



帝國金融

集團有限公司

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IMPERIUM FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability) | Stock Code: 8029

2022 First Quarterly Report



CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL SUMMARY (UNAUDITED)

- Revenue of the Group was approximately HK\$6,094,000 for the three months ended 30 June 2022, representing a decrease of approximately 45.8% from the corresponding period in the previous fiscal year.
- For the three months ended 30 June 2022, gross profit of the Group was approximately HK\$5,983,000 as compared to the gross profit of approximately HK\$10,832,000 from the corresponding period in the previous fiscal year.
- Loss attributable to owners of the Company for the three months ended 30 June 2022 amounted to approximately HK\$24,048,000 as compared to loss of approximately HK\$6,605,000 from the corresponding period in the previous fiscal year.
- Total comprehensive loss attributable to owners of the Company for the three months ended 30 June 2022 amounted to approximately HK\$27,813,000 as compared to income of approximately HK\$11,230,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2022 (2021: Nil).

CONSOLIDATED FIRST QUARTERLY RESULTS FOR 2022 (UNAUDITED)

The board of Directors (the "Board") of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2022

	Note	For the three months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	6,094	11,250
Direct costs		(111)	(418)
Gross Profit		5,983	10,832
Other operating income		431	769
Reversal of allowance for expected credit loss, net	4	321	669
Other gains and losses		(17,453)	–
Administrative expenses		(9,131)	(14,489)
Finance costs	5	(4,199)	(4,386)
Loss before taxation	6	(24,048)	(6,605)
Income tax expense	7	–	–
Loss for the period		(24,048)	(6,605)
Other comprehensive (loss)/income:			
Currency translation differences		(3,765)	(4,625)
Total comprehensive (loss)/income for the period		(27,813)	(11,230)
Loss for the period attributable to:			
Owners of the Company		(24,048)	(6,605)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(27,813)	(11,230)
Loss per share (HK cents)	9		
Basic and diluted		(1.05)	(0.29)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at the reporting date, the ultimate and immediate holding company of the Company is Fresh Success Investments Limited (“Fresh Success”), a company incorporated in the British Virgin Islands, and is beneficially owned by Mr. Cheng Ting Kong (“Mr. Cheng”) (2021: the ultimate and immediate holding company of the Company is First Cheer Holdings Limited (“First Cheer”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 50% by Mr. Chau Cheok Wa (“Mr. Chau”) and as to 50% by Mr. Cheng).

The unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and all amounts are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

During the period ended 30 June 2022, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, investment in stallions and cryptocurrency mining.

2. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the unaudited consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The unaudited consolidated financial statements have been prepared on the historical cost basis, except for biological assets and investment properties which have been measured at fair value at the end of each reporting period.

The accounting policies used in preparing the unaudited consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2022, except for the adoption of the new and amended HKFRSs that are first effective for the current reporting period.

The condensed consolidated financial statements of the Group for the three months ended 30 June 2022 are unaudited but have been reviewed by the Company’s Audit Committee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

3. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers and is analysed as follows:

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Revenue within the scope of HKFRS15		
Financial services	2,614	7,605
Equine services	258	561
	2,872	8,166
Revenue outside the scope of HKFRS15		
Financial services	2,791	2,650
Rental income	431	434
	3,222	3,084
	6,094	11,250

4. REVERSAL OF ALLOWANCE FOR EXPECTED CREDIT LOSS

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Reversal of allowance for expected credit loss, net:		
– Trade receivables	–	669
– Loan receivables	321	–
	321	669

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

5. FINANCE COSTS

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Effective interest expense on promissory notes	4,173	4,292
Interest on lease liabilities	26	94
	4,199	4,386

6. LOSS BEFORE TAXATION

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Employee benefit expense (including directors' remuneration):		
– Directors' emoluments	1,391	1,080
– Salaries and other benefits	3,519	5,366
– Retirement benefit scheme contributions	133	147
	5,043	6,593

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

7. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2021: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
	–	–

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2022 (2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the company are based on the following data:

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(24,048)	(6,605)

	Number of shares	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,284,255	2,248,396

In calculated diluted loss per share, no adjustment was made in respect of the share options outstanding for both periods as these share options were anti-dilutive for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK\$6,094,000 for the three months ended 30 June 2022, representing a decrease of 45.8% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the decrease of revenue of financial services business.

The direct costs were decreased to approximately HK\$111,000 from approximately HK\$418,000 compared with the same period last year.

Administrative expenses made a decrease of 37.0% to approximately HK\$9,131,000 compared to approximately HK\$14,489,000 in 2021 due to the simplify of the operation in the Group.

As disclosed in the annual report 2022 page 140, the market value of bitcoins had further decreased from approximately USD 45,000 (as at 31 March 2022) to approximately USD 20,000 (as at 30 June 2022). As a result, an impairment loss of approximately HK\$17,389,000 was recognised in respect of the cryptocurrency held by the Group during the reporting period.

The loss attributable to owners of the Company for the three months ended 30 June 2022 was approximately HK\$24,048,000, an increase of approximately HK\$17,443,000 as compared with the corresponding period in the last fiscal year. Such increase was mainly affected by the impairment loss of cryptocurrency held by the Group as at 30 June 2022.

BUSINESS REVIEW

The Group has been operating in the equine business for years and the result is disappointing. As a result, the Board disposed one of the subsidiaries in the equine segment (Completed in July 2019). On 31 March 2021 there was further restructure of the Group's equine segment.

On 30 April 2021, the Group completed the purchase of the equipment for cryptocurrency mining and started its cryptocurrency business.

Equine services

Following the disposal of Sun Kingdom Pty Ltd in July 2019, there was further restructure of the equine business. On 31 March 2021, the Group leased out certain land and farm in Australia, which was previously self-occupied and operated in the equine segment, to an independent third party. In addition, the independent third party will manage the Stallions held by the Group under certain profit share scheme. The Board believes after such restructure, both the performance and cash flow of the equine segment would be improved.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial services

Following the US-China trade dispute, rising of protectionism, worldwide political uncertainties, outbreak and continuous of COVID-19, and fluctuation of capital and stock market. The board was prudent on the financial services segment, especially the money lending business, to avoid any potential risks to the Group. As a result, the revenue and profit from the financial services decreased as compared from the corresponding period in the previous fiscal year. The management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation.

Investment Properties

On 31 March 2021, the Group leased out certain land and farm in Australia under operating leases with rentals receivable of approximately HK\$1,700,000 per annum to a party which to the directors of the Company's best knowledge, information, believe and having made all reasonable enquires, was an independent third party to the Group. The property, plant and equipment with carrying amount of approximately HK\$42,000,000 was transferred to investment properties. The leases run for a period of five years and do not contain the unilateral rights to extend the lease at the end of the leases.

Cryptocurrency Mining

On 30 April 2021, Extra Blossom Holdings Limited ("**Extra Blossom**"), an indirect wholly owned subsidiary of the Group, has completed acquiring certain amount of digital currency mining machines. The consideration for the acquisition was satisfied by allotting and issuing 112,522,768 Consideration shares under General Mandate granted at the annual general meeting of the Group on 25 September 2020. By entering into the cryptocurrency/blockchain business, the Board believes it can provide a long term and stable income to the Group.

In light of the statement made by the State Council's Financial Stability and Development Committee of the People's Republic of China (the "**PRC**") on 21 May 2021 on Bitcoin mining and trading activities. In order to support and follow the direction of the PRC Government, on 24 May 2021 the Group instructed the relevant service provider to suspend the cryptocurrency miner operating service. The operation of the cryptocurrency mining has relocated in Kazakhstan since July 2021.

PROSPECTS

Following the US-China trade dispute and the outbreak of COVID-19, the global economy and consumer confidence have been adversely affected. These two incidents have occurred more than two years and have an impact on our 2022 financial results and our development strategies. The management foresees that there is full of challenging in 2022. On the other

MANAGEMENT DISCUSSION AND ANALYSIS

hand, this presents both opportunities and challenges for the financial services segment. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the Board would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2022, the Group's net asset is approximately HK\$40,789,000, compared with the net assets HK\$68,667,000 as of 31 March 2022. The cash and bank balances as of 30 June 2022 was approximately HK\$115,221,000, representing an increase of approximately 34.7% when compared with the balance as of 31 March 2022. During the three months ended 30 June 2022, the Group's operation was mainly financed by internal fund.

CHARGES ON GROUP ASSETS

As of 30 June 2022, no plant and equipment of the Group was held under finance lease (2021: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars, US Dollars, Renminbi, Kazakhstan Tenge and Australian Dollars. The Company has not entered into any foreign exchange hedging arrangement. The management is required to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The Group may use financial tools such as foreign exchange forward contracts, dual currency options etc. to manage the foreign exchange risks.

EMPLOYEE INFORMATION

The total number of employees was 42 as of 30 June 2022 (2021: 43), and the total remuneration for the three months ended 30 June 2022 was approximately HK\$5,043,000 (2021: HK\$6,593,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As of 30 June 2022, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) LONG POSITIONS IN THE SHARES OF THE COMPANY

Ordinary share of HK\$0.04 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Cheng Ting Kong	Corporate <i>(Note)</i>	1,437,914,040	Interest of a controlled corporation	62.95%

Note: These ordinary shares are held by Fresh Success Investment Limited. Fresh Success Investment Limited is beneficially owned as to 100% by Mr. Cheng Ting Kong.

Save as disclosed above, as at 30 June 2022, so far as is known to any of the Directors or the chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

No share option has been granted or exercised under the Scheme during the three months ended 30 June 2022. No share option was outstanding as at 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the three months ended 30 June 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 30 June 2022, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Fresh Success Investment Limited <i>(Note 1)</i>	Corporate	1,437,914,040	Beneficial owner	62.95%
Cheng Ting Kong <i>(Note 1)</i>	Corporate	1,437,914,040	Interest of a controlled corporation	62.95%
Raywell Holdings Limited <i>(Note 2)</i>	Corporate	135,430,000	Beneficial owner	5.93%
Yeung Hak Kan <i>(Note 2)</i>	Corporate	135,430,000	Interest of a controlled corporation	5.93%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

Notes:

1. Fresh Success Investment Limited is wholly and beneficially owned by Mr. Cheng Ting Kong. Accordingly, Mr. Cheng Ting Kong is deemed under the SFO to be interested in the 1,437,914,040 shares beneficially owned by First Cheer Holdings Limited.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 June 2022, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Cheng Tin Kong is the executive director of the Group and also is the shareholder of Imperium Credit Limited ("ICC"), a private company incorporated in Hong Kong and is a licensed money lender engaged in money lending business. ICC competes or may compete, either directly or indirectly, with the business of the Group.

The Board considers that, having considered the facts that:

- (i) the Group is capable of, and does carry on its business independently of, and on an arm's length basis with the competing business of the ICC;
- (ii) the Company has established corporate governance procedures to ensure business opportunities and performance are independently assessed and reviewed from time to time;
- (iii) Mr. Cheng Tin Kong is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and
- (iv) The group have the first right of refusal in accepting or rejecting to provide services to the client, and Mr. Cheng Tin Kong only refer new clients to ICC after the group decide not to proceed with such client.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

Since (i) all the major and important corporate actions of the Company are and will be fully deliberated and determined by the Board; and (ii) any director(s) who is/are or deemed to be interested in any proposed transaction(s) will have his/their interest fully disclosed and will abstain from voting at the relevant resolution(s) in accordance with the applicable requirements of the New Bye-laws of the Company, the Board is of the view that each of the Relevant Directors does not, by himself/herself or in an individual capacity, competes with the Company and/or the business of the Group. The Group's interest is adequately safeguarded.

COMPETITION AND CONFLICT OF INTERESTS

Except of the above, as at 30 June 2022, none of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company set up an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Audit Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are independent non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the three months ended 30 June 2022 were reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the three months ended 30 June 2022.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises four executive Directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lui Man Wah and Mr. Chim Tak Lai and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun.

By order of the Board
Imperium Financial Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 12 August 2022