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Imperium Technology Group Limited

帝國科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0776)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for the Year was approximately HK\$51,510,000, representing a decrease of approximately 29.0% over last year.
- Gross profit for the Year was approximately HK\$20,293,000, representing an increase of approximately 90.7% over last year.
- Loss attributable to owners of the Company was approximately HK\$43,195,000, representing a decrease of approximately 66.2% over last year.
- Basic and diluted loss per share amounted to HK\$0.13.

The board (“**Board**”) of directors (“**Directors**”) of Imperium Technology Group Limited (“**Company**”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (“**Year**”), together with the comparative audited figures for the year ended 31 December 2023 which have been audited by and agreed with Prism Hong Kong Limited (“**Auditor**”) and reviewed by the audit committee of the Company (“**Audit Committee**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	51,510	72,557
Cost of sales		<u>(31,217)</u>	<u>(61,916)</u>
Gross profit		20,293	10,641
Other income	5	1,870	1,405
Other gains and losses	8(a)	2,241	16,114
Distribution and selling costs		(1,390)	(3,295)
Administrative expenses		(47,665)	(90,056)
Reversal of impairment loss (impairment loss) of receivables, net of reversal	8(b)	1,042	(7,417)
Impairment loss of non-financial assets, net of reversal	8(b)	<u>(2,060)</u>	<u>(33,458)</u>
Loss from operations		(25,669)	(106,066)
Finance costs	6	<u>(16,030)</u>	<u>(16,793)</u>
Loss before tax		(41,699)	(122,859)
Income tax expenses	7	<u>(26)</u>	<u>(590)</u>
Loss for the year	8	<u>(41,725)</u>	<u>(123,449)</u>
Attributable to:			
— Owners of the Company		(43,195)	(127,733)
— Non-controlling interests		1,470	4,284
		<u>(41,725)</u>	<u>(123,449)</u>
Loss per share			
Basic	10	<u>HK\$(0.13)</u>	<u>HK\$(0.41)</u>
Diluted		<u>HK\$(0.13)</u>	<u>HK\$(0.41)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(41,725)</u>	<u>(123,449)</u>
Other comprehensive income (expenses):		
<i>Items that may be reclassified to profit or loss:</i>		
— Exchange differences on translating foreign operations	3,515	(1,468)
— Reclassification adjustment related to disposal of foreign operations during the year	<u>—</u>	<u>(16,949)</u>
Other comprehensive income (expenses) for the year, net of tax	<u>3,515</u>	<u>(18,417)</u>
Total comprehensive expenses for the year	<u><u>(38,210)</u></u>	<u><u>(141,866)</u></u>
Attributable to:		
— Owners of the Company	(39,680)	(145,926)
— Non-controlling interests	<u>1,470</u>	<u>4,060</u>
	<u><u>(38,210)</u></u>	<u><u>(141,866)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,840	16,120
Investment properties		19,699	19,169
Goodwill		—	—
Intangible assets		5,220	7,114
Prepayments for acquisition of property, plant and equipment		2,591	—
Deposits, other receivables and prepayments		7,068	7,795
		43,418	50,198
Current assets			
Inventories		221	202
Contract costs		—	2
Loan receivables and interest receivables	11	—	—
Trade receivables	12	19,455	18,165
Current tax assets		24	23
Deposits, other receivables and prepayments		9,487	5,549
Cryptocurrencies		2,179	8,825
Cryptocurrency deposits and receivables		3,884	7,776
Cash and bank balances		8,491	10,189
		43,741	50,731
Current liabilities			
Trade payables	13	3,786	4,859
Cryptocurrency payables		—	4
Lease liabilities		2,333	3,449
Loans from related parties		212,721	208,563
Other payables and accruals		41,646	41,397
Contract liabilities		55	439
Current tax liabilities		—	44
		260,541	258,755

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net current liabilities	<u>(216,800)</u>	<u>(208,024)</u>
Total assets less current liabilities	<u>(173,382)</u>	<u>(157,826)</u>
Non-current liabilities		
Lease liabilities	2,834	1,686
Loan from related parties	1,963	92,204
Other payables	276	342
Deferred tax liabilities	<u>795</u>	<u>757</u>
	<u>5,868</u>	94,989
Net liabilities	<u><u>(179,250)</u></u>	<u><u>(252,815)</u></u>
Capital and reserves		
Share capital	3,732	3,110
Reserves	<u>(185,604)</u>	<u>(255,687)</u>
Deficits attributable to owners of the Company	<u>(181,872)</u>	<u>(252,577)</u>
Non-controlling interests	<u>2,622</u>	<u>(238)</u>
Capital deficiency	<u><u>(179,250)</u></u>	<u><u>(252,815)</u></u>

NOTES:

1. GENERAL INFORMATION

Imperium Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 02, 26/F, One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of its subsidiaries are operation of online game, cloud computing and data storage, esports, household products, property investment and money lending.

In the opinion of the directors of the Company, Diamond State Holdings Limited (“**Diamond State**”), a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Cheng Ting Kong (“**Mr. Cheng**”) is the ultimate controlling party of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. The consolidated financial statements are presented in the nearest thousands (HK\$’000), unless otherwise stated.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Group incurred a net loss and operating cash outflow of approximately HK\$41,725,000 (2023: HK\$123,449,000) and HK\$19,730,000 (2023: HK\$51,427,000) respectively during the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$216,800,000 (2023: HK\$208,024,000) and HK\$179,250,000 (2023: HK\$252,815,000) respectively.

Further, as at 31 December 2024, the Group had loans from related parties with a total principal amount of approximately HK\$214,684,000 and interest payable of approximately HK\$13,000,000 due to Mr. Cheng and his related companies, which are beneficially owned and controlled by Mr. Cheng, of which HK\$225,721,000 will mature in 2025 while the Group recorded cash and bank balances of approximately HK\$8,491,000 as at 31 December 2024. Considering the above condition, the Company remains cautious about its liquidity in the near term. The condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this fact, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligations as they fall due for at least the next twelve months based on its projected cash flow forecasts. In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and fulfill its financial obligations and continue as a going concern. Certain plans and measures are being or will be taken to manage its liquidity needs and to improve its financial position, which include, but are not limited to, the following:

- (i) The Group will continuously adopt a monitoring process on the repayment status of trade receivables in order to seek to achieve timely collection and improve its operating cash flows and financial position;
- (ii) The Group will continuously take measures to tighten cost control over various costs in order to seek to achieve profit and operating cash inflows and seek to implement various strategies to enhance the Group's revenue;
- (iii) The Group will continue negotiations with its creditors for extension of its debts when they fall due and seek alternative debt and/or equity financing to meet cash flow requirements;
- (iv) Pursuant to the extension letter dated 18 March 2025, the ultimate controlling party of the Company agreed to extend the repayment due date for the loans and interest payable amounting to approximately HK\$214,684,000 and HK\$13,000,000 respectively up to 30 June 2026;
- (v) The Group has obtained a revolving loan facility from an independent third party amounting to HK\$25,000,000, which is available for drawdown at the Group's request.

Should the Group be unable to continue as a going concern, adjustments would have to be made the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2024:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosure ³
Annual improvements to HKFRS — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — dependent Electricity ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 “Presentation of Financial Statements”. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The Group has six major reportable and operating segments, as follows:

Online game	—	marketing and operation of mobile games and computer games and sale of NFTs and other digital token
Cloud computing and data storage	—	to engage in cryptocurrency mining and rental of machines to customers to engage in cryptocurrency mining
Esports	—	participating in esports competitions, streaming and marketing event, and merchandise sales
Household products	—	manufacture and sale of stainless steel furnishings and home products
Property investment	—	rental income from investment properties
Money lending	—	interest income from money lending business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated finance cost and unallocated corporate income and expenses. Segment assets do not include unallocated deposits, other receivables and prepayments, unallocated cash and bank balances and unallocated other corporate assets.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

Information about operating segment profit or loss and assets:

Year ended 31 December 2024

	Online game	Cloud computing and data storage	Esports	Household products	Property investment	Money lending	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	15,080	2,823	29,737	1,913	1,257	700	51,510
Segment (loss) profit	(16,371)	(6,746)	3,427	(382)	1,361	684	(18,027)
Bank interest income	1	—	6	2	—	—	9
Interest expenses	(33)	(1,720)	(2,106)	—	—	—	(3,859)
Depreciation and amortisation	(1,638)	(5,908)	(6,013)	(14)	—	—	(13,573)
Other material non-cash items:							
Reversal of impairment loss of receivables	15	—	971	56	—	—	1,042
Impairment loss of non-financial assets, net of reversal	—	(2,060)	—	—	—	—	(2,060)
Net fair value gain on investment properties	—	—	—	—	104	—	104
Additions to segment non-current assets	1,554	2,492	2,505	—	—	—	6,551
As at 31 December 2024							
Segment assets	<u>13,708</u>	<u>8,953</u>	<u>35,683</u>	<u>4,422</u>	<u>19,699</u>	<u>500</u>	<u>82,965</u>

Year ended 31 December 2023

	Online game HK\$'000	Cloud computing and data storage HK\$'000	Esports HK\$'000	Household products HK\$'000	Property investment HK\$'000	Money lending HK\$'000	Total HK\$'000
Revenue from external customers	20,796	5,294	24,860	18,292	1,642	1,673	72,557
Segment (loss) profit	(71,649)	(20,439)	(13,352)	23,959	(95)	(2,903)	(84,479)
Bank interest income	13	2	9	4	—	—	28
Interest expenses	(86)	(38)	(209)	—	—	—	(333)
Depreciation and amortisation	(14,202)	(14,425)	(7,348)	(59)	(65)	—	(36,099)
Other material non-cash items:							
Impairment loss of receivables, net of reversal	(970)	—	(1,814)	(57)	—	(4,576)	(7,417)
Impairment loss of non-financial assets, net of reversal	(36,425)	5,483	(2,516)	—	—	—	(33,458)
Loss on write off of intangible assets	(6,056)	—	—	—	—	—	(6,056)
Gain on disposal of subsidiaries	—	—	—	20,969	—	—	20,969
Net fair value loss on investment properties	—	—	—	—	(515)	—	(515)
Additions to segment non-current assets	11	38	2,129	—	—	—	2,178
As at 31 December 2023							
Segment assets	<u>11,033</u>	<u>24,286</u>	<u>34,781</u>	<u>4,825</u>	<u>19,575</u>	<u>718</u>	<u>95,218</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit or loss		
Total loss of reportable segments	(18,027)	(84,479)
Unallocated finance costs	(12,171)	(16,460)
Unallocated corporate income	1,028	69
Unallocated corporate expenses	(12,555)	(22,579)
	<u>(41,725)</u>	<u>(123,449)</u>
Consolidated loss for the year	<u>(41,725)</u>	<u>(123,449)</u>

Reconciliations of segment assets:

Assets

Total assets of reportable segments	82,965	95,218
Unallocated deposits, other receivables and prepayments	884	947
Unallocated cash and bank balances	2,428	2,575
Unallocated other corporate assets	882	2,189
	<u>87,159</u>	<u>100,929</u>
Consolidated total assets	<u>87,159</u>	<u>100,929</u>

Geographical information:

The Group's revenue from external customers by location of customers and information about its specified non-current assets (i.e. total non-current assets exclude financial instruments) by location of assets are detailed below:

	Revenue		Specified non-current assets	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	12,777	19,414	7,137	10,848
People's Republic of China ("PRC") excluding Hong Kong	31,219	44,223	6,250	9,184
East and South East Asia	7,514	8,920	22,963	22,371
	<u>51,510</u>	<u>72,557</u>	<u>36,350</u>	<u>42,403</u>
Consolidated total	<u>51,510</u>	<u>72,557</u>	<u>36,350</u>	<u>42,403</u>

Revenue from major customer:

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Esport segment		
Customer A	15,796	19,558
Customer B	5,629	N/A
Household products segment		
Customer C	N/A	18,292
Online game segment		
Customer D	N/A	8,109
	<u>N/A</u>	<u>8,109</u>

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	10	30
Government grants (<i>Note</i>)	142	160
Gain on remeasurement of lease	8	96
Gain on disposal of esports players	—	334
One-off sponsorship from business partner	1,164	—
Others	546	785
	<u>1,870</u>	<u>1,405</u>

Note: During the year ended 31 December 2024, subsidy received from the PRC local government authority for the achievements of the Group of approximately HK\$54,000 (2023: HK\$24,000).

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loans from related parties	15,525	15,983
Interest on lease liabilities	505	750
Interest on royalty payable	—	60
	<u>16,030</u>	<u>16,793</u>

7. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — PRC Enterprise Income Tax		
Over-provision in prior years	—	(3)
Deferred tax	26	593
	<u>26</u>	<u>590</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax tax rate of the PRC subsidiaries has been provided at a rate of 25% on the estimated assessable profit for both years.

Malaysia Corporate Tax has been provided at a rate of 24% on the estimated assessable profit for both years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. LOSS FOR THE YEAR

(a) Other gains and losses

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain (loss) on disposal of property, plant and equipment	4,537	(27)
Loss on written off of intangible assets	—	(6,056)
Exchange (loss) gain, net	(3,388)	1,254
Net fair value gain (loss) on investment properties	104	(515)
Gain on disposal of subsidiaries	—	20,969
Others	988	489
	<u>2,241</u>	<u>16,114</u>

(b) Other items

The Group's loss for the year is stated after charging (crediting) the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	980	1,600
Cost of inventories recognised as expenses	2,978	18,801
Amortisation of intangible assets		
— Included in cost of sales	—	2,721
— Included in administrative expenses	4,296	14,209
	<u>4,296</u>	<u>16,930</u>
Depreciation of property, plant and equipment		
— Included in cost of sales	2,271	12,496
— Included in administrative expenses	8,300	8,732
	<u>10,571</u>	<u>21,228</u>
Equity-settled share-based payments		
— Included in administrative expenses	—	6,274

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Reversal of impairment loss) impairment loss of receivables, net of reversal		
— Trade receivables	(1,042)	2,841
— Loan receivables	<u>—</u>	<u>4,576</u>
	<u>(1,042)</u>	<u>7,417</u>
Impairment loss (reversal of impairment loss) of non-financial assets, net of reversal		
— Cryptocurrencies	1,563	(2,758)
— Cryptocurrency deposits and receivables	497	(2,725)
— Goodwill	<u>—</u>	<u>2,982</u>
— Intangible assets	<u>—</u>	<u>34,460</u>
— Prepayments	<u>—</u>	<u>1,499</u>
	<u>2,060</u>	<u>33,458</u>
Gross rental income from investment properties	<u>(1,257)</u>	<u>(1,642)</u>

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company and weighted-average number of ordinary shares, as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(43,195)</u>	<u>(127,733)</u>

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>322,625,000</u>	<u>311,036,000</u>

Potential ordinary shares from the assumed exercise of share options have not been included in the calculation of diluted losses per share because they are anti-dilutive for the years ended 31 December 2024 and 2023. Therefore, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2024 and 2023.

11. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan and interest receivables	7,042	7,042
Allowance for ECL	<u>(7,042)</u>	<u>(7,042)</u>
	<u><u>—</u></u>	<u><u>—</u></u>

The maturity profile of loan receivables and interest receivables at the reporting date is analysed by the remaining periods to their contractual maturity dates as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	<u><u>—</u></u>	<u><u>—</u></u>

The carrying amounts of the loan receivables and interest receivables are denominated in HK\$.

As at 31 December 2024 and 2023, all loan receivables are unsecured, bear interest at fixed rates of 24% per annum and are repayable with fixed terms agreed with the customers.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	21,205	20,991
Allowance for ECL	(1,750)	(2,826)
	<u>19,455</u>	<u>18,165</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Overdue balances are reviewed regularly by directors. The aging analysis of the Group's trade receivables, based on the invoice date, and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	5,888	5,657
31–60 days	827	2,146
61–90 days	2,772	1,338
Over 90 days	9,968	9,024
	<u>19,455</u>	<u>18,165</u>

13. TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	<u>3,786</u>	<u>4,859</u>

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

At the end of reporting period, the aging analysis of trade payables, based on the invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	560	552
31–60 days	556	314
61–90 days	737	379
Over 90 days	1,933	3,614
	<u>3,786</u>	<u>4,859</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The global economy is predicted to grow at 3.2% in 2024 and 3.5% in 2025 amid geopolitical and macroeconomic uncertainties. According to the marketing report issued by NewZoo, the total revenue in the global game market is also expected to grow with a compounded annual growth rate (“CAGR”) of 3.1% from 2022 to 2027. The pace of development of the gaming industry has fallen from its peak and becomes more in line with the overall economy. During the Year, the digital economy continued to grow strongly with artificial intelligence (“AI”), software and cybersecurity as significant drivers. According to Forrester’s Michael O’Grady, the growing digital economy should account for approximately 17.0% percent of global GDP by 2028, representing a CAGR of approximately 7.0% through 2028.

The launch of OpenAI attracted huge number of users and accelerated the interest to integrate this solution to make the operating systems across all sectors more efficient. The release of DeepSeek in January 2025 has further fueled the growth of artificial intelligence by offering a more cost efficient, open source and modular approach alternative. At the same time, blockchain technology has also evolved and expanded beyond its initial use in cryptocurrencies. It has seen significant advancements in scalability, security and interoperability, making it more viable for a wide range of applications. Efforts to integrate AI and blockchain technology has also had a profound impact on the development of Web3 which emphasizes decentralization, user control and data privacy. The Group considers that the long-term development prospect of emerging technologies is enormous and will continue to seize corresponding market opportunities.

Business Review

Since 2018, the Group has transformed itself into a leading player in the realms of online game publishing, cloud computing related services and esports which form the three pillars of the Group. At the heart of the Group’s success is its unwavering commitment to innovation. By leveraging cutting-edge technologies and a deep understanding of consumer behavior, the Group targets to create a portfolio of groundbreaking products and services that are captivating audiences around the world. The Group’s ongoing efforts to develop the Metasens, especially the Holosens project is a testimonial to our vision. To date, we have accumulated valuable experience and business network in this fast-growing arena which will remain one of the major drivers of economic growth in the near future.

In 2024 (the “Year”), the Group’s total revenue decreased year-on-year by approximately 29.0% to approximately HK\$51,510,000 (2023: HK\$72,557,000), mainly due to decrease in sales from the household products segment and the lack of contribution from the Metasens projects. The revenue from the esports segment has increased compared to last year. Loss attributable to shareholders of the Company for the Year was approximately HK\$43,195,000 (2023: HK\$127,733,000), is mainly due to expenses incurred in the development of the Holosens project, depreciation of equipment and finance costs. The decreases in loss as compared to that for the year 2023 are mainly attributed to one-off costs including amortisation of costs for options granted as well as impairment of intangible assets relating to the Metasens incurred in 2023; reduction in research and development costs for Holosens and decrease in amortization of intangible assets.

Online game business

The Group continues publishing licensed online games including “Jiuyin Zhenjing” 《九陰真經》 in Southeast Asia region and “Champion Horse Racing” over the world. During the Year, the Group participated in the launch of “Myth of Empires” and gained valuable experience in publishing games globally. This enhanced our readiness in promoting the Holosens, part of the Metasens project.

Holosens is a social-focused metaverse platform that aims to provide a variety of social features, including dating, entertainment, and immersive experiences. The platform uses virtual reality technology and advanced 3D graphics engines to create a highly interactive and immersive digital world for users, enabling users to engage in colorful social activities in a virtual environment. With the rapid development of AI technology, we are actively exploring the application of generative AI technology to Holosens to develop game characters with text or voice. This innovation enables players to create their avatars more accurately and quickly, enhancing the overall gaming experience. Specifically, players can generate virtual characters with unique appearances, personalities, and behavioral traits through text descriptions or voice commands. Not only can these characters interact with other players in the virtual world of Holosens, but they can also participate in a variety of social activities and entertainment. The project was recently launched for testing on the App Store TestFlight platform. The Group will finalize its launch plan pursuant to the market feedback.

The revenue from the online game business of the Group decreased year-on-year by approximately 27.5% to HK\$15,080,000 (2023: HK\$20,796,000) as the contribution from Metasens projects decreased by approximately HK\$10,490,000. The revenue generated from the two online games increased moderately during the Year while the participation in “Myth of Empires” contributed approximately HK\$3,067,000 in revenue to the segment. However, the joint publishing agreement for “Myth of Empires” was not extended as the developer planned to focus more on the console segment where the Group has limited experience. The segment loss was approximately HK\$16,371,000 (2023: HK\$71,649,000) representing primarily the cost incurred in the development of the Holosens project.

The segment loss was significantly reduced compared to the results for the year ended 31 December 2023 as there was no impairment loss related to game intellectual properties and licenses during the Year (2023: HK\$33,443,000). All intangible assets relating to the online game business were fully impaired in 2023 due to change in the market environment and player habits arising from the sharp fluctuations in the NFT market as well as uncertainties in securing funding for development and publishing of Holosens.

Cloud computing and data storage business

The revenue from cloud computing and data storage business of the Group for the Year was approximately HK\$2,823,000 (2023: HK\$5,294,000), representing a year-on-year decrease of approximately 46.6%. The decrease was driven mainly by reduction in unit output of Filecoin as the size of the system expanded over time. The segment loss was approximately HK\$6,746,000 (2023: HK\$20,439,000) due to depreciation of equipment utilized and decrease in market price of the cryptocurrencies.

During the Year, the Group ceased to operate the Chia mining machines and disposed the Chia tokens and the machines. Furthermore, the Group has sold part of its Filecoin portfolio to improve its liquidity position and commenced an operation for Bitcoin which will improve the revenue stream of the Group and strengthen its position to capture opportunities in this segment. In the past few years, the blockchain technology has expanded beyond its initial applications in cryptocurrencies to applications in finance, healthcare and supply chain management due to its potential to enhance transparency, security and efficiency in the IT solutions. This would also benefit the development of Web3 through decentralized data management and applications. Going forward, the Group will explore the possibility of provision of IT consulting services to leverage its knowhow in blockchain technology to assist clients in transforming its business operations and exploration of new business models.

Esports business

The revenue from esports business of the Group for the year ended 31 December 2024 was approximately HK\$29,737,000 (2023: HK\$24,860,000), representing an year-on-year increase of approximately 19.6%, mainly due to increase in revenue generated from esports teams other than the Peacekeeper Elite team, and resulted in the segment gain of approximately HK\$3,427,000 (2023: segment loss of HK\$13,352,000).

Apart from Peacekeeper Elite and League of Legends: Wildrift teams, the Group's Valorant team has achieved remarkable results during the Year and contributed to the growth of the segment. The Group considers that the advances in AI and blockchain technology to enhance fan engagement and generate more revenue through sponsorship and marketing events. All these efforts would reduce the segment's reliance on the performance of the Peacekeeper Elite team and build a more sustainable platform for the business.

Other businesses

The revenue from household products business of the Group for the Year was approximately HK\$1,913,000 (2023: HK\$18,292,000), mainly attributable to the intense competition of household market. The segment loss was approximately HK\$382,000 due to absence of gain from disposal of subsidiary in 2024 (2023: segment profit of HK\$23,959,000). Amid challenging outlook of the business, the Group will take initiatives to increase revenue and reduce costs while strengthening its customer base. This includes broadening its product range to furnishing products and accessories using raw materials other than stainless steel and adopting a more flexible cost structure by significantly increase the portion of products out-sourced to sub-contractors.

For the year ended 31 December 2024, the Group's revenue from property investment business was approximately HK\$1,257,000 (2023: HK\$1,642,000), mainly due to downward adjustments in rental income. The segment profit was approximately HK\$1,361,000 (2023: segment loss of HK\$95,000) as the fair value of investment properties remained relatively constant during the Year.

The Group's revenue from money lending business for the Year was approximately HK\$700,000 (2023: HK\$1,673,000). The segment recorded gain of approximately HK\$684,000 (2023: segment loss of HK\$2,903,000) because the outstanding principal amount of loan receivables was impaired approximately HK\$4,576,000 in 2023. As the Group has not extended any new loan since 2020, the interest income earned represented the payments received from unsecured loan to an individual granted in early 2019. The Group has been actively negotiating with the borrower and may consider to take further legal action to recover the loan and interest receivables.

Future Prospects

Looking ahead, the Group will continue to invest resources to further explore business opportunities relating to blockchain technology, AI and Web3. This may also be extended beyond the existing segments to other businesses sectors. Given the market environment in these areas would change rapidly, the Group will continue to exercise caution when developing these projects.

RESULTS OF OPERATIONS

For the year ended 31 December 2024, the Group reported a revenue of approximately HK\$51,510,000 (2023: HK\$72,557,000), representing a decrease of 29.0% from that of the year 2023. The decrease in revenue is mainly due to decrease of revenue from household products business in the PRC and the online game business.

Gross profit margin increased from 14.7% in 2023 to 39.4% in 2024 due to the increase of gross profit margin of esports business and online game business during the year ended 31 December 2024.

Other income increased from approximately HK\$1,405,000 in 2023 to approximately HK\$1,870,000 in 2024, mainly due to one-off sponsorship from business partner during the year ended 31 December 2024.

Distribution and selling costs decreased from approximately HK\$3,295,000 in 2023 to approximately HK\$1,390,000 in 2024 due to the decrease in marketing expenses for online game business during the year ended 31 December 2024.

Administrative expenses decreased from approximately HK\$90,056,000 in 2023 to approximately HK\$47,665,000 in 2024, mainly due to the decrease in share-based payment, staff costs, reduction in research and development costs and decrease in amortisation of intangible assets.

Impairment loss on non-financial assets, net of reversal decreased from approximately HK\$33,458,000 in 2023 to approximately HK\$2,060,000 in 2024. Impairment loss on non-financial assets in 2024 was attributable to impairment of cryptocurrencies and cryptocurrency deposits and receivables.

Finance costs decreased from approximately HK\$16,793,000 in 2023 to approximately HK\$16,030,000 in 2024, attributable to the decrease in loans from related parties during the year ended 31 December 2024.

Income tax expense decreased from approximately HK\$590,000 in 2023 to approximately HK\$26,000 in 2024, mainly arising from deferred tax charged during the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2024, the Group had cash and bank balances of approximately HK\$8,491,000 (2023: HK\$10,189,000) and net current liabilities of approximately HK\$216,800,000 (2023: HK\$208,024,000), the increase in net current liabilities is mainly due to the reclassification of loan from related parties to current position. Excluding current portion of the loans from related parties and interest payable of approximately HK\$212,721,000 (2023: HK\$208,563,000) and HK\$13,000,000 (2023: HK\$4,500,000) respectively, there was resulted in net current assets of approximately HK\$8,921,000 (2023: HK\$5,039,000).

Excluding current portions of loans from related parties and interest payable of approximately HK\$212,721,000 (2023: HK\$208,563,000) and HK\$13,000,000 (2023: HK\$4,500,000) respectively, current liabilities decreased to approximately HK\$34,820,000 (2023: HK\$45,692,000).

The Group had no bank borrowings as at 31 December 2024 and 31 December 2023. The Group had loans from related parties of approximately HK\$214,684,000 as at 31 December 2024 (2023: HK\$300,767,000). The loans from related parties carried interest at fixed rate and repayable within two years.

On 14 March 2025, the Company entered into a revolving loan facilities with an independent third party for an amount up to HK\$25,000,000. The rate of interest applicable to the loan facilities shall be 12% per annum from the date of drawdown. The repayment date is falling 12 months from the date of drawdown.

Nevertheless, the Group will continue to seek for other financial resources as alternative means to meet working capital requirement.

BANK BORROWINGS

No bank borrowings as at 31 December 2024 and 31 December 2023.

GEARING RATIO

The Group's gearing ratio, which was derived from loans from related companies to total assets, decreased from 298.0% in 2023 to 246.3% in 2024, as a result of the decrease in loans from related parties.

COMMITMENTS

As at 31 December 2024 and 2023, the Group had no capital commitments.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

All transactions of the Group are denominated in RMB, HKD, and USD, MYR, SGD and THB. The Group is exposed to foreign exchange risk with respect to the fluctuation of RMB which may affect the Group's performance and assets. The Group has not entered into any derivative contract to hedged against the risk.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed approximately 137 staffs. The Group's remuneration to employees, including Directors' emoluments, decreased from approximately HK\$52,595,000 in 2023 to approximately HK\$34,256,000 in 2024 mainly due to decrease in amortisation of share options granted in 2022.

The Group reviews employee remuneration annually and rewards its employees with reference to the length of services and performance. The Group also has the liberty to grant share options and bonuses to employees of the Group at the discretion of the Directors based on the financial performance of the Group.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The following set forth a summary of utilization of the Net Proceeds as at 31 December 2024:

Business Strategy	Net Proceeds from Placing Shares (HK\$ million)	Amount utilized as at 31 December 2024 (HK\$ million)	Amount unutilized as at 31 December 2024 (HK\$ million)	Expected timeline for utilizing the unutilized Net Proceeds (HK\$ million)
Repayment of loans	99.7	95.0	4.7	Expected to be fully utilized on or before 31 December 2025
General working capital	10.0	6.0	4.0	Expected to be fully utilized on or before 31 December 2025
Total	<u>109.7</u>	<u>101.0</u>	<u>8.7</u>	

The Board currently no intention to change the planned use of Net Proceeds as stated in announcement dated 2 October 2024. The expected timeline for using the unutilized Net Proceeds is based on the best estimation by the Board.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year.

CODE OF BEST PRACTICE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the principles and the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report, amended from time to time, contained in Appendix C1 of the Listing Rules. As far as the CG Code is concerned, during the Year and up to the date of this announcement, the Company complies with all aspect of the Code Provisions except disclosed below:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of chief executive officer was shared among the members of the Board during the reporting period. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

EVENTS AFTER THE REPORTING PERIOD

- (i) On 24 January 2025, Diamond State has entered into a placing agreement with Waton Securities International Limited (the sole "**Placing Agent**"), in relation to the placing by the Placing Agent in multiple tranches on a best effort basis of up to an aggregate of 93,310,000 shares (the "**Placing Shares**") of the Company (representing 25% of the total issued share capital of the Company as at the date of the Placing Agreement) held by Diamond State at a placing price of HK\$1.05 per Placing Share to professional, institutional, corporate and other investors (the "**Placee(s)**"). The placing period commenced from 24 January 2025 and ended on 24 March 2025 or such longer period as Diamond State and the Placing Agent may agree in writing.

On 24 March 2025, Diamond State and the Placing Agent entered into an extension letter to extend the placing period stipulated under the Placing Agreement from ending on 24 March 2025 to ending on 30 April 2025, or such longer period as Diamond State and the Placing Agent may agree in writing. Up to the date of this announcement, the Placing has not been completed.

- (ii) On 14 March 2025, the Company entered revolving loan facilities with an independent third party for an amount up to HK\$25,000,000. The rate of interest applicable to the loan facilities shall be 12% per annum from date of drawdown. The repayment date is falling 12 months from date of drawdown.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in Appendix 10 of the Listing Rules for the year ended 31 December 2024.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The Audit Committee comprises the following three members, all independent non-executive Directors:

- (i) Mr. Fung Tze Wa, Chairman of Audit Committee
- (ii) Mr. Ting Wong Kacee
- (iii) Mr. Tse Ting Kwan

Given below are the main duties of the Audit Committee:

- (i) to make recommendations with respect to the appointment, re-appointment and removal of the Company's external auditor, and to evaluate their independence, objectivity and effectiveness of the audit process;
- (ii) to review and monitor the interim and annual financial statements, reports and accounts of the Company, and to review significant and judgemental financial reporting issues contained therein;
- (iii) to review the Company's financial controls, internal controls and risk management systems; and
- (iv) to discuss with the management the system of internal controls, and to ensure that the management has discharged its duties and responsibilities in implementing an effective internal control system.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2024, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE INDEPENDENT AUDITOR

The Group would like to provide an extract from the independent auditor's report prepared by Prism Hong Kong Limited (the independent auditor) on the Group's annual consolidated financial statements for the year ended 31 December 2024 as set out below:

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group experienced a net loss and operating cash outflow of approximately HK\$41,725,000 and HK\$19,730,000 respectively for the year ended 31 December 2024 and had net current liabilities and net liabilities of approximately HK\$216,800,000 and HK\$179,250,000 respectively as at that date. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

ANNUAL GENERAL MEETING

A notice convening the AGM of the Company will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board do not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (<http://www.776.hk>) and the Stock Exchange (<http://www.hkexnews.hk/index.htm>). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites in due course.

By Order of the Board
Imperium Technology Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Cheng Ting Kong, Mr. Lin Junwei, Mr. Yeung Tong Seng Terry, Mr. Xiao Junjia and Ms. Li Tingting; and the independent non-executive Directors are Mr. Fung Tze Wa, Mr. Ting Wong Kacee, Mr. Tse Ting Kwan and Mr. Hui Ka Lung.