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INTERNATIONAL GENIUS COMPANY

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of International Genius Company (the “**Company**”) is pleased to announce that the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2023, together with the comparative figures for the year ended 30 June 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	2&3	333,964	295,561
Cost of sales and services		<u>(330,782)</u>	<u>(244,735)</u>
Gross profit		3,182	50,826
Other revenue and other net gain/(loss)	4	(1,767)	12,580
Operating expenses		<u>(39,356)</u>	<u>(47,750)</u>
(Loss)/profit from operations		<u>(37,941)</u>	<u>15,656</u>
Finance costs	5	<u>(658)</u>	<u>(996)</u>
Other non-operating income			
Gain on disposal of property, plant and equipment		4	–
Gain on deregistration of subsidiaries		56	70
Gain on disposal of subsidiaries		<u>–</u>	<u>30,427</u>
		<u>60</u>	<u>30,497</u>
(Loss)/profit before impairment and tax		<u>(38,539)</u>	<u>45,157</u>
Impairment loss on right-of-use assets		–	(806)
Impairment loss on loan receivables, net		–	(2,000)
Reversal of impairment loss on trade receivables, net		–	879
Reversal of impairment loss on other receivables, net		<u>–</u>	<u>181</u>
		<u>–</u>	<u>(1,746)</u>
(Loss)/profit before tax	6	<u>(38,539)</u>	<u>43,411</u>
Income tax expense	7	<u>(168)</u>	<u>(2,710)</u>
(Loss)/profit for the year		<u>(38,707)</u>	<u>40,701</u>

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Release of translation reserve upon disposal of foreign subsidiaries	–	1,869
Release of translation reserve upon deregistration of foreign subsidiaries	–	15
	<u>–</u>	<u>1,884</u>
	–	1,884
Exchange differences on translating financial statements of subsidiaries	<u>(6,173)</u>	<u>(4,535)</u>
Total other comprehensive loss for the year	<u>(6,173)</u>	<u>(2,651)</u>
Total comprehensive (loss)/income for the year	<u><u>(44,880)</u></u>	<u><u>38,050</u></u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		(38,710)	41,375
Non-controlling interests		3	(674)
		<u>(38,707)</u>	<u>40,701</u>
Total comprehensive (loss)/income for the year attributable to:			
Equity shareholders of the Company		(45,666)	38,857
Non-controlling interests		786	(807)
		<u>(44,880)</u>	<u>38,050</u>
(Loss)/earnings per share			
	<i>9</i>		
— Basic (HK\$ cents)		<u>(7.21)</u>	<u>7.70</u>
— Diluted (HK\$ cents)		<u>(7.21)</u>	<u>7.70</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,772	13,089
Right-of-use assets		35,943	–
Intangible assets		–	–
Deposit paid	12	6,754	400
		<u>51,469</u>	<u>13,489</u>
Current assets			
Inventories		9,700	10,884
Trading securities		112	160
Loan receivables	10	–	–
Trade receivables	11	24,476	20,060
Prepayments, deposits and other receivables	12	31,428	95,035
Client trust bank balance		825	820
Cash and cash equivalents		89,084	99,191
		<u>155,625</u>	<u>226,150</u>
Total Assets		<u>207,094</u>	<u>239,639</u>
Capital and reserves			
Share capital	13	5,372	5,372
Reserves		137,298	182,964
		<u>142,670</u>	<u>188,336</u>
Equity attributable to shareholders of the Company		142,670	188,336
Non-controlling interests		26	(760)
		<u>142,696</u>	<u>187,576</u>
Total Equity		<u>142,696</u>	<u>187,576</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>24,284</u>	<u>–</u>
		<u>24,284</u>	<u>–</u>
Current liabilities			
Trade payables	<i>14</i>	13,335	13,254
Accruals and other payables		8,929	31,687
Lease liabilities		12,950	2,181
Tax payables		<u>4,900</u>	<u>4,941</u>
		<u>40,114</u>	<u>52,063</u>
Total equity and liabilities		<u>207,094</u>	<u>239,639</u>
Net current assets		<u>115,511</u>	<u>174,087</u>
Total assets less current liabilities		<u>166,980</u>	<u>187,576</u>

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of Preparation

The consolidated financial statements for the year ended 30 June 2023 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies and disclosures

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There was no material impact on the financial statements of the Group as the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Group.

2. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Securities brokerage and assets management
- Advancing business
- Trading of party products
- Trading of commodities

(a) **Segment Revenues and Results**

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represents the profit/(loss) earned by each segment without allocation of administrative expenses, certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operation segment:

	Revenue		Segment results	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000 (Restated)
Trading of party products	92,332	115,510	(2,896)	(4,848)
Securities brokerage and assets management	–	46,491	(6,794)	41,044
Trading of commodities	241,632	133,227	6,730	1,357
Advancing business	–	333	(763)	(2,697)
	<u>333,964</u>	<u>295,561</u>	<u>(3,723)</u>	<u>34,856</u>
Reconciliation:				
Net exchange loss			(3,098)	(2,483)
Bank interest income			33	28
Unallocated corporate expenses			(31,167)	(18,054)
Unallocated corporate income			14	188
Finance costs			(658)	(996)
Gain on deregistration of subsidiaries			56	70
Gain on disposal of subsidiaries			–	30,427
Gain on disposal of property, plant and equipment			4	–
Impairment loss on right-of-use assets			–	(806)
Reversal of impairment loss on other receivables			–	181
			<u>(38,539)</u>	<u>43,411</u>
(Loss)/profit before tax			(38,539)	43,411
Income tax expense			(168)	(2,710)
			<u>(38,707)</u>	<u>40,701</u>
(Loss)/profit for the year			<u>(38,707)</u>	<u>40,701</u>

For the year ended 30 June 2023

	Securities brokerage and assets management <i>HK\$'000</i>	Advancing business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information:						
Additions of right-of-use assets	–	593	–	–	41,008	41,601
Capital expenditure of property, plant and equipment	–	–	–	–	440	440
Depreciation on property, plant and equipment	–	188	6	9	4,548	4,751
Depreciation on right-of-use assets	–	210	–	–	5,448	5,658
Unrealised loss on fair value changes in trading securities	52	–	–	–	–	52

For the year ended 30 June 2022

	Securities brokerage and assets management <i>HK\$'000</i> (Restated)	Advancing business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Other segment information:						
Capital expenditure of property, plant and equipment	–	–	–	–	39	39
Depreciation on property, plant and equipment	–	306	6	–	4,622	4,934
Depreciation on right-of-use assets	603	–	203	–	–	806
Impairment loss on right-of-use assets	603	–	203	–	–	806
Impairment loss on loan receivables, net	–	2,000	–	–	–	2,000
Impairment loss/(reversal of impairment loss) on trade receivables, net	–	333	–	(1,212)	–	(879)
Reversal of impairment loss on other receivables, net	–	–	–	–	(181)	(181)
Unrealised gain on fair value changes in trading securities	(14)	–	–	–	–	(14)

(b) Segment Assets and Liabilities

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, property, plant and equipment, certain prepayments, deposits and other receivables and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain accruals and other payables, certain lease liabilities and tax payables.

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 30 June 2023

	Securities brokerage and assets management <i>HK\$'000</i>	Advancing business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS					
Segment assets	1,392	501	1	65,360	67,254
Bank balances and cash					89,084
Unallocated corporate assets					<u>50,756</u>
Consolidated total assets					<u><u>207,094</u></u>
LIABILITIES					
Segment liabilities	(1,804)	(580)	(284)	(12,678)	(15,346)
Tax payables					(4,900)
Unallocated corporate liabilities					<u>(44,152)</u>
Consolidated total liabilities					<u><u>(64,398)</u></u>

As at 30 June 2022

	Securities brokerage and assets management <i>HK\$'000</i> (Restated)	Advancing business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
ASSETS					
Segment assets	1,665	257	32,813	90,588	125,323
Bank balances and cash					99,191
Unallocated corporate assets					<u>15,125</u>
Consolidated total assets					<u><u>239,639</u></u>
LIABILITIES					
Segment liabilities	(2,274)	(490)	(23,731)	(11,737)	(38,232)
Tax payables					(4,941)
Unallocated corporate liabilities					<u>(8,890)</u>
Consolidated total liabilities					<u><u>(52,063)</u></u>

(c) **Geographic information**

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	–	54,979
Mainland China	241,632	133,227
Malaysia	92,332	107,022
	<hr/> 333,964 <hr/>	<hr/> 295,228 <hr/>
Revenue from other sources		
Hong Kong	–	333
	<hr/>	<hr/>
Total	<hr/> 333,964 <hr/>	<hr/> 295,561 <hr/>

Specified Non-current Assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, right-of-use assets and intangible assets ("Specified Non-current Assets"). The geographical location of the Specified Non-current Assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; the location of the operation to which they are allocated, in the case of intangible assets.

	2023	2022
	HK\$'000	HK\$'000
Hong Kong	15,074	13,089
Mainland China	29,641	–

- (d) Revenue from major customer which individually accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	2023	2022
	HK\$'000	HK\$'000
Revenue from customer attributable to trading of party products business Company A	81,797	74,383
Revenue from customer attributable to trading of commodities business Company B*	70,542	–
Revenue from customer attributable to trading of commodities business Company C*	62,625	–
Revenue from customer attributable to trading of commodities business Company D*	41,302	–
Revenue from customer attributable to trading of commodities business Company E#	–	68,551
Revenue from customer attributable to investment business Company F#	–	46,302

* These three customers mentioned above did not individually contribute 10% or more of total revenue of the Group during the year ended 30 June 2022.

These two customers mentioned above did not individually contribute 10% or more of total revenue of the Group during the year ended 30 June 2023.

3. REVENUE

The principal activities of the Group are trading of party products, provision of securities brokerage and assets management services, provision of advisory services, provision of advancing services and trading of commodities.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of party products	92,332	115,510
Trading of commodities	241,632	133,227
Assets management fee income	–	46,302
Advisory income	–	189
	<u>333,964</u>	<u>295,228</u>
Revenue from other sources		
Interest income from advancing business	–	333
Total	<u>333,964</u>	<u>295,561</u>
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	–	46,491
— At a point in time	333,964	248,737
	<u>333,964</u>	<u>295,228</u>

As all revenue contracts have original expected duration of one year or less. The Group has applied the practical expedient under the HKFRS 15 for not disclosing transaction price allocated to unsatisfied performance obligation.

4. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net exchange loss	(3,098)	(2,483)
Dividend income	6	3
Interest income	33	28
Investment income under spot foreign exchange		
currency trading	–	14,341
Sundry income	283	477
Government subsidies	463	200
Unrealised (loss)/gain on fair value changes in trading		
securities	(52)	14
Gain on early lease termination	598	–
	<u>(1,767)</u>	<u>12,580</u>

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on convertible bonds	–	159
Interest on lease liabilities	658	359
Interest on other borrowings	–	317
Interest on loan from a securities broker	–	161
	<u>658</u>	<u>996</u>

6. (LOSS)/PROFIT BEFORE TAX

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

	2023	2022
	HK\$'000	HK\$'000
Auditor's remuneration		
— Audit service	950	1,150
— Non-audit service	—	318
Cost of inventories included in cost of sales and services	330,782	244,735
Depreciation		
— Owned property, plant and equipment	4,751	4,934
— Right-of-use assets	5,658	806
Staff costs (including directors' emoluments)		
— Salaries, wages and other benefits	17,592	21,076
— Contributions to defined contribution retirement plans	445	835
	445	835

7. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Charge for the year	—	2,588
Current tax — PRC Income Tax		
Charge for the year	168	122
	168	122
Total income tax expense	168	2,710

The provision of Hong Kong Profits Tax for the year ended 30 June 2023 and 2022 was calculated at 16.5%, except for one subsidiary of the Group for the year ended 30 June 2022 which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. DIVIDENDS

The Board did not recommend any final dividend for the year ended 30 June 2023. No dividend was paid during the year (For the year ended 30 June 2022: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders of the Company over the weighted average number of ordinary shares in issue during the year.

	2023	2022
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity shareholders of the Company	<u>(38,710)</u>	<u>41,375</u>
	2023	2022
Weighted average number of ordinary shares	<u>537,245,104</u>	<u>537,245,104</u>

Total issued ordinary shares at 30 June 2023 and 30 June 2022 was 537,245,104 shares.

(b) Diluted (loss)/earnings per share

For the year ended 30 June 2023, no diluted loss per share is presented as there were no potential ordinary share in issue during the year.

For the year ended 30 June 2022, the calculation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

10. LOAN RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Loan receivables from advancing business	2,000	2,000
Less: Impairment	(2,000)	(2,000)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	—	—

- (a) At 30 June 2023, loan receivables were bearing interest at 20% per annum (30 June 2022: 20%), and with maturity date on 28 February 2022. No interest income was recorded during the year ended 30 June 2023, as the borrower had defaulted and the amount was fully impaired in the previous year. At 30 June 2023, the Group had loan receivables due from a borrower who is an independent third party amounting to HK\$2,000,000 (30 June 2022: HK\$2,000,000), of which HK\$2,000,000 was unsecured (30 June 2022: HK\$2,000,000 was unsecured).
- (b) At the end of the reporting period, all loan receivables are past due.

11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables arising from dealing in securities	2,754	2,814
Interest receivables arising from advancing business	333	333
Trade receivables arising from trading of party products	–	19,995
Trade receivables arising from trading of commodities	24,471	–
	<u>27,558</u>	<u>23,142</u>
Less: Impairment	<u>(3,082)</u>	<u>(3,082)</u>
	<u><u>24,476</u></u>	<u><u>20,060</u></u>

Customers from trading of party products and commodities are usually offered a credit period of up to 90 days. Customers from dealing in securities are immediately due on settlement date. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(a) An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	3,404	3,352
31 to 60 days	18,800	–
61 to 90 days	–	–
Over 90 days	2,272	16,708
	<u>24,476</u>	<u>20,060</u>
	<u><u>24,476</u></u>	<u><u>20,060</u></u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Other receivables (<i>note ii</i>)	10,136	6,961
Prepayments and other deposits (<i>note i, ii</i>)	<u>39,602</u>	<u>100,030</u>
	49,738	106,991
Less: Impairment (<i>note ii</i>)	<u>(11,556)</u>	<u>(11,556)</u>
	<u>38,182</u>	<u>95,435</u>
Representing:		
Current portion	31,428	95,035
Non-current portion	<u>6,754</u>	<u>400</u>
	<u>38,182</u>	<u>95,435</u>

Note:

- (i) As at 30 June 2023, the Group recorded approximately HK\$26,510,000, HK\$6,512,000 and HK\$6,580,000 of prepayment to suppliers, rental deposits and other deposits, respectively (30 June 2022: HK\$91,727,000, HK\$1,002,000 and HK\$7,301,000, respectively). The amount of prepayments and other deposits expected to be recovered or recognised as expense after more than one year is approximately HK\$6,754,000 (30 June 2022: HK\$400,000). The remaining amount is expected to be recovered or recognised as expense within one year.

The Company engaged an independent professional advisory firm to conduct an independent review on the internal control, nature and business justification of certain prepayments to suppliers paid during the year ended 30 June 2022 as detailed in note 24 of the annual report for the year ended 30 June 2022.

- (ii) Total impairment loss for other receivables and other deposits was approximately HK\$5,556,000 and HK\$6,000,000, respectively (30 June 2022: HK\$5,556,000 and HK\$6,000,000, respectively) as at 30 June 2023. No impairment loss on other receivables and other deposits were made during the year (30 June 2022: reversal of impairment loss on other receivables of approximately HK\$181,000).

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	<u>537,245</u>	<u>5,372</u>

14. TRADE PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables arising from dealing in securities	825	820
Trade payables arising from trading of party products	–	12,434
Trade payables arising from trading of commodities	<u>12,510</u>	<u>–</u>
	<u>13,335</u>	<u>13,254</u>

The ageing analysis of trade payables arising from trading of party products and trading of commodities is as follows:

	2023 HK\$'000	2022 HK\$'000
0 to 30 days	–	–
31 to 60 days	11,044	–
61 to 90 days	192	–
Over 90 days	<u>1,274</u>	<u>12,434</u>
	<u>12,510</u>	<u>12,434</u>

The trade payables arising from trading of party products and trading of commodities are non-interest-bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

15. DISPOSAL OF SUBSIDIARIES

During the year ended 30 June 2023, the Group did not have any disposal of subsidiaries.

During the year ended 30 June 2022, the Group had the following disposals of subsidiaries:

- (i) On 29 September 2021, the Company has entered into a disposal agreement with an independent third party to dispose of 100% equity interest in the subsidiaries, Market Season Limited (“**Market Season**”) and AIF Finance Limited (“**AIF Finance**”), which are listed below. The disposal was completed on 31 December 2021.

List of Market Season, its subsidiaries and AIF Finance:

Name of subsidiaries	Place of establishment/ incorporation and operation	Particulars of issued and paid up/registered capital	Group’s effective interest	Principal activities
Market Season	British Virgin Islands	US\$1	100%	Investment holding
Green Link Holdings Limited	Hong Kong	HK\$1	100%	Investment holding
Hong Kong New Smart Energy Group Limited	Hong Kong	HK\$1,000,000	100%	Investment holding
AIF Finance	Hong Kong	HK\$100,000	100%	Advancing business

- (ii) On 28 June 2022, the Company has entered into a disposal agreement with an independent third party to dispose of 100% equity interest in the subsidiary, Asiagoal Holdings Limited (“**Asiagoal**”), which is listed below, at a consideration of HK\$1. The disposal was completed on 28 June 2022.

List of Asiagoal and its subsidiary:

Name of subsidiaries	Place of establishment/ incorporation and operation	Particulars of issued and paid up/registered capital	Group’s effective interest	Principal activities
Asiagoal	Hong Kong	HK\$1	100%	Investment holding
匯金協和投資諮詢(深圳) 有限公司 Hui Jin Xie He Investment Consultancy (Shenzhen) Company Limited*	PRC	HK\$30,000,000	100%	Investment holding

* The English name is for identification purpose only.

Consideration received:

	Market Season HK\$’000	AIF Finance HK\$’000	Asiagoal HK\$’000	Total HK\$’000
Consideration received in cash and cash equivalents	425	733	–	1,158
Consideration receivable	426	733	–	1,159
	<u>851</u>	<u>1,466</u>	<u>–</u>	<u>2,317</u>

Analysis of assets and liabilities over which control was lost:

	Market Season	AIF Finance	Asiagoal	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net assets/(liabilities) disposed of:				
Trading securities	–	–	28	28
Prepayments, deposits and other receivables	–	–	510	510
Cash and cash equivalents	–	9	368	377
Accruals and other payables	(8,482)	(276)	(9,136)	(17,894)
Other loans	–	–	(13,000)	(13,000)
	<u>–</u>	<u>–</u>	<u>(13,000)</u>	<u>(13,000)</u>
Net liabilities disposed of	<u>(8,482)</u>	<u>(267)</u>	<u>(21,230)</u>	<u>(29,979)</u>
Gain on disposal of subsidiaries:				
	Market Season	AIF Finance	Asiagoal	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Consideration received/receivable	851	1,466	–	2,317
Cumulative exchange difference on translation of a subsidiary reclassified from equity to profit or loss	–	–	(1,869)	(1,869)
Net liabilities disposed of	<u>8,482</u>	<u>267</u>	<u>21,230</u>	<u>29,979</u>
Gain on disposal of subsidiaries	<u>9,333</u>	<u>1,733</u>	<u>19,361</u>	<u>30,427</u>

Net cash inflow/(outflow) arising on disposal of subsidiaries:

	Market Season	AIF Finance	Asiagoal	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Consideration received in cash and cash equivalents	425	733	–	1,158
Less:				
Cash and cash equivalents disposed of	<u>–</u>	<u>(9)</u>	<u>(368)</u>	<u>(377)</u>
Net cash inflow/(outflow) arising on disposal of subsidiaries	<u><u>425</u></u>	<u><u>724</u></u>	<u><u>(368)</u></u>	<u><u>781</u></u>

16. EVENT AFTER THE REPORTING PERIOD

No significant events were occurred subsequent to the end of the reporting period and up to the date of this announcement.

17. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

Segment information relating to credit guarantee service and investment business and trading of metal and minerals have been segregated into unallocated corporate expenses, assets and liabilities as the reportable segment no longer meets the criteria to be separately disclosed in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares were listed on the Stock Exchange on 19 November 2007. The Annual Results of the Group for the year ended 30 June 2023 (the “**Reporting Period**”) was presented together with the audited comparative figures for the year ended 30 June 2022 (the “**Corresponding Period**”).

The Group is principally engaged in trading of party products, provision of securities brokerage and asset management, provision of advancing business and trading of commodities.

FINANCIAL REVIEW

During the year ended 30 June 2023, the Group prudently maintained its existing business operations and continued its stringent control over the operating expenses.

The Group recorded revenue of approximately HK\$333.96 million for the Reporting Period (Corresponding Period: HK\$295.56 million), representing an increase of approximately 12.99%. The increase in revenue was mainly due to the increase of revenue generated in the trading of commodities after the resume of normal business activities recovered from the impact of COVID-19. For details, please refer to Business Review Section.

Operating expenses was approximately HK\$39.36 million for the Reporting Period (Corresponding Period: HK\$47.75 million), representing a decrease of approximately 17.57%. The decrease in operating expenses was due to the success of stringent control over the operating expenses.

Net loss attributable to equity shareholders of the Company for the Reporting Period was approximately HK\$38.71 million while in the Corresponding Period, there was a gain of approximately HK\$41.38 million. The turnaround from a profit to a loss position in the Reporting Period was because there was no revenue generated from the securities brokerage and assets management while revenue of approximately HK\$46.49 million was recorded in the year ended 30 June 2022.

During the Reporting Period, the loss per share of the Company was approximately HK\$7.21 cents (Corresponding Period: Earnings per share HK\$7.70 cents).

BUSINESS REVIEW

Trading of Party Products

During the Reporting Period, the revenue generated from the trading of party products segment was approximately HK\$92.33 million (Corresponding Period: HK\$115.51 million), representing a year on year decrease of approximately 20.07%. The decrease was mainly due to the Group's proactive strategic shift of business focus to trading of commodities, which has substantially increasing demands after COVID-19 pandemic.

Securities Brokerage and Asset Management

The Group did not generate any revenue from this segment during the Reporting Period (Corresponding Period: HK\$46.49 million). As at 30 June 2023, the Group was licensed to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) (the "SFO"). The relevant licenses of the Group to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) regulated activities under the SFO were suspended due to the insufficient appointment of Representative Officer ("RO") and the Group is in the process of looking for an appropriate RO and will apply for the resumption of these licenses. The Group will continue to identify and evaluate suitable business expansion and investment management opportunities for the asset management business of the Group in other countries and regions, as well as to explore and devote resources to the application of technological innovation in this business segment.

Trading of Commodities

During the Reporting Period, the Group generated revenue of approximately HK\$241.63 million (Corresponding Period: HK\$133.23 million), representing a year on year increase of approximately 81.36%. This significant increase was due to the fact that after the pandemic, the Group seized market opportunities, focused resources on this segment, actively explored and successfully secured reliable upstream companies. The Group will continue its efforts to expand this segment by purchasing different commodities from upstream companies and sell them to downstream companies as well as exploring other business opportunities in the Asian regions.

Advancing Business

During the Reporting Period, no revenue has been generated in this segment by the Group (Corresponding Period: HK\$0.3 million). In the Corresponding Period, the Group has lent out HK\$2 million to a borrower who is an independent third party (the “**Loan**”). However, the Loan was overdue and defaulted during the year ended 30 June 2022 and the impairment loss of HK\$2 million was included in the financial year ended 30 June 2022. At the date of this announcement, the Group is taking legal action against the borrower.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, (i) the Group’s net current assets were approximately HK\$115.51 million (30 June 2022: HK\$174.09 million); (ii) the Group’s total assets less current liabilities were approximately HK\$166.98 million (30 June 2022: HK\$187.58 million); (iii) the Group’s current ratio was 3.88 (30 June 2022: 4.34); and (iv) the Group did not have any gearing as at 30 June 2023 (30 June 2022: Nil). Normally, the gearing ratio was calculated as net debts divided by total assets.

As at 30 June 2023, there were no outstanding loans due to third parties (30 June 2022: Nil).

As at 30 June 2023, the Group had cash and bank balances of approximately HK\$89.08 million (30 June 2022: HK\$99.19 million). The cash and bank balances were denominated in Hong Kong dollar, Renminbi and US dollar. The Group had no structured investment products and foreign exchange contracts as at 30 June 2023. The Group is not exposed to material fluctuations in exchange rates.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 30 June 2023, the authorised share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.01 each, and the issued share capital of the Company was HK\$5,372,451 divided into 537,245,104 shares of HK\$0.01 each.

For the year ended 30 June 2023, there was no change in the capital structure of the Company.

USE OF PROCEEDS FROM THE RIGHT ISSUE AND SHARE SUBSCRIPTION IN 2020

On 11 September 2020, the Company announced, among other things, a rights issue (the “**Rights Issue**”) at the subscription price of HK\$0.71 per rights share on the basis of three (3) rights shares for every one (1) Consolidated Share held by the qualifying shareholders on the record date; and the issuance of up to 330,664,157 subscription shares (the “**Share Subscription**”) under specific mandate for subscription by Neo Tech Inc., where such shares for subscription shall be equivalent to the number of unsold right shares under the Rights Issue and subject to the public float requirement under the Listing Rules. The Rights Issue and Share Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020. On 13 January 2021, the Rights Issue was approximately 29.35% subscribed, and the remaining 284,673,884 unsubscribed rights shares, representing approximately 70.65% of the total number of rights shares offered under the Rights Issue, and no unsubscribed rights shares were placed under the compensatory arrangements. Accordingly, on 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of HK\$202,118,000 at the subscription price of HK\$0.71 per share. The gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue and the Share Subscription are approximately HK\$286 million and approximately HK\$284 million respectively. Details of the Rights Issue and Share Subscription were set out in the circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively.

The breakdown of the usage of the proceeds up to 30 June 2023 are as follows:

Use of proceeds	Estimated amount HK\$ million	Proposed timeline of the intended use of proceeds	Actual	Unutilised	Actual	Unutilised	Actual	Unutilised
			Use of Proceeds for the period from 4 November 2020 to 30 June 2021 HK\$ million	Proceeds as at 30 June 2021 HK\$ million	Use of Proceeds for the period from 1 July 2021 to 30 June 2022 HK\$ million	Proceeds as at 30 June 2022 HK\$ million	Use of Proceeds for the period from 1 July 2022 to 30 June 2023 HK\$ million	Proceeds as at 30 June 2023 HK\$ million
Repayment of overdue external debts of the Group	50	Within 6 months after the Rights Issue	50	-	-	-	-	-
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	40	Within 6 months after the Rights Issue	40	-	-	-	-	-
Repayment of overdue Convertible Bonds	110	Within 12 months after the Rights Issue	-	110	110	-	-	-
Additional capital for trading of party products business	30	Within 6 months after the Rights Issue	30	-	-	-	-	-
Additional liquid capital for the securities brokerage and assets management business	15	Within 6 months after the Rights Issue	15	-	-	-	-	-
Additional capital for the advancing business of the Group	15	Within 12 months after the Rights Issue	-	15	2	13	-	13 (Note 1)
General working capital	24	Within 36 months after the Rights Issue	-	24	-	24	24	-
	<u>284</u>		<u>135</u>	<u>149</u>	<u>112</u>	<u>37</u>	<u>24</u>	<u>13</u>

In view of the above, the Directors consider that the usage of proceeds from the above Right Issue and Share Subscription are consistent with the original purposes.

Note 1: The unutilised Remaining Proceeds is expected to be used by 30 June 2024.

MERGERS, ACQUISITIONS AND DISPOSAL

The Group did not have any significant mergers, acquisitions or disposal during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

CHARGE OF ASSETS

As at 30 June 2023, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

The Group's main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in Hong Kong dollar, Renminbi and US dollar. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the Reporting Period as the management considered that the Group's exposure to exchange rate risk could be managed.

HUMAN RESOURCES

As at 30 June 2023, the Group had 36 employees (30 June 2022: 42 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any material capital commitment.

PROSPECTS

Over the past year, the COVID-19 pandemic has gradually subsided with social activities gradually returning to normal. In response to the opportunities and challenges in the new development stage after the pandemic, the Group has accelerated the restructuring of business and operations to generate stable operating profits and deepen the applied research in the field of program trading. In the future, the Group will put more efforts in empowering its artificial intelligence trading technology, thereby commercializing and transforming it into a business that achieves a sustainable long-term development for the Group.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company for the year ended 30 June 2023.

Compliance with Code on Corporate Governance Practices

For the year ended 30 June 2023, the Company has complied with the code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 of the Listing Rules except under C.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. The Company had no Chief Executive Officer for the year ended 30 June 2023. The functions of Chief Executive Officer were performed by the Executive Committee of the Board. The Board considered that this structure had not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company’s operation and business development. The Company had subsequently re-designated the Chief Financial Officer to Chief Executive Officer on 25 July 2023.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules regarding directors’ dealing in securities. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the year ended 30 June 2023.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The Audit Committee currently consists of three independent non-executive Directors of the Company, namely Mr. Yip Tze Wai Albert, Mr. Lo Hang Fong and Mr. Wang Jun Sheng. Mr. Yip Tze Wai Albert is the chairman of the Audit Committee.

The Annual Results have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Annual Results comply with the applicable accounting principles, standards and requirements, and that adequate disclosures have been made.

Scope of work of McMillan Woods (Hong Kong) CPA Limited

The figures in respect of the Group’s consolidated statement of financial position as at 30 June 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in this announcement have been agreed by the Group’s auditor, McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by McMillan Woods 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 McMillan Woods.

Annual General Meeting

The annual general meeting of the shareholders of the Company will be held in the PRC on Friday, 15 December 2023 at 3 p.m. The notice of annual general meeting will be published and despatched to the shareholders of the Company in due course.

Publication of Annual Results and Annual Report

This Annual Results announcement is published on the websites of the Company (www.geniusi.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 30 June 2023 containing all the information required under the Listing Rules is currently expected to be despatched to the Company's shareholders and available on the above websites on or before 31 October 2023.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution. I would also like to express my appreciation to the continuous support of our shareholders, valuable customers and banks.

On behalf of the Board
International Genius Company
Dr. Lin Feng
Executive Director

Hong Kong, 28 September 2023

As at the date of this announcement, (i) the executive Director of the Company is Dr. Lin Feng; (ii) the non-executive Directors of the Company are Ms. Sun Qiuzhen and Mr. Dai Chengyan; and (iii) the independent non-executive Directors of the Company are Mr. Lo Hang Fong, Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert.

** For identification purpose only*