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Imperium Financial Group Limited
帝國金融集團有限公司

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

FURTHER ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Reference is made to the annual report (the “**Annual Report**”) of Imperium Financial Group Limited (the “**Company**”) for the year ended 31 March 2022. Capitalised terms used herein shall have the same meanings ascribed to them in the Annual Report.

The board of directors of the Company (the “**Board**”) would like to provide the following further information in relation to the impairment loss on property, plant and equipment and in relation to the money lending business of the Group.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

At the end of the reporting period, the Group reviewed the carrying amounts of its property, plant and equipment including the cryptocurrency mining equipment (the “**CME**”) to determine whether there was any indication that those assets had suffered an impairment loss. The Directors have engaged a firm of independent professional valuers (the “**Valuer**”), to perform valuations on the CME as at 31 March 2022. The Valuer has adopted the market approach to perform the valuation which was based on the recent market prices of CME and made adjustments in respect of, among others, the hash rate and depreciation to align with the Group’s CME. The Company’s impairment assessment on the CME and the recognition of the Impairment Loss was made based on the valuation report prepared by the Valuer.

The Directors and the Audit Committee have reviewed the methodology, basis and key assumption of the valuation on the CME prepared by the Valuer. Taking into accounts the fact that the decrease in market selling price of the CME, the economic performance of the Group’s CME and the result of the valuation report prepared by the Valuer, the Board and the Audit Committee consider that the Group’s recognition of the Impairment Loss is fair and reasonable.

MONEY LENDING BUSINESS OF THE GROUP

There are two wholly-owned subsidiaries under the Group which operate the money lending segment: (i) Imperium International Credit Limited; and (ii) Imperium Financial Limited.

There are two main categories of target clients, namely, (i) small loan (the “**Small Loan(s)**”) to individual clients with focus on domestic helpers with loan amount smaller than HK\$50,000; and (ii) large loans (the “**Large Loan(s)**”) to individual and corporate clients without specific target client group with loan amount usually larger than HK\$1,000,000. Clients are referred by third parties, directors and existing clients. The money lending segment of the Group are financed by loan from the Company and/or its subsidiaries and retained profit.

As at 31 March 2022, before taking into account the allowance for credit losses that has been recognised for loan receivables, the outstanding principal amount in relation to the loans receivable of the Group amounted to approximately HK\$19.4 million (2021: HK\$34.6 million), among which (i) approximately HK\$18.7 million (2021: HK\$33.9 million) is the outstanding principal amount in relation to 2 secured Large Loans (2021: 3 secured Large Loans); and (ii) approximately HK\$0.7 million (2021: HK\$0.7 million) is the outstanding principal amount in relation to 63 unsecured Small Loans (2021: 59 unsecured Small Loans).

Among the outstanding principal amount in relation to 2 secured Large Loans of approximately HK\$18.7 million as at 31 March 2022:

- (i) approximately HK\$14.7 million (representing approximately 75.8% of the total outstanding principal amount owed to the Group) is the outstanding principal amount owed to the Group by the Borrower B, which is secured by share charges, interest bearing at 24% per annual and repayable by monthly installment, until 18 January 2024.

Based on the relevant audited accounts available before the advancement of the loan, the net assets value (without taking into account of deferred income tax assets) attributable to the shares under the share charge was approximately HK\$8.3 million. The Borrower B has been a client of the Group since 2012. The loan was advanced to the Borrower B in 2019 to settle the then existing loan owed by the Borrower B to the Group having regard to the value of the security, the satisfactory past repayment record of the Borrower and the reputation of the Borrower. Based on the relevant audited accounts for the year ended 30 April 2022, the net assets value (without taking into account of deferred income tax assets) attributable to the shares under the share charge reduced to approximately HK\$2.9 million. Part of the installment in the aggregate amount of HK\$2.1 million was overdue as at 31 March 2022. The Group is in negotiations with the Borrower B for settlement of the loan.; and

- (ii) approximately HK\$4.0 million (representing approximately 20.6% of the total outstanding principal amount owed to the Group) is the outstanding principal amount owed to the Group by the Borrower C, which is secured by share charges, interest bearing at 12% per annual and repayable on 15 March 2022. The loan to the Borrower C was fully collateralised at the time of advancement of the loan. As at 31 March 2022, the amount was overdue for repayment and was subsequently fully settled.

Among the outstanding principal amount in relation to 63 unsecured Small Loans of approximately HK\$0.7 million as at 31 March 2022, each of them is unsecured and interest bearing in the range of 42% to 48%.

The Group recorded (i) interest income from loans receivable in relation to the secured loan of approximately HK\$6.4 million for the year ended 31 March 2022 (2021: HK\$8.4 million); and (ii) interest income from loans receivable in relation to the unsecured loan of approximately HK\$0.4 million for the year ended 31 March 2022 (2021: HK\$0.4 million).

The Group adopts a credit risk assessment procedure before the loan is granted as follow: (i) review application and verification of required documents, including but not limited to the identity proof (identity card, certificate of incorporation, business registration certificate and/or latest annual return), address proof, and such other documents obtained by conducting public searches; (ii) search its record to ascertain as to whether the loan applicants are on our blacklist; (iii) face to face interview; (iv) for secured loans, assess the market value of the collateral with reference to the financial report of the charged assets (if applicable); and (v) conduct litigation, bankruptcy, winding up and company search.

When conducting credit risk assessment for unsecured loans, instead of assessing the market value of the collateral, the Group would take a holistic approach to consider, among others, income/assets, repayment ability and/or the loan size of the relevant loan applicant in assessing the risk in granting the unsecured loans. As at 31 March 2021 and 2022, all the unsecured loans are Small Loans (i.e. with loan amount smaller than HK\$50,000).

The Group would perform annual review of the documents and searches of the borrowers, the security providers (if applicable) and/or the charged assets (if applicable), including but not limited to identity proof (identity card, certificate of incorporation business registration certificate and/or latest annual return), address proof, and such other documents obtained by conducting public searches, and the financial report of the charged assets. In additional, a monthly site visit would be performed to ensure the company is in normal operation. Reminder has been sent monthly for any overdue instalments.

During the preparation of the consolidated financial statements of the Group for the year ended 31 March 2022, the Directors have engaged an independent qualified valuer to determine the expected credit losses on the loans receivable. During assessing the expected capita loss, including but not limited to the following factors are consider by the Company: (i) credit rating of borrower; (ii) default risk having considered that the Borrower B has defaulted in repayment since October 2021; (iii) forward-looking adjustment; (iv) publications and research reports regarding the macro economy outlook; and (v) Bloomberg, the Stock Exchange and other reliable sources of market data.

Save as disclosed and amended above, all other information and contents in the Annual Report remain unchanged.

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

Hong Kong, 14 November 2022

As at the date of this announcement, 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.

This announcement, 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 issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange website at <http://www.hkexnews.hk> “Latest Listed Company Information” for at least 7 days from the date of posting and on the designed website of this Company at www.8029.hk.