



帝國金融

集團有限公司

帝國金融集團有限公司
IMPERIUM FINANCIAL GROUP LIMITED

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

2022 Interim Report



CHARACTERISTICS OF 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 other than 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.

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FINANCIAL SUMMARY (UNAUDITED)

- Revenue of the Group was approximately HK\$10,955,000 for the six months ended 30 September 2022, representing a decrease of approximately 62% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2022, gross profit of the Group was approximately HK\$10,160,000 as compared to the gross profit of approximately HK\$22,291,000 from the corresponding period in the previous fiscal year.
- Loss attributable to owners of the Company for the six months ended 30 September 2022 amounted to approximately HK\$38,867,000 as compared to profit of approximately HK\$17,614,000 from the corresponding period in the previous fiscal year.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2022

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4	4,861	17,950	10,955	29,200
Direct costs		(331)	(6,491)	(795)	(6,909)
Gross profit		4,530	11,459	10,160	22,291
Other operating income		1,208	5,784	1,639	5,015
Reversal of/(provision for) allowance for expected credit loss, net		1,963	(2,027)	2,284	(1,358)
Other gains and losses	5	(10,088)	–	(27,477)	–
Administrative expenses		(8,246)	(20,154)	(17,024)	(34,643)
Finance costs		(4,250)	(4,533)	(8,449)	(8,919)
Loss before taxation	6	(14,883)	(9,471)	(38,867)	(17,614)
Income tax expense	7	–	–	–	–
Loss for the period		(14,883)	(9,471)	(38,867)	(17,614)
Other comprehensive (loss)/ income:					
Exchange differences arising on translation of financial statements of foreign operations		(3,053)	4,625	(6,818)	15,708
Total comprehensive loss for the period		(17,936)	(4,846)	(45,685)	(1,906)

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loss attributable to:					
Owners of the Company		(14,883)	(9,471)	(38,867)	(17,614)
		(14,883)	(9,471)	(38,867)	(17,614)
Total comprehensive loss attributable to:					
Owners of the Company		(17,936)	(4,846)	(45,685)	(1,906)
		(17,936)	(4,846)	(45,685)	(1,906)
Dividend	8	–	–	–	–
Loss per share (HK cents)	9				
Basic and diluted		(0.65)	(0.41)	(1.70)	(0.78)

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Non-current assets			
Intangible assets		500	500
Property, plant and equipment	10	46,371	59,813
Right-of-use assets		5,345	1,063
Investment properties		39,332	45,464
Other asset		275	275
Biological assets		2,194	2,388
		94,017	109,503
Current assets			
Loan receivable		707	4,559
Cryptocurrency	11	12,305	20,542
Trade receivables	12	1,590	2,831
Advances to customers in margin financing		46,981	59,428
Prepayments, deposits and other receivables	13	7,252	6,966
Tax recoverable		10	578
Cash and cash equivalents		75,291	85,535
Cash held on behalf of customers		71,769	53,633
		215,905	234,072
Current liabilities			
Trade payables	14	78,240	58,887
Accruals and other payables		45,370	39,941
Amount due to related companies		862	994
Lease liabilities		1,632	1,117
Income tax payable		2,054	167
		128,158	101,106

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Net current assets		87,747	132,966
Total asset less current liabilities		181,764	242,469
Non-current liabilities			
Promissory note	15	149,545	167,382
Deferred tax liabilities		5,432	6,281
Lease liabilities		3,805	139
		158,782	173,802
Net assets		22,982	68,667
Capital and reserves			
Share capital	16	91,370	91,370
Reserves		(68,388)	(22,703)
Total equity		22,982	68,667

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

CONDENSED CONSOLIDATION STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company									Total HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Capital Contribution Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Property Revaluation Reserve HK\$'000	Merger Reserve HK\$'000	Share Option Reserve HK\$'000	Translation Reserve HK\$'000	Accumulated Losses HK\$'000	
At 1 April 2021 (Audited)	86,869	1,012,660	98,060	255	4,412	370	1,659	36,463	(1,178,772)	61,979
Loss for the period ended 30 September 2021	-	-	-	-	-	-	-	-	(17,614)	(17,614)
Other comprehensive income:										
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	15,708	-	15,708
Total comprehensive income/(loss) for the period ended 30 September 2021	-	-	-	-	-	-	-	15,708	(17,614)	(1,906)
Issue of new shares	4,501	95,500	-	-	-	-	-	-	-	100,001
At 30 September 2021 (Unaudited)	91,370	1,108,160	98,060	255	4,412	370	1,659	52,171	(1,196,386)	160,071
At 31 March 2022 and 1 April 2022 (Audited)	91,370	1,108,421	110,912	255	4,412	370	-	36,200	(1,283,273)	68,667
Loss for the period ended 30 September 2022	-	-	-	-	-	-	-	-	(38,867)	(38,867)
Other comprehensive loss:										
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(6,816)	-	(6,816)
Total comprehensive loss for the period ended 30 September 2022	-	-	-	-	-	-	-	(6,816)	(38,867)	(45,683)
At 30 September 2022 (Unaudited)	91,370	1,108,421	110,912	255	4,412	370	-	29,382	(1,322,140)	22,982

CONSOLIDATED INTERIM RESULTS FOR 2022 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	22,244	(37,116)
Net cash generated from investing activities	2	61
Financing activities		
Repayment of promissory notes	(30,000)	–
Repayment of lease liabilities	(1,157)	(1,205)
Net cash used in financing activities	(31,157)	(1,205)
Net decrease in cash and cash equivalent	(8,911)	(38,260)
Cash and cash equivalent at the beginning of the period	85,535	106,926
Effect of exchange rate changes	(1,333)	14,107
Cash and cash equivalent at the ended of the period	75,291	82,773

NOTES TO THE UNAUDITED 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 share 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 as to 100% by Mr. Cheng Ting Kong (“Mr. Cheng”).

The unaudited condensed 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 September 2022, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, investment in stallions and cryptocurrency business.

2. GOING CONCERN

The Group incurred a net loss of approximately HK\$38,867,000 for the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$17,614,000).

The directors of the Company had reviewed the Group's cash flow forecast for a period of not less than twelve months from the date of approval of the condensed consolidated financial statements and considered that as at 30 September 2022, the Group had promissory notes of approximately HK\$149,545,000 due to related companies which are beneficially owned and controlled by Mr. Cheng, the substantial shareholder of the Company which would be matured in January 2024 while the Group recorded cash and cash equivalents of approximately HK\$75,291,000 as at 30 September 2022.

These conditions cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors have given careful consideration to 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 finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

- (a) The Group will continuously adopt strict monitoring process on repayment status of loan receivables, trade receivables and advances to customers in margin financing in order to ensure timely collection and improve its operating cash flows and financial position;
- (b) The Group will continuously take measures to tighten cost control over various costs to attain profit and operating cash inflows;
- (c) The Group will obtain continuous financial support from its substantial shareholder to meet its liabilities and obligations as and when they fall due; and
- (d) The Group will continue negotiate with its creditors for extension of its debts when fall due.

The directors are of the opinion that, taking into account and assuming (i) the above-mentioned plans and measures on the Group's operations; (ii) successful negotiation with the Group's creditors to extend the repayment date; and (iii) the financial support from its substantial shareholder, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2022 on a going concern basis. However, the eventual outcome of these matters cannot be estimated with reasonable certainty, hence there exists material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results have been prepared under the historical cost convention except for certain properties and certain financial instruments, which are measured at fair values. 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.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements HKFRSs 2018-2020

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

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

4. REVENUE

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue within the scope of HKFRS15				
Revenue from financial services	1,319	4,293	3,933	11,898
Revenue from equine services	1,432	3,363	1,690	3,924
Revenue from cryptocurrency business	–	5,514	–	5,514
	2,751	13,170	5,623	21,336
Revenue outside the scope of HKFRS15				
Financial services	1,695	4,407	4,486	7,057
Rental income	415	373	846	807
	2,110	4,780	5,332	7,864
	4,861	17,950	10,955	29,200

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organized into four business segments – cryptocurrency business, financial service business, equine service operations and properties investment operations.

Segment Information

For the period ended 30 September 2022 (Unaudited)

	Cryptocurrency business <i>HK\$'000</i>	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	-	1,690	8,419	846	10,955
Segment results	(23,726)	1,861	557	591	(20,717)
Unallocated corporate income					179
Unallocated finance costs					(9,900)
Unallocated corporate expenses					(8,429)
Loss before taxation					(38,867)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

For the period ended 30 September 2021 (Unaudited)

	Cryptocurrency business HK\$'000	Equine services HK\$'000	Financial services HK\$'000	Properties investment HK\$'000	Total HK\$'000
Segment revenue	5,514	3,924	18,955	807	29,200
Segment results	(6,436)	(291)	3,667	698	(2,362)
Unallocated corporate income					2
Unallocated finance costs					(8,887)
Unallocated corporate expenses					(6,367)
Loss before taxation					(17,614)

Geographical segments

The geographical location of revenue is based on the location of the operations:

	For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong	8,419	24,469
Australia	2,536	4,731
	10,955	29,200

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The geographical location of non-current assets other than financial assets is based on the physical location of assets.

	Non-current assets	
	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Hong Kong	9,133	5,506
Australia	41,678	48,115
Kazakhstan	33,910	44,587
The PRC	9,021	11,020
	93,742	109,228

5. OTHER GAINS AND LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Impairment loss recognised in respect of – Cryptocurrency	6,299	–	23,688	–
Loss on early redemption of promissory note	3,789	–	3,789	–
	10,088	–	27,477	–

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Employee benefit expense (including directors' remuneration):				
– Directors' emoluments	1,328	1,324	2,651	2,404
– Other staff's salaries and other benefits	3,150	5,166	6,300	10,532
– Other staff's retirement benefit scheme contribution	128	223	257	370
	4,606	6,713	9,208	13,306
Depreciation for property, plant and equipment	6,703	9,359	13,406	16,694
Less: Depreciation expense capitalised in cryptocurrency and recognised in direct cost	(6,338)	(5,938)	(12,676)	(15,081)
	365	3,421	730	1,613

NOTES TO THE UNAUDITED 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 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax				
– Hong Kong Profits Tax	–	–	–	–
– Other than Hong Kong	–	–	–	–
	–	–	–	–

8. DIVIDEND

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

9. LOSS PER SHARE

The calculations 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 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(14,883)	(9,471)	(38,867)	(17,614)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

	Three months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,284,255	2,284,255	2,284,255	2,266,423

In calculating diluted loss per share, no adjustment was made in respect of the share options outstanding during the six months ended 30 September 2021 as these share options were anti-dilutive during the period.

No diluted earnings per share for the six months ended 30 September 2022 were presented as there were no potential ordinary shares in issue.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group write-off property, plant and equipment with an aggregate carrying amount of approximately HK\$29,000 (six months ended 30 September 2021: nil).

During the six months ended 30 September 2022, the Group acquired property, plant and equipment at a cost of approximately HK\$22,000 (six months ended 30 September 2021: HK\$109,464,000).

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

11. CRYPTOCURRENCY

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
At 1 April 2022/2021	20,542	–
Additions	15,451	49,469
Disposals	–	(12,114)
Derecognised for settlement of payable (<i>note 11</i>)	–	(9,963)
Impairment loss	(23,688)	(6,850)
At 30 September 2022/31 March 2022	12,305	20,542

At 30 September 2022, the Group held cryptocurrency with carrying amount of approximately HK\$12,305,000. The breakdown of which can be seen below:

	Coins	Total HK\$'000
Bitcoins	80.63	12,305

The Bitcoins are traded in active markets (such as trading and exchange platforms) and their net realisable values are determined based on their fair values using their quoted market prices at the end of the reporting period. For the purpose of estimating the selling price, the relevant available markets are identified by the Group, and then the Group considers accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group. For this purpose, a market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. As at 30 September 2022, impairment loss of approximately HK\$23,688,000 was recognised in respect of the cryptocurrency held by the Group as at that date because of the decrease in market value of bitcoins up to 30 September 2022. Subsequent to the end of the reporting period, the market value of bitcoins had further decreased, which would lead to a further decrease in the carrying amount of the Group's cryptocurrency by approximately HK\$2,486,000 based on the fair values of the bitcoins as at the date of approval of these consolidated financial statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

12. TRADE RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade receivables	4,730	4,195
Less: allowance for expected credit losses	(3,534)	(4,085)
	1,196	110
Accounts receivables from brokers, dealers and clearing house	394	2,721
	1,590	2,831

Accounts receivables from brokers, dealers and clearing house are due and settled on two business days after the trade date and denominated in Hong Kong Dollars. Therefore, no ageing analysis is disclosed.

The following is an aging analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) after provision for bad debts at the end of the reporting period:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within 30 days	1,196	110
31–60 days	–	–
	1,196	110

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Prepayments	803	947
Deposits	5,391	4,809
Other receivables	1,058	1,210
	7,252	6,966

14. TRADE PAYABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade payables	1,581	1,072
Accounts payables to clients and clearing house	76,659	57,815
	78,240	58,887

Majority of the accounts payables to clients are repayable on demand except where certain accounts payables to clients represent deposits received from clients for their securities trading activities under normal course of business. Only the excess amounts over the required margin deposits are repayable on demand.

No ageing analysis for accounts payables to clients and clearing house is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of the business.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The following is an aging analysis of trade payables (excluding accounts payables to clients and clearing house), presented based on invoice date, at the end of reporting period:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within 30 days	565	741
31–90 days	967	311
91–120 days	–	20
Over 120 days	49	–
	1,581	1,072

15. PROMISSORY NOTE

During the six months ended 30 September 2022, the Company early redeemed a partial portion of the promissory notes with carrying amount of approximately HK\$26,211,000 by repayment of the principal amount of approximately HK\$30,000,000.

16. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Ordinary shares of		
Authorised:		
At 31 March 2022/30 September 2022	40,000,000	1,600,000
Issued and fully paid:		
At 31 March 2022/30 September 2022	2,284,255	91,370

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Salaries and other benefits	1,308	1,307	2,615	2,374
Retirement benefit scheme contributions	20	17	36	30
	1,328	1,324	2,651	2,404

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK\$10,955,000 for the six months ended 30 September 2022, an decrease of 62% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the revenue generated from the equine, cryptocurrency and financial services segments.

The direct costs were decreased to approximately HK\$795,000 from approximately HK\$6,909,000 compared with the same period last year. Administrative expenses made an decrease of 51% to approximately HK\$17,024,000 compared to approximately HK\$34,643,000 in 2021. The decrease was mainly due to the improvement of internal control and no extra administrative cost occurred in cryptocurrency segment compared with the same period last year.

The loss attributable to owners of the Company for the six months ended 30 September 2022 was approximately HK\$38,867,000 as compared to approximately HK\$17,614,000 from the corresponding period in the previous fiscal year. Such change was mainly due to the impairment loss of approximately HK\$23,688,000 of cryptocurrency.

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 business

On 30 April 2021, Extra Blossom Holdings Limited ("Extra Blossom"), an indirect wholly owned subsidiary of the Group, has completed acquiring certain amount of cryptocurrency 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 a year and have an impact on our financial results and our development strategies. The management foresees that there is full of challenging. On the other 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 September 2022, the Group's net asset is approximately HK\$22,982,000, compared with the net assets of approximately HK\$68,667,000 as at 31 March 2022. The cash and bank balances as at 30 September 2022 was approximately HK\$75,291,000, representing a decrease of approximately 12% when compared with the balance as at 31 March 2022. During the six months ended 30 September 2022, the Group's operation was mainly financed by the internal fund.

CHARGES ON GROUP ASSETS

As at 30 September 2022, no plant and equipment of the Group was held under finance lease (2021: HK\$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.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

The total number of employees was 35 as at 30 September 2022 (2021: 43), and the total remuneration for the six months ended 30 September 2022 was approximately HK\$9,209,000 (2021: HK\$13,306,000). 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 September 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 September 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 September 2022. No share option was outstanding as at 30 September 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 six months ended 30 September 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 September 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 Fresh Success Investment 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 September 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 September 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 six months ended 30 September 2021 were reviewed by the Audit Committee.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the period under review, the Remuneration 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. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

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.

CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 September 2022, the Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code"), save for the deviations discussed below:

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Cheng Ting Kong (chairman of the Board) was unable to attend the 2021 AGM due to unexpected engagement. Mr. Lui Man Wah (Executive Director and chief executive officer of the Company) was appointed as the chairman of the 2021 AGM in replying to questions raised by shareholders at the 2021 AGM.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

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, 10 November 2022