

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\$2,663,000 for the three months ended 30 June 2023, representing a decrease of approximately 56.30% from the corresponding period in the previous fiscal year.
- For the three months ended 30 June 2023, gross profit of the Group was approximately HK\$2,542,000 as compared to the gross profit of approximately HK\$5,983,000 from the corresponding period in the previous fiscal year.
- Profit attributable to owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$3,184,000 as compared to loss of approximately HK\$24,048,000 from the corresponding period in the previous fiscal year.
- Total comprehensive income attributable to owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$2,717,000 as compared to loss of approximately HK\$27,813,000 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 2023 (2022: Nil).

CONSOLIDATED FIRST QUARTERLY RESULTS FOR 2023 (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 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

	Note	For the three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	2,663	6,094
Direct costs		(121)	(111)
Gross profit		2,542	5,983
Other operating income		10,546	431
Impairment losses under expected credit loss model, net of reversal	4	–	321
Other gains and losses		(82)	(17,453)
Administrative expenses		(5,252)	(9,131)
Finance costs	5	(4,570)	(4,199)
Profit/(loss) before taxation	6	3,184	(24,048)
Income tax expense	7	–	–
Profit/(loss) for the period attributable to owners of the Company		3,184	(24,048)
Other comprehensive loss:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translational of financial statements of foreign operations		(467)	(3,765)
Other comprehensive loss for the period		(467)	(3,765)
Total comprehensive income/(loss) for the period attributable to owners of the Company		2,717	(27,813)
Dividend	8	–	–
Earnings/(loss) per share (HK cents)	9		
Basic and diluted		0.14	(1.05)

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, a company incorporated in the British Virgin Islands, and is beneficially owned by Mr. Cheng Ting Kong (“**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 2023, 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 condensed consolidated financial statements of the Group for the three months ended 30 June 2023 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, biological assets 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 2023, 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 2023 are unaudited but have been reviewed by the Company’s Audit Committee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

3. REVENUE

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue within the scope of HKFRS 15		
<i>Revenue from Contracts with Customers:</i>		
Revenue from financial services	691	2,614
Revenue from equine services	69	258
	760	2,872
Revenue outside the scope of HKFRS 15:		
Interest income from financial services	1,479	2,791
Rental income	424	431
	1,903	3,222
	2,663	6,094

4. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Impairment losses under expected credit loss model, net of reversal		
– Loan receivables	–	321

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

5. FINANCE COSTS

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Effective interest expense on promissory notes	4,421	4,173
Interest on lease liabilities	149	26
	4,570	4,199

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Employee benefit expense (including directors' remuneration):		
– Directors' emoluments	1,331	1,391
– Salaries and other benefits	3,129	3,519
– Retirement benefit scheme contributions	108	133
Sub-total	4,568	5,043
Insurance claims	(10,473)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

7. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax		
– Hong Kong Profits Tax	–	–
	–	–

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2022: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

8. DIVIDEND

No dividend was paid, declared or proposed by the board of directors of the Company for the three months ended 30 June 2023 (2022: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

9. EARNINGS/(LOSS) PER SHARE

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

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	3,184	(24,048)
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	2,284,255	2,284,255

In calculating diluted earnings/(loss) per share, no adjustment was made in respect of the share options outstanding during the period ended 30 June 2022 as these share options were anti-dilutive during the year.

No diluted earnings/(loss) per share for the period ended 30 June 2023 were presented as there were no potential ordinary shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK\$2,663,000 for the three months ended 30 June 2023, representing a decrease of 56.30% 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 under the continual poor and weak stock market performance and lack of funding activities in the market. In addition, the Group did not dispose any cryptocurrency during the reporting period. As a result the revenue did not reflect the operation from our cryptocurrency segment.

The direct costs were increased to approximately HK\$121,000 from approximately HK\$111,000 compared with the same period last year.

Administrative expenses made a decrease of 42.48% to approximately HK\$5,252,000 compared to approximately HK\$9,131,000 from the corresponding period in the previous fiscal year due to the simplify of the operation in the Group.

Given the market value of bitcoin was stable in the first quarter of 2023, there is no impairment loss of cryptocurrency held by the Group during the report period, compared with the same period last year.

During the reporting period, one of the stallions held by the Group, named Fiorente has died at the age of 15. There was an insurance claim from this incident as a result there was an other operating income of approximately HK\$10,473,000 incurred.

The profit attributable to owners of the Company for the three months ended 30 June 2023 was approximately HK\$3,184,000. Such result was mainly affected by the insurance claim during the reporting period.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Given the stallion breeding season is from September to December each year, the revenue from this segment will be reflected in 3rd Quarter.

Financial services

Following the continuous US-China trade dispute, rising of protectionism, worldwide political uncertainties, post COVID-19 economic environment, fluctuation of capital and stock market and the continuous of interest increasing in the world advanced economics. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Given the relaxation of the COVID-19 measures in China and Hong Kong, the reopening of the borders of China and Hong Kong, the expected end of the massive interest rate hikes and the recovery of the market sentiment in the stock market in Hong Kong in 2023, trading volume of the Hong Kong stock market and the number of IPOs will improve and the Securities Business will recover together with the market. The Group will adopt a more proactive approach and build on its ability to provide high quality services in the securities market to both individual and corporate clients for its Securities Business.

Furthermore, the Group was previously engaged in the investment immigration business until the suspension of the investment immigration scheme in January 2015. As announced by the Financial Secretary of the Hong Kong government in the 2023-2024 Budget, a new Capital Investment Entrant Scheme will be introduced. With the borders opening up across the world and the prevalence of investment immigration, the Group intends to resume its operations in this market and will leverage on its previous experience in order to diversify its income stream. This will allow the Group to widen its financial services business into advising potential clients on investment immigration schemes and broaden its customer base.

Following the grant of the licenses for virtual asset trading platforms, the Group is also considering cooperating with these platforms to leverage the strengths of the Group in the areas of financial services and cryptocurrencies. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2023, the Group's net liabilities is approximately HK\$29,990,000, compared with the net liabilities HK\$32,705,000 as of 31 March 2023. The cash and bank balances as of 30 June 2023 was approximately HK\$73,399,000, representing an increase of approximately 10.79% when compared with the balance as of 31 March 2023. During the three months ended 30 June 2023, the Group's operation was mainly financed by internal fund.

CHARGES ON GROUP ASSETS

As of 30 June 2023, no plant and equipment of the Group was held under finance lease (2022: 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 29 as of 30 June 2023 (2022: 42), and the total remuneration for the three months ended 30 June 2023 was approximately HK\$4,568,000 (2022: HK\$5,043,000). 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 2023, 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	1,437,914,040	Interest of a controlled corporation	62.95%

Note: These ordinary shares are held by Fresh Success Investments Limited. Fresh Success Investments Limited is beneficially owned as to 90% by Mr. Cheng Ting Kong.

Save as disclosed above, as at 30 June 2023, 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

SHARE OPTION SCHEME

No share option has been granted or exercised under the Scheme during the three months ended 30 June 2023. No share option was outstanding as at 30 June 2023.

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 2023.

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 2023, 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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

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 Investments Limited (Note 1)	Corporate	1,437,914,040	Beneficial owner	62.95%
Cheng Ting Kong (Note 1)	Corporate	1,437,914,040	Interest of a controlled corporation	62.95%
Raywell Holdings Limited (Note 2)	Corporate	135,430,000	Beneficial owner	5.93%
Yeung Hak Kan (Note 2)	Corporate	135,430,000	Interest of a controlled corporation	5.93%

Notes:

1. Fresh Success Investments Limited is beneficially owned by as to 90% 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 beneficial owned by Fresh Success Investments 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 2023, 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

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 incorporate 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.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

COMPETITION AND CONFLICT OF INTERESTS

Except of the above, as at 30 June 2023, 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. Hong Haiji, 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 2023 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 2023.

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. Hong Haiji.

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

Hong Kong, 11 August 2023