	(1,368)	19,497
Over HK\$10,000,000 to HK\$20,000,000	5	3 months – 9 months	7% p.a. – 9% p.a.	59,624	(1,167)	58,457
Over HK\$20,000,000 to HK\$80,000,000	1	12 months	5% p.a.	55,136	(760)	54,376
	10			135,625	(3,295)	132,330

As at 31 December 2022 (audited)

	Number of loan	Original tenure of loan (note)	Interest rate per annum	Loans receivable HK\$'000	Impairment allowances HK\$'000	Net loans receivable HK\$'000
Over HK\$10,000 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>

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 six months ended 30 June 2023 and for the year ended 31 December 2022.

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 2023 (unaudited)

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000
At 1 January 2023	151,894	(1,481)	22,731	(1,768)	-	-	174,625	(3,249)
New loans/financing originated	100,731	(2,128)	1,886	(133)	300	(66)	102,917	(2,327)
Transfer to Stage 2	(13,212)	122	13,212	(122)	-	-	-	-
Transfer to Stage 3	-	-	(5,037)	181	5,037	(181)	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(250)	-	(920)	-	(1,170)
Loans/financing derecognised or repaid during the period	(122,617)	1,680	(19,000)	1,705	(300)	66	(141,917)	3,451
At 30 June 2023	<u>116,796</u>	<u>(1,807)</u>	<u>13,792</u>	<u>(387)</u>	<u>5,037</u>	<u>(1,101)</u>	<u>135,625</u>	<u>(3,295)</u>

For the year ended 31 December 2022 (audited)

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Allowance Gross exposure HK\$'000	for ECL HK\$'000	Gross exposure HK\$'000	for ECL HK\$'000	Gross exposure HK\$'000	for ECL HK\$'000	Gross exposure HK\$'000	for ECL 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	-	(2,877)	-	-	-	-	-	(2,877)
Written off	(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	<u>151,894</u>	<u>(1,481)</u>	<u>22,731</u>	<u>(1,768)</u>	<u>-</u>	<u>-</u>	<u>174,625</u>	<u>(3,249)</u>

16. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represent the listed equity securities in Hong Kong. All listed equity securities in Hong Kong held under margin account with financial institutions of approximately HK\$22.6 million were pledged to secure margin financing facilities obtained, which were not utilised by the Group as at 30 June 2023 and 31 December 2022.

17. ACCOUNTS PAYABLE

30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
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Accounts payable arising from securities brokerage business:

– Cash and margin clients and clearing house	<u>36,835</u>	<u>23,323</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.

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 30 June 2023, the amount set off was approximately HK\$1,055,000 (31 December 2022: HK\$2,453,000).

Accounts payable amounting to HK\$25,310,000 as at 30 June 2023 (31 December 2022: HK\$23,165,000) 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 currently does not have an enforceable right to offset these payables with the deposits placed.

18. 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.

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Unutilised loan commitments		
– Original contractual maturity within one year	20,900	–

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.

19. EVENT AFTER THE REPORTING PERIOD

No significant events have occurred since 30 June 2023 to this report date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

For the Period under Review, the Group's principal business remains engage 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. During the Period under Review, the Group started engaging in film distribution license rights business which is operated by its subsidiaries and reported under entertainment segment.

(a) Integrated Financial Service Businesses

(i) *Brokerage and related services*

The Company conducts brokerage business and related financial advisory services through its indirect non-wholly-owned subsidiary, Imagi Brokerage Limited ("Imagi Brokerage") and its indirect non-wholly-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 of Hong Kong Limited (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.

During the Period under Review, Imagi Brokerage remains as a significant contributor to the Group. Imagi Brokerage's asset management services generated steady income of approximately HK\$2.2 million to the group as compared to approximately HK\$1.9 million for the corresponding interim period in 2022 (the "Previous Period"). For the Period under Review, Imagi Brokerage continued to devote significant resources and management attention to its margin financing business. The gross margin loans receivable of Imagi Brokerage as at 30 June 2023 was approximately HK\$444 million and the related revenue generated from its margin financing business for the Period under Review was approximately HK\$22.3 million.

The overall segment revenue and segment results of securities brokerage and asset management for the Period under Review were approximately HK\$26.7 million and HK\$19.6 million respectively as compared to approximately HK\$37.5 million and HK\$33.3 million respectively for the Previous Period. The Group was still operating in adverse conditions including the lingering high interest rates regime in the local and international markets; the tense international political situations (especially the continuing conflict in Ukraine and the tension between China and the Western world); and the slower than expected reopening of China and pace of relaxation of regulatory clampdowns of Chinese government on China's property markets and tech companies. 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 conducts money lending business through its indirect non-wholly-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.

With the difficult economic environment stated previously, Imagi Lenders had slowed down its business development. Revenue contributed from money lending business decreased by approximately 34% from approximately HK\$8.8 million for the Previous Period to approximately HK\$5.8 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. Given the current uncertain and poor economic environment, the Company will continue to adopt a conservative approach towards growing this business. However, the Company remains confident in the long term prospects for the business.

(iii) Securities investments and proprietary trading

As at 30 June 2023 the aggregate fair value of listed securities classified as held-for-trading investments and investment in equity instrument designated at fair value through other comprehensive income amounted to approximately HK\$58 million. The unrealised losses from changes in fair value of listed equity investments charged to the consolidated profit or loss and other comprehensive income for the Period under Review were approximately HK\$6.9 million and HK\$5.7 million respectively. In view of the current slow pace of recovery from the former 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 aforementioned, the strategic goal of the Group is focusing on the development of the Integrated Financial Services. In implementing this strategy, the Group had been actively in seeking opportunities to enhance the variety and quality of the Integrated Financial Services so as to being more competitive. The Group had form strategic alliance and/or invested in other local financial service firms with the aim of expanding its coverage of financial services industry. All these listed/unlisted equity investments are held for long-term strategic purpose and classified as investment in equity instruments designated at fair value through other comprehensive income. Further details of these listed/unlisted equity investments are set out in note 12 to the condensed consolidated financial statements.

(b) CGI Business and Entertainment Businesses

The Company sees no improvement in the near term prospects of the CGI business and therefore will continue to suspend its efforts on the production side but will retain efforts on the distribution side of the CGI business.

The Company suspended its film investment 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 approximately HK\$20.4 million and 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 films. Three of the films were screened and the remaining film is in post-production stage and expect to be released in first quarter of 2024. The Company will take a conservative stance in reviewing any future opportunities towards film investments but remains confident in the longer term future for film industry.

To expand the entertainment business, the Group started to devote efforts in development of film distribution license rights business during the Period under Review and the target region is in Hong Kong/Macau and North America. The Group would cooperate with experienced distributors in Hong Kong and overseas to manage the film distribution license rights business. The Company expects this newly developed entertainment business will make meaningful contribution to the Group in the future.

FINANCIAL REVIEW

Review of Results

The consolidated net profit attributable to shareholder of the Company (the “Shareholders”) for the Period under Review was approximately HK\$4.1 million as compared to consolidated net profit attributable to the Shareholders of approximately HK\$16.6 million for the Previous Period. Such decrease in profit attributable to the Shareholders as compared to the Previous Period was mainly due to, among others, (i) reduction in revenue from securities brokerage and asset management segment and provision of finance segment for the Period under Review by approximately 29% and 34% respectively; (ii) increase in unrealised losses from changes in fair value of listed equity investments classified as held-for-trading from approximately HK\$2 million recorded in the Previous Period to approximately HK\$7 million for the Period under Review; and (iii) double of impairment allowances on margin loans receivable recognised for the Period under Review. The aforementioned factors were partially offset by absence of net realised losses from sales of listed equity investments classified as held-for-trading for the Period under Review (the Previous Period: approximately HK\$7.9 million).

Liquidity and Financial Resources

During the Period under Review, the Group primarily financed by its operation with internally generated cash flows. The liquidity and financial position of the Group as at 30 June 2023 remain healthy, with bank balances amounting to approximately HK\$116 million (31 December 2022 (audited): approximately HK\$76 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 18 times (31 December 2022 (audited): approximately 26 times).

As at 30 June 2023, the Group had no bank or other borrowing (31 December 2022 (audited): HK\$Nil) and therefore the gearing ratio (expressed as a percentage of total borrowings over total shareholders’ equity) was zero (31 December 2022 (audited): zero).

The unaudited consolidated net asset value attributable to the Shareholders per share of the Company (the “Share(s)”) as at 30 June 2023 was approximately HK\$0.89 (as at 31 December 2022 (audited): approximately HK\$0.92).

Capital Structure

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

As at 30 June 2023, 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\$0.305 per Share as at 30 June 2023, the Company's market value as at 30 June 2023 was approximately HK\$253 million (31 December 2022 (audited): approximately HK\$270 million).

Significant Investments

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group in this announcement. As at 30 June 2023, the carrying amount of investment in Hope Capital Limited ("Hope Capital") amounted to approximately HK\$96.7 million, which represented approximately 10.18% to the total assets of the Group, and was considered as significant investment of the Group. Hope Capital is a company incorporated in BVI with limited liability. Hope Capital and its wholly-owned subsidiary, Hope Securities Limited, are principally engaged in regulated activities under the SFO. The investment in Hope Capital allows the Group to diversify its brokerage business and conforms to the Group's development strategy of forming strategic alliances with other local financial services firms, with the aim of expanding its coverage of the financial services industry. Further details of investment in Hope Capital are set out in note 12 to the condensed consolidated financial statements.

Save as disclosed above and elsewhere in this announcement, the Group did not hold any significant investments in any investee company with a value of 5% or above of the Group's total assets as at 30 June 2023.

Pledge of Assets

As at 30 June 2023, investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$25.7 million and approximately HK\$22.6 million respectively (31 December 2022 (audited): approximately HK\$31 million and approximately HK\$30 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 2023 and 31 December 2022.

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 of the Company (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 18 to the condensed consolidated financial statements, the Group did not have any other significant contingent liabilities and capital commitments as at 30 June 2023.

INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the Period under Review (six-month period ended 30 June 2022: 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 suspended its investment in film industry in the Previous Period, the Company will keep reviewing any investment opportunities in film and will invest when such suitable opportunities arise.

Besides starting the film distribution license rights business during the Period under Review, the Company also plans to engage in film promotion and artiste management services. With experiences gained from cooperation with a reputable film producer under the Film Investment Agreements and considering the social life is gradually recovering after COVID-19, the Company actively seeks for additional opportunities in film investment and look towards to broaden its entertainment business in film related industry.

HUMAN RESOURCES

As at 30 June 2023, the Group employed 33 employees excluding 6 Directors (2022: 31 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\$8.5 million (2022: approximately HK\$7.1 million).

DISCLOSURE OF OTHER INFORMATION

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 Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. In response to the specific enquiry made by the Company, all existing Directors confirmed that they fully complied with the required standards 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 announcement, the Board is comprised of three executive Directors, namely Mr. Kitchell Osman Bin (Chairman), Ms. Choi Ka Wing and Mr. Shimazaki Koji; and three independent non-executive Directors, namely Mr. Chan Hak Kan, Ms. Liu Jianyi and Mr. Miu Frank H.. 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 information of the Company for the Period under Review.

The Board has approved and authorised to issue the unaudited interim financial information of the Company for the Period under Review on 29 August 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.imagi.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2023 interim report of the Company will be despatched to the Shareholders and published on the aforementioned websites in September 2023.

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

Hong Kong, 29 August 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.