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IMAGI
IMAGI INTERNATIONAL HOLDINGS LIMITED
意力國際控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 585)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Imagi International Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively as the “**Group**”) for the six months ended 30 June 2024 (the “**Period under Review**”).

UNAUDITED FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue			
Brokerage related commission income and clearing fee income	4	445	685
Asset management fee income	4	1,086	2,170
Interest income on margin clients	4	17,173	23,845
Interest income on loans receivable	4	3,126	5,817
Net realised gains from sales of investments classified as held-for-trading	4	4,238	–
Income from film distribution license rights	4	400	382
Income from entertainment event	4	169	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Total Revenue		26,637	32,899
Cost of revenue			
Related cost on film distribution license rights		(453)	(239)
Related cost on entertainment event		(121)	—
Total cost of revenue		(574)	(239)
Other income	6	910	2,666
Other net (loss)/gain	7	(267)	234
Unrealised losses from changes in fair value of financial assets classified as held-for-trading	8	(4,865)	(6,948)
Impairment loss on prepayment for film rights investment		(810)	—
Impairment allowances on margin loans receivable, net	14(a)	(9,265)	(4,139)
Impairment allowances on loans receivable, net	15(c)	(3,916)	(46)
Administrative expenses		(18,946)	(18,240)
(Loss)/profit from operations		(11,096)	6,187
Finance costs		(180)	(246)
(Loss)/profit before tax	8	(11,276)	5,941
Income tax expenses	9	—	(1,000)
(Loss)/profit for the period		(11,276)	4,941
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		247	(150)
Other comprehensive income/(expense) that may be reclassified subsequently to profit or loss, net of Nil tax		247	(150)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		9,083	8,202
Goodwill		–	–
Intangible assets		550	600
Investment in equity instruments designated at fair value through other comprehensive income	12	310,870	391,722
Other non-current assets		3,205	3,205
Prepayment for film rights		3,929	4,739
Prepayment for film distribution license rights		–	367
Prepayment for film production		1,520	234
Film rights		1,091	1,091
Film distribution license rights		1,430	1,018
		331,678	411,178
Current assets			
Accounts receivable	13	918	1,077
Margin loans receivable	14	262,193	287,179
Other receivables, deposits and prepayments		3,289	2,483
Loans receivable	15	83,552	80,612
Held-for-trading investments	16	13,135	22,260
Income tax recoverable		1,653	1,653
Deposit with bank (maturity over 3 months)		3,600	3,600
Bank balances – trust accounts		25,583	28,604
Bank balances and cash		18,358	30,608
		412,281	458,076
Current liabilities			
Accounts payable	17	26,293	28,628
Lease liabilities		3,051	3,857
Other payables and accruals		2,106	3,242
		31,450	35,727

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2024

	30 June	31 December
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Net current assets	<u>380,831</u>	<u>422,349</u>
Total assets less current liabilities	<u>712,509</u>	<u>833,527</u>
Non-current liabilities		
Lease liabilities	<u>2,545</u>	<u>539</u>
	<u>2,545</u>	<u>539</u>
Net assets	<u>709,964</u>	<u>832,988</u>
Capital and reserves		
Share capital	33,197	33,197
Reserves	<u>549,828</u>	<u>666,896</u>
Total equity attributable to owners of the Company	583,025	700,093
Non-controlling interests	<u>126,939</u>	<u>132,895</u>
Total equity	<u>709,964</u>	<u>832,988</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue by the Company’s board of directors on 20 August 2024.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are unaudited, but have been reviewed by Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

2. MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s consolidated financial statements for the year ended 31 December 2023, except for the accounting policy changes that are expected to be reflected in the 2024 annual consolidated financial statements with details of any changes in accounting policies set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES

In the current period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024, for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Except as described below, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that;
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date. Only covenants with which the entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting period. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The amendments have no impact on the condensed consolidated interim financial statements for the current period and no retrospective impact on the comparative consolidated statement of financial position at 31 December 2023.

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements for the current period.

Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 "Revenue from Contracts with Customers" to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

The amendments have no impact on the condensed consolidated financial statements for the current period.

4. REVENUE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Brokerage related commission income and clearing fee income (notes (i) and (ii))	445	685
Asset management fee income (notes (i) and (ii))	1,086	2,170
Interest income on margin clients (notes (ii) and (vi))	17,173	23,845
Interest income on loans receivable (notes (iii) and (vi))	3,126	5,817
Net realised gains from sales of investments classified as held-for-trading (notes (iv) and (v))	4,238	–
Income from film distribution license rights (notes (i) and (vii))	400	382
Income from entertainment event (notes (i) and (vii))	169	–
	26,637	32,899

Notes:

- (i) The brokerage related commission income and clearing fee income, asset management fee income, income from film distribution license rights and income from entertainment event are the revenue arising under the scope of HKFRS 15, while interest income and sales of investments are revenue from other sources.

Included in revenue arising under the scope of HKFRS 15, revenue from brokerage related commission income and clearing fee income recognised at a point in time were HK\$445,000 (2023: HK\$685,000) and revenue from asset management fee income, income from film distribution license rights and income from entertainment event recognised over time were HK\$1,655,000 (2023: HK\$2,552,000).

- (ii) Amount are reported under securities brokerage and asset management segment as set out in note 5.
- (iii) Amount are reported under provision of finance segment as set out in note 5.
- (iv) Amount are reported under trading of securities segment as set out in note 5.
- (v) During the six months ended 30 June 2024, the Group disposed of held-for-trading securities at cost of HK\$4,260,000 (2023: HK\$Nil) at gross proceeds of HK\$8,520,000 (2023: HK\$Nil), incurring trading fee of HK\$22,000 (2023: HK\$Nil).
- (vi) For the six months ended 30 June 2024, the total amount of interest income on financial assets measured at amortised cost, including bank interest income set out in note 6, was HK\$20,308,000 (2023: HK\$29,754,000).
- (vii) Amount are reported under entertainment segment as set out in note 5.

5. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company) (the "CODM"), for the purpose of resource allocation and performance assessment.

The Group organises business units based on their services and the CODM regularly reviews revenue and results analysis of the Group by the reportable operating segments as below:

- securities brokerage and asset management segment engages in provision of securities brokerage services, margin financing services, asset management services and financial services;
- provision of finance segment engages in the provision of financing services (other than margin financing);
- trading of securities segment engages in the purchase and sale of securities investments; and
- entertainment segment engages in computer graphic imaging ("CGI") business and entertainment business (including film rights investment, film distribution license rights business and provision of artiste management services).

All assets are allocated to reportable segments with the exception of corporate assets (including bank balances and cash). All liabilities are allocated to reportable segments other than corporate liabilities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank and other interest income (excluding interest income from the provision of finance), other income, other net gain/(loss), finance costs, depreciation, as well as head office and corporate expenses are excluded from such measurement.

Inter-segment transactions are made with reference to the prices used for services made to third parties at the then prevailing market prices.

The Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

(a) Segment results, assets and liabilities

For the six months ended 30 June 2024 (unaudited)

	Securities brokerage and asset management HK\$'000	Provision of finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue	18,707	3,126	4,238	569	-	26,640
Inter-segment revenue	(3)	-	-	-	-	(3)
Segment revenue from external customers	18,704	3,126	4,238	569	-	26,637
Segment results	6,577	(825)	(672)	(2,140)	-	2,940
<i>Reconciliation:</i>						
Other income and other net loss						643
Depreciation						(3,078)
Finance costs						(180)
Unallocated head office and corporate expenses						
– Staff cost						(8,618)
– Others						(2,983)
Consolidated loss before tax						(11,276)

At 30 June 2024 (unaudited)

	Securities brokerage and asset management HK\$'000	Provision of finance HK\$'000	Trading of securities HK\$'000	Entertainment HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	298,367	83,664	304,613	10,753	-	697,397
Unallocated head office and corporate assets						
– Deposits with bank (maturity over 3 months)						3,600
– Bank balances and cash						18,358
– Others						24,604
Consolidated total assets						743,959
Segment liabilities	(27,318)	(17)	-	(1,215)	-	(28,550)
Unallocated head office and corporate liabilities						(5,445)
Consolidated total liabilities						(33,995)

For the six months ended 30 June 2023 (unaudited)

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	26,700	5,817	–	382	–	32,899
Inter-segment revenue	–	–	–	–	–	–
Segment revenue from external customers	<u>26,700</u>	<u>5,817</u>	<u>–</u>	<u>382</u>	<u>–</u>	<u>32,899</u>
Segment results	<u>19,608</u>	<u>5,756</u>	<u>(7,250)</u>	<u>(741)</u>	<u>–</u>	<u>17,373</u>
<i>Reconciliation:</i>						
Other income and other net gain						2,900
Depreciation						(2,881)
Finance costs						(246)
Unallocated head office and corporate expenses						
– Staff cost						(8,513)
– Others						(2,692)
Consolidated profit before tax						<u>5,941</u>

At 31 December 2023 (audited)

	Securities brokerage and asset management <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Entertainment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>326,751</u>	<u>80,724</u>	<u>413,981</u>	<u>11,393</u>	<u>–</u>	<u>832,849</u>
Unallocated head office and corporate assets						
– Deposits with bank (maturity over 3 months)						3,600
– Bank balances and cash						30,608
– Others						2,197
Consolidated total assets						<u>869,254</u>
Segment liabilities	<u>(30,744)</u>	<u>(63)</u>	<u>(8)</u>	<u>(2,065)</u>	<u>–</u>	<u>(32,880)</u>
Unallocated head office and corporate liabilities						(3,386)
Consolidated total liabilities						<u>(36,266)</u>

(b) Geographical information

The geographical location of customers is based on the location at which the services are being rendered. Approximate 98% (for the six months ended 30 June 2023: 100%) of the Group's revenue from external customers and non-current assets (excluding financial instruments) are located in Hong Kong, no analysis on revenue from external customers and non-current assets by location are presented.

6. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	9	92
Dividend income from investment in equity instrument designated at FVTOCI		
– relating to investments held at the end of the reporting period	–	1,682
Others	901	892
	<u>910</u>	<u>892</u>
	<u>910</u>	<u>2,666</u>

7. OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain on lease termination	–	88
Net foreign exchange (loss)/gain	(267)	146
	<u>(267)</u>	<u>146</u>
	<u>(267)</u>	<u>234</u>

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments:		
– Fees	360	480
– Salaries and other benefits	1,350	1,350
– Contribution to retirement benefit scheme	27	27
	<u>1,737</u>	<u>1,857</u>
Other staff costs:		
– Salaries and allowance	6,651	6,443
– Contribution to retirement benefit scheme	230	213
	<u>6,881</u>	<u>6,656</u>
Total staff costs	<u>8,618</u>	<u>8,513</u>
Depreciation charge:		
– Owned property, plant and equipment	690	395
– Right-of-use assets	2,388	2,486
Amortisation of intangible assets	50	50
Amortisation of film distribution license rights	111	31
Expense relating to short-term leases	17	17
Impairment loss on prepayment for film rights investment	810	–
Changes in fair value of financial assets mandatorily measured at fair value through profit or loss – held-for-trading investments:		
– Net realised gains from sales of listed equity investments	(4,238)	–
– Unrealised losses from changes in fair value of listed equity investments	4,865	6,948
	<u>627</u>	<u>6,948</u>

9. INCOME TAX EXPENSES

Income tax expenses recognised in profit or loss:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax		
Current tax	—	1,000
	<u>—</u>	<u>1,000</u>
	<u>—</u>	<u>1,000</u>

The Group is subject to income tax on an entity basis on profits arising on derived from the jurisdictions in which the members domiciled and operate.

For the six months ended 30 June 2024 and 2023, the provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For the six months ended 30 June 2024, no provision for Hong Kong Profits Tax had been made in the condensed consolidated financial statements as the amount is insignificant.

For the six months ended 30 June 2023, income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense may have to be adjusted in a subsequent interim period of 2023 if the estimate of the annual income tax rate changes.

The subsidiary in Netherlands is subject to Dutch Corporate Income Tax at the rate of 19% for the first EUR 200,000 of assessable profit and the remaining assessable profits are taxed at 25.8% (for the six months ended 30 June 2023: 19% for the first EUR 200,000 of assessable profit and the remaining assessable profits are taxed at 25.8%). No Dutch Corporate Income Tax has been provided for the six months ended 30 June 2024 and 2023 as the Group has no estimated assessable profits in Netherlands.

Pursuant to rules and regulations of Bermuda, British Virgin Islands (“BVI”), Cayman Islands and Marshall Islands, the Group has no estimated assessable profits in the above-mentioned jurisdictions.

10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (2023: HK\$Nil).

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of HK\$11,459,000 (2023: the basic earnings per share is based on the profit attributable to owners of the Company of HK\$4,064,000) and the weighted average number of 829,921,572 (2023: 829,921,572) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

For the six months ended 30 June 2024 and 2023, there were no dilutive potential ordinary shares in issue during the periods and diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share.

12. INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Equity securities designated at FVTOCI (non-recycling)		
– Listed equity securities in Hong Kong (<i>note (i)</i>)	136,672	137,670
– Unlisted equity securities (<i>note (ii)</i>)		
– Entity A	124,844	195,614
– Entity B	8,794	11,379
– Entity C	21,168	26,680
– Entity D	19,392	20,379
	174,198	254,052
	310,870	391,722

Notes (i):

The listed equity securities represent ordinary shares of entities listed in Hong Kong. These investments are strategic investments that are not held for trading. The Group has elected to designate these investments in equity instruments as FVTOCI as it is believed that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for strategic purposes and realising their performance potential in the long run.

No dividends were received on this listed equity investment during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

As at 30 June 2024, approximately HK\$14 million (31 December 2023: HK\$23 million) listed equity investments were pledged to financial institution to secure approximately HK\$10 million (31 December 2023: HK\$16 million) margin financing facilities obtained, which were not utilised by the Group as at 30 June 2024 and 31 December 2023.

None of individual listed equity securities designated at FVTOCI held as at 30 June 2024 had a value of 5% or more of the Group's total assets as at 30 June 2024 (31 December 2023: HK\$Nil).

Notes (ii):

The above unlisted equity investments represent the Group's equity interest in private entities established in the BVI. These investments are not held-for-trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the directors believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in long run.

During the year ended 31 December 2023, with the allotment of new shares by Hope Capital Limited ("Hope Capital" or "Entity A") to other investors, the Group's equity interest in Hope Capital reduced from 17.39% at 31 December 2022 to 16.79% at 31 December 2023.

During the year ended 31 December 2023, with the allotment of new shares by Entity B to other investors, the Group's equity interest in Entity B reduced from 4.70% at 31 December 2022 to 4.22% at 31 December 2023.

During the year ended 31 December 2023, the Group further invested HK\$23,904,000 to Entity C. The Group's equity interest in Entity C remains 8% at 31 December 2023 (31 December 2022: 8%) with proportional allotment of shares by Entity C to all its investors.

During the year ended 31 December 2023, the Group subscribed 10,000,000 shares in Entity D at a consideration of HK\$25,000,000. The Group's equity interest in Entity D is 8.53% at 31 December 2023.

No dividend was declared from unlisted equity investments during the six months ended 30 June 2024 (for the year ended 31 December 2023: Entity A declared and paid dividend of HK\$1,682,000 to the Group).

The following table further set forth the significant investment with a value of 5% or more of the Group's total assets as at 30 June 2024:

Name of investee	Number of shares held as at 30 June 2024	Investment cost as at 30 June 2024 HK\$'000	Fair value as at 30 June 2024 HK\$'000	Realised	Unrealised loss	Approximate % to the Group's total assets as at 30 June 2024	Approximate % of shareholding in investee as at 30 June 2024	Dividend income recognised during the period ended 30 June 2024 HK\$'000
				gain/(loss) recognised during the period ended 30 June 2024 HK\$'000	measured at FVTOCI (non-recycling) during the period ended 30 June 2024 HK\$'000			
Hope Capital Limited	360	213,514	124,844	-	(70,770)	16.78%	16.79%	-

Hope Capital is a company incorporated in BVI with limited liability and its principal activity is investment holding. Hope Securities Limited, the wholly-owned subsidiary of Hope Capital, is licensed to carry out regulated activities in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) under the Securities and Futures Ordinance.

Save as disclosed, the Group did not hold any investments with a value of 5% or more of the Group's total assets as at 30 June 2024.

13. ACCOUNTS RECEIVABLE

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Accounts receivable arising from:		
Securities brokerage and asset management segment		
– Securities brokerage cash clients and clearing house	8	21
Entertainment segment	910	1,056
	918	1,077

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the trade date or invoice date, is as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Over 1 year	883	983
Over 180 days but within 1 year	4	73
Within 90 days	31	21
	918	1,077

The normal settlement terms of accounts receivable from securities brokerage cash clients and clearing house are two days after the trade date. The remaining accounts receivable are expected to be recovered within one year.

Accounts receivable from securities brokerage cash clients and clearing house as at 30 June 2024 and 31 December 2023 were not past due. No credit loss allowance has been provided for accounts receivable from clearing house as the related credit loss allowances were immaterial.

The Group offsets certain accounts receivable and accounts payable arising from securities brokerage cash clients and clearing house when the Group has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously. At 30 June 2024, the amount set off was approximately HK\$472,300 (31 December 2023: HK\$Nil).

The settlement term of accounts receivable from film rights investment is 30 days after the receipt by the producer from the distributor and calculation from the producer. No credit loss allowance has been provided for accounts receivable from film right investments as the related credit loss allowances were immaterial.

The settlement term of accounts receivable from film distribution license rights is 30 days from the date of billing.

The Group did not hold any collateral or other credit enhancements over these balances. Accounts receivable as at 30 June 2024 and 31 December 2023 relate to clients that have a good track record with the Group for whom there was no recent history of default.

14. MARGIN LOANS RECEIVABLE

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Margin loans receivable arising from securities brokerage business	281,354	297,075
Less: Impairment allowances	(19,161)	(9,896)
	<u>262,193</u>	<u>287,179</u>

(a) An analysis of changes in the provision for impairment allowances of margin clients is as follows:

	Stage 1	Stage 2	Stage 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2024	400	5,303	4,193	9,896
Transfer to stage 2 (note i)	(48)	2,987	(2,939)	–
Transfer to stage 3 (note i)	–	(3,032)	3,032	–
Impairment allowances for the period, net	(78)	(2,130)	11,473	9,265
At 30 June 2024 (unaudited)	<u>274</u>	<u>3,128</u>	<u>15,759</u>	<u>19,161</u>
Expected credit losses (“ECL”) rate	0.52%	2.06%	20.46%	6.81%

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2023	293	6,611	–	6,904
Transfer to stage 1 (<i>note ii</i>)	2,951	(2,951)	–	–
Transfer to stage 2 (<i>note ii</i>)	(277)	277	–	–
Transfer to stage 3 (<i>note ii</i>)	–	(703)	703	–
Impairment allowances for the year, net	<u>(2,567)</u>	<u>2,069</u>	<u>3,490</u>	<u>2,992</u>
At 31 December 2023 (audited)	<u>400</u>	<u>5,303</u>	<u>4,193</u>	<u>9,896</u>
ECL rate	0.38%	3.16%	15.96%	3.33%

Notes (i):

As of 30 June 2024, the margin loans receivable with gross carrying amount of approximately HK\$22,364,000 was transferred from stage 1 to stage 2. The margin loans receivable with gross carrying amount of approximately HK\$49,139,000 was transferred from stage 2 to stage 3.

Notes (ii):

As of 31 December 2023, the margin loans receivable with gross carrying amount of approximately HK\$71,261,000 was transferred from stage 2 to stage 1. The margin loans receivable with gross carrying amount of approximately HK\$89,198,000 was transferred from stage 1 to stage 2. The margin loans receivable with gross carrying amount of approximately HK\$20,859,000 was transferred from stage 2 to stage 3.

- (b) At 30 June 2024, margin loans receivable of HK\$281,354,000 (31 December 2023: HK\$297,075,000) were secured by underlying equity securities amounted to approximately HK\$452,744,000 (31 December 2023: HK\$732,236,000).

Trading limits are set for margin clients. The Group seeks to maintain tight control over its outstanding receivables in order to minimise the credit risk. Outstanding balances are regularly monitored by management.

- (c) The Group offsets certain margin loans receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.
- (d) No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.
- (e) At 30 June 2024, margin loans receivable carry interest at 9% to 16% (31 December 2023: 5% to 16%) per annum.

15. LOANS RECEIVABLE

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Fixed-rate loans receivable	92,040	85,184
Less: Impairment allowances	(8,488)	(4,572)
	83,552	80,612

- (a) Loans receivable represented receivables arising from the provision of finance business of the Group. During the six months ended 30 June 2024, the new loans facilities granted by the Group were of the size in the range from HK\$12 million to HK\$20 million (during the year ended 31 December 2023: from HK\$0.1 million to HK\$13 million), with interest rate of 7% (31 December 2023: ranging from 4% to 12%) per annum. At 30 June 2024, except that a loan receivable of HK\$2,004,000 which is secured by a property held by the borrower as a second mortgage loan (31 December 2023: HK\$5,011,000), the Group did not hold any collateral or other credit enhancements over these balances.

As at 30 June 2024, the outstanding loans receivable were due from 9 (31 December 2023: 11) customers, and none of the customers is from a connected person, of which the largest single loan of HK\$28,584,000 (31 December 2023: HK\$13,353,000) and the five largest loans in aggregate of HK\$79,642,000 (31 December 2023: HK\$64,762,000) represent approximately 31% (31 December 2023: 16%) and 87% (31 December 2023: 76%) respectively of the total loans receivable before impairment allowances.

(b) Maturity profile

At the end of the reporting period, the maturity profile of loans receivable, based on maturity date, is as follows:

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Past due over 1 year	5,085	5,037
Due within 1 month	18,531	13,936
Due after 1 month but within 3 months	29,584	15,019
Due after 3 months but within 6 months	876	14,594
Due after 6 months but within 12 months	37,964	36,598
	92,040	85,184

(c) **ECL of loans receivable**

The table below provides a reconciliation of the Group's gross carrying amount and allowances for loans receivable for the six months ended 30 June 2024 and for the year ended 31 December 2023.

The transfers of financial instruments represent the impact of stage transfers on the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase in ECL due to these transfers.

Reconciliation of gross exposure and allowances for loans receivable

For the six months ended 30 June 2024 (unaudited)

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000	Gross exposure HK\$'000	Allowance for ECL HK\$'000
At 1 January 2024	62,143	(1,099)	18,004	(519)	5,037	(2,954)	85,184	(4,572)
New loans/financing originated	33,664	(590)	1,227	(91)	298	(298)	35,189	(979)
Transfer to Stage 2	(26,346)	495	26,346	(495)	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(1,585)	-	-	-	(1,585)
Loans/financing derecognised or repaid during the period	(10,474)	148	(17,609)	490	(250)	250	(28,333)	888
Movements due to changes in credit risk	-	(5)	-	(152)	-	(2,083)	-	(2,240)
At 30 June 2024	58,987	(1,051)	27,968	(2,352)	5,085	(5,085)	92,040	(8,488)

For the year ended 31 December 2023 (audited)

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure <i>HK\$'000</i>	Allowance for ECL <i>HK\$'000</i>	Gross exposure <i>HK\$'000</i>	Allowance for ECL <i>HK\$'000</i>	Gross exposure <i>HK\$'000</i>	Allowance for ECL <i>HK\$'000</i>	Gross exposure <i>HK\$'000</i>	Allowance for ECL <i>HK\$'000</i>
At 1 January 2023	151,894	(1,481)	22,731	(1,768)	-	-	174,625	(3,249)
New loans/financing originated	178,310	(1,854)	1,623	(9)	600	(352)	180,533	(2,215)
Transfer to Stage 2	(24,017)	476	24,017	(476)	-	-	-	-
Transfer to Stage 3	-	-	(5,037)	181	5,037	(181)	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	(35)	-	(2,773)	-	(2,808)
Loans/financing derecognised or repaid during the year	(244,044)	1,760	(25,330)	1,588	(600)	352	(269,974)	3,700
At 31 December 2023	<u>62,143</u>	<u>(1,099)</u>	<u>18,004</u>	<u>(519)</u>	<u>5,037</u>	<u>(2,954)</u>	<u>85,184</u>	<u>(4,572)</u>

16. HELD-FOR-TRADING INVESTMENTS

As at 30 June 2024, held-for-trading investments represent the listed equity securities in Hong Kong of HK\$13,135,000 (31 December 2023: HK\$22,260,000). None of individual listed equity securities held as at 30 June 2024 had a value of 5% or more of the Group's total assets as at 30 June 2024 (31 December 2023: HK\$Nil).

At 30 June 2024, the Group pledged held-for-trading investments of approximately HK\$7,738,000 (31 December 2023: approximately HK\$14,710,000) for the margin loan facilities of approximately HK\$3,088,000 (31 December 2023: approximately HK\$5,589,000). The Group did not utilise these facilities as at 30 June 2024 and 31 December 2023. The realised gains/(losses) and unrealised gains/(losses) arising from held-for-trading investments are reported under trading of securities segment.

17. ACCOUNTS PAYABLE

30 June 2024	31 December 2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(audited)

Accounts payable arising from securities brokerage business:

– Cash and margin clients and clearing house	<u>26,293</u>	<u>28,628</u>
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The settlement terms of accounts payable to cash and margin clients and clearing house are two days after trade date. Accounts payable to cash clients are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The Group offsets certain accounts payable and accounts receivable arising from securities brokerage cash clients and clearing house when the Group has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously. At 30 June 2024, the amount set off was approximately HK\$472,300 (31 December 2023: HK\$Nil).

Accounts payable amounting to HK\$26,103,000 as at 30 June 2024 (31 December 2023: HK\$23,189,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of conducting the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

18. COMMITMENTS

Credit commitments

The Group's credit commitments mainly include loan commitments. The contractual amounts of unutilised loan commitments represent the amounts should the contracts be fully drawn upon.

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Unutilised loan commitments		
– Original contractual maturity within one year	12,000	32,900

The Group may be exposed to credit risk in above credit business. The management of the Group periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the contractual amounts shown above is not representative of expected future cash outflows.

19. EVENT AFTER THE REPORTING PERIOD

No significant events have occurred since 30 June 2024 to this announcement date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

For the Period under Review, the principal business of the Company together with its subsidiaries (collectively as the “Group”) continue to be integrated financial services (“Integrated Financial Services”), investment holdings, computer graphic imaging (“CGI”) and entertainment business. The Integrated Financial Services comprises of securities brokerage and related financial advisory services, margin financing services, asset management services, corporate finance advisory services, money lending services, securities investments and proprietary trading. The Group started engaging in film distribution license rights business since 2nd quarter of 2023 which is operated by its subsidiaries and reported under entertainment segment.

(a) Integrated Financial Service Businesses

(i) *Brokerage and related services*

For the Period under Review, the Company carries out securities brokerage business and related financial advisory services through its indirect non-wholly-owned subsidiaries, Imagi Brokerage Limited (“Imagi Brokerage”) and Supreme China Securities Limited (“Supreme China”). Imagi Brokerage is a registered licensed corporation under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) since 2004 to trade in securities through the trading facilities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and is, among other things, an Exchange Participant of the Stock Exchange and a Clearing Participant of Hong Kong Securities Clearing Company Limited. Currently Imagi Brokerage is licenced by Securities and Futures Commission (the “SFC”) to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) under the SFO. Besides providing securities brokerage services and margin financing services to its clients, Imagi Brokerage also provides other securities related services including but not limited to placement and underwriting services, corporate finance advisory, investment advisory, asset management services. Supreme China is a registered licensed corporation under the SFO to trade in securities through the trading facilities of the Stock Exchange and is an Exchange Participant of the Stock Exchange and a Clearing Participant of Hong Kong Securities Clearing Company Limited. Currently Supreme China is licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the SFO.

During the Period under Review, Imagi Brokerage remains as a significant contributor to the Group which comprised of income from asset management services of approximately HK\$1.1 million and interest income on margin clients of approximately HK\$15.3 million. Due to unfavourable environment, brokerage's asset management services shrieked down double as compared to approximately HK\$2.2 million for the corresponding interim period in 2023 (the "Previous Period"). For the Period under Review, Imagi Brokerage continued to devote significant resources and management attention to its margin financing business. The gross margin loans receivable of Imagi Brokerage as at 30 June 2024 was approximately HK\$250.9 million.

The overall segment revenue and segment results of securities brokerage and asset management for the Period under Review were approximately HK\$18.7 million and HK\$6.6 million respectively as compared to approximately HK\$26.7 million and HK\$19.6 million respectively for the Previous Period.

While the Hong Kong stock market saw significant rise for the Period under Review, the Group was still operating in uncertain conditions including the lingering high interest rates regime in the local and international markets; the tense international political situations (especially the continuing conflict in Ukraine and the tension between China and the Western world particularly on trade related issues); and the slower than expected reopening of China and pace of relaxation of regulatory clampdowns of Chinese government on China's property markets and tech companies. In view of the above-mentioned current unstable market conditions, the Group is taking a cautious approach towards commencing new businesses and other expansion plans. However, the Company is of the view that the longer term prospects of the Hong Kong equity market, as evidenced by the significant rise for the Period under Review, remain promising and will constantly review the status and the health of the market and will adjust the Group's strategy towards securities brokerage and related businesses accordingly.

(ii) Money lending business

The Company conducts money lending business through its indirect non-wholly-owned subsidiary namely Imagi Lenders Limited ("Imagi Lenders"), a company with a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) which is the principal statute governing the money lending business in Hong Kong.

With the difficult economic environment stated previously, Imagi Lenders had slowed down its business development since 2023. Revenue contributed from money lending business decreased by approximately 46% from approximately HK\$5.8 million for the Previous Period to approximately HK\$3.1 million for the Period under Review and impairment loss recognised for the Period under Review was approximately HK\$3.9 million. The Company is of the view that the longer term prospects of the Hong Kong economy remain promising and will constantly review the status and the health of the money lending market and will adjust our strategy accordingly. Given the current uncertain and poor economic environment, the Company will continue to adopt a conservative approach towards growing this business. However, the Company remains confident in the long term prospects for the business.

(iii) *Securities investments and proprietary trading*

As at 30 June 2024, the aggregate fair value of listed securities classified as held-for-trading investments and investment in equity instrument designated at fair value through other comprehensive income amounted to approximately HK\$149.8 million. During the Period under Review, the Group recorded a net realised gain of approximately HK\$4.2 million from sales of investments classified as held-for-trading. While the unrealised losses from changes in fair value of listed equity investments charged to the consolidated profit or loss and other comprehensive income for the Period under Review were approximately HK\$4.9 million and HK\$32.1 million respectively. In view of the current slow pace of recovery from the former depressed local equity market with escalating uncertainties as aforementioned, the Company is taking a cautious stance in its proprietary trading business. However, the Company is of the view that the longer term prospects of the Hong Kong equity market remain promising and will constantly review the status and the health of the equity market and will adjust our strategy accordingly.

As aforementioned, the strategic goal of the Group is focusing on the development of the Integrated Financial Services. In implementing this strategy, the Group had been actively in seeking opportunities to enhance the variety and quality of the Integrated Financial Services so as to being more competitive. The Group had form strategic alliance and/or invested in other local financial service firms with the aim of expanding its coverage of financial services industry. All these listed/unlisted equity investments are held for long-term strategic purpose and classified as investment in equity instruments designated at fair value through other comprehensive income. Of which the fair value of investment in Hope Capital Limited as at 30 June 2024 amounted to approximately HK\$124.8 million, representing approximately 16.78% to the then total assets of the Group. Further details of these listed/unlisted equity investments are set out in note 12 to the condensed consolidated financial statements.

(b) CGI Business and Entertainment Businesses

The Company sees no improvement in the near term prospects of the CGI business and therefore will continue to suspend its efforts on the production side but will retain efforts on the distribution side of the CGI business.

The Company suspended its film investment upon expiry of film investment agreement dated 30 November 2018 which was supplemented by a supplemental agreement dated 28 December 2020 (collectively as the “Film Investment Agreements”) on 31 December 2021. Pursuant to the Film Investment Agreements, the Group agreed to invest in six proposed films within the contract period as set out in the Film Investment Agreements with a total budget investment of approximately HK\$20.4 million for which the Group is entitled to share income generated from such six films based on the proportion of investment amounts for each proposed film. Up to the expiry of the Film Investment Agreements, the Group had invested approximately HK\$16.9 million in four of the proposed films. Three of the films were screened and the remaining film that the Group had invested of approximately HK\$4.7 million is in post-production stage and currently has no fixed exhibition schedule. The Company will take a conservative stance in reviewing any future opportunities towards film investments/production but remains confident in the longer term future for film industry.

To expand the entertainment business, the Group started to devote efforts in development of film distribution license rights business in 2023 and the target region is in Hong Kong/Macau and North America. The Group cooperate with experienced distributors in Hong Kong and overseas to manage the film distribution license rights business. For the Period and Review, the film distribution license rights had generated revenue of approximately HK\$0.4 million. The Company expects this newly developed entertainment business including but not limited to engage in film distribution license rights but also in variety entertainment shows will make meaningful contribution to the Group in the future.

FINANCIAL REVIEW

Review of Results

The consolidated net loss attributable to the Shareholders for the Period under Review was approximately HK\$11.5 million as compared to consolidated net profit attributable to the Shareholders of approximately HK\$4 million for the Previous Period. Compared to the Previous Period, such turnaround of financial results from profit to loss attributable to the Shareholders was mainly due to, among others, (i) reduction in revenue from securities brokerage and asset management segment and provision of finance segment for the Period under Review by approximately 30% and 46% respectively; and (ii) triple increment of impairment allowances on margin loans receivable and loans receivable in aggregate as compared to the Previous Period. The aforementioned factors were partially offset by net reduce in loss of approximately HK\$6 million in the Period under Review as a results of combination of net realised gain from disposal of and unrealised losses from change in fair value of listed equity investments classified as held-for-trading.

Liquidity and Financial Resources

During the Period under Review, the Group primarily financed by its operation with internally generated cash flows. The liquidity and financial position of the Group as at 30 June 2024 remain healthy, with bank balances amounting to approximately HK\$18 million (31 December 2023 (audited): approximately HK\$31 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 13 times (31 December 2023 (audited): approximately 13 times).

As at 30 June 2024, the Group had no bank or other borrowing (31 December 2023 (audited): HK\$Nil) and therefore the gearing ratio (expressed as a percentage of total borrowings over total shareholders' equity) was zero (31 December 2023 (audited): zero).

The unaudited consolidated net asset value attributable to the Shareholders per share of the Company (the "Share(s)") as at 30 June 2024 was approximately HK\$0.70 (as at 31 December 2023 (audited): approximately HK\$0.84).

Capital Structure

During the Period under Review, the Company has not conducted any equity fund raising activities.

As at 30 June 2024, the total number of issued Shares was 829,921,572 with a par value of HK\$0.04 each. Based on the closing price of HK\$0.39 per Share as at 30 June 2024, the Company's market value as at 30 June 2024 was approximately HK\$324 million (31 December 2023 (audited): approximately HK\$1,220 million).

Significant Investments

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group in this announcement. As at 30 June 2024, the carrying amount of investment in Hope Capital Limited ("Hope Capital") amount to approximately HK\$124.8 million, which represented approximate 16.78% to the total assets of the Group, and was considered as significant investment of the Group. Hope Capital is a company incorporated in BVI with limited liability. Hope Capital and its wholly-owned subsidiary, Hope Securities limited, are principally engaged in regulated activities under the SFO. The investment in Hope Capital allow the Group to diversify its brokerage business and conforms to the Group's development strategy of forming strategic alliances with other local financial services firms, with the aim of expanding its covering of the financial services industry. Further details of investment in Hope Capital are set out in note 12 to the condensed consolidated financial statements.

Save as disclosed above and elsewhere in this announcement, the Group did not hold any significant investments in any investee company with a value of 5% or above of the Group's total assets as at 30 June 2024.

Pledge of Assets

As at 30 June 2024, investment in equity instrument designated at fair value through other comprehensive income and held-for-trading investments of approximately HK\$14 million and approximately HK\$8 million respectively (31 December 2023 (audited): approximately HK\$23 million and approximately HK\$15 million respectively) were pledged to financial institutions to secure margin financing facilities provided to the Group. The Group did not utilise the margin financing facilities as at 30 June 2024 and 31 December 2023.

Exposure to Exchange Rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar and United States dollar. The Group's exposure to currency risk is minimal as Hong Kong dollar is pegged to United States dollar. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risk. However, the management of the Company (the "Management") will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Contingent Liabilities and Capital Commitments

Save as disclosed in note 18 to the condensed consolidated financial statements, the Group did not have any other significant contingent liabilities and capital commitments as at 30 June 2024.

INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the Period under Review (six-month period ended 30 June 2023: Nil).

FUTURE PLANS AND PROSPECTS

Integrated Financial Services Businesses

The Company remains focus on strengthen its Integrated Financial Services businesses into being fully integrated comprising of securities brokerage services, futures trading, margin financing, placing and underwriting services, securities related advisory services, investment advisory services, asset management services, corporate finance advisory services, securities investments and proprietary trading and money lending business.

At present, the Company's Integrated Financial Services businesses continue to be focused in the brokerage, margin financing, asset management, securities investments and proprietary trading, and money lending businesses. We will continue our expansion into the placement/underwriting and the corporate finance advisory services and plans to commence new additional services to maintain the momentum for its existing businesses growth and to take advantage of new business opportunities when they present themselves to the Company. The Company has gathered together core human resources and established other infrastructure required for its intended expansion of its current business. The Company intends to enter into the mass market in our next phase of expansion to foster additional diversity in its business portfolio. However, in view of the current challenging finance market conditions, the Company will adopt a cautious and conservative stance to its near term expansion. Nevertheless, the Company remains in the view that the longer term prospects of the Hong Kong financial and equity markets remain robust and will constantly review the status and the health of the market and will adjust our strategy accordingly.

CGI Business and Entertainment Businesses

As aforementioned, the Management does not see positive change in the prospects for the CGI business and will devote minimal resources to maintain the business until there are substantial change in potential and prospects for the business. Although the Company suspended its investment in film industry in the Previous Period, the Company will keep reviewing any investment opportunities in film and will invest when such suitable opportunities arise.

Besides starting film distribution license rights business since 2nd half year of 2023, the Company also started to engage in variety entertainment shows and artiste management services. With experiences gained from cooperation with a reputable film producer under the Film Investment Agreements, the Company actively seeks for additional opportunities in film investment/production and look towards to broaden its entertainment business in film related industry.

HUMAN RESOURCES

As at 30 June 2024, the Group employed 39 employees including 6 Directors (2023: 39 employees including 6 Directors). The emolument policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. The Company will review regularly to ensure compliance with the latest labour laws and market norms where the Group has operations. In addition to basic salaries, incentives in the form of bonus and share options may also be offered to eligible employees on the basis of individual performance and the Group's business results. The total staff cost paid to Directors and staff for the Period under Review amounted to approximately HK\$8.6 million (2023: approximately HK\$8.5 million).

DISCLOSURE OF OTHER INFORMATION

Corporate Governance Practices

The Company is committed to maintain high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Period under Review, the Company has complied with the code provision set out in the Corporate Governance Code contained in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange.

Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules as the code of conduct regarding directors’ securities transactions. In response to the specific enquiry made by the Company, all existing Directors confirmed that they fully complied with the required standards as set out in the Model Code throughout the Period under Review.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period under Review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF THE INTERIM RESULTS

As at the date of this announcement, the Board is comprised of three executive Directors, namely Mr. Kitchell Osman Bin (Chairman), Ms. Choi Ka Wing and Mr. Shimazaki Koji; and three independent non-executive Directors, namely Mr. Chan Hak Kan, Ms. Liu Jianyi and Mr. Miu Frank H.. The Audit Committee of the Company has reviewed, with the Management and the independent auditor of the Company, the interim results and the unaudited interim financial information of the Company for the Period under Review.

The Board has approved and authorised to issue the unaudited interim financial information of the Company for the Period under Review on 20 August 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.imagi.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2024 interim report of the Company will be despatched to the Shareholders and published on the aforementioned websites in September 2024.

By order of the Board
Imagi International Holdings Limited
Kitchell Osman Bin
Chairman

Hong Kong, 20 August 2024

At the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Kitchell Osman Bin (*Chairman*)

Ms. Choi Ka Wing

Mr. Shimazaki Koji

Independent non-executive Directors:

Mr. Chan Hak Kan

Ms. Liu Jianyi

Mr. Miu Frank H.