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INTERNATIONAL GENIUS COMPANY

(formerly known as Amber Hill Financial Holdings Limited 安山金控股份有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of International Genius Company (the “**Company**”) is pleased to present the unaudited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2022 (the “**Unaudited Annual Results**”), together with the audited comparative figures for the eighteen months ended 30 June 2021 as below.

For the reasons as explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the audit process for the annual results of the Group for the year ended 30 June 2022 has not been completed as at the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations			
Revenue	3	295,561	339,436
Cost of sales and services		<u>(244,735)</u>	<u>(306,568)</u>
Gross profit		50,826	32,868
Other revenue and other net gain	4	12,580	4,020
Operating expenses		<u>(47,750)</u>	<u>(69,431)</u>
Profit/(loss) from operations		<u>15,656</u>	<u>(32,543)</u>
Finance costs	5	<u>(996)</u>	<u>(14,466)</u>
Other non-operating income/(expenses)			
Loss on disposal of property, plant and equipment		–	(3)
Loss on cancellation of profit guarantee and convertible bonds		–	(10,647)
Gain on deregistration of subsidiaries		70	–
Gain on disposal of subsidiaries		<u>30,427</u>	<u>13,444</u>
		<u>30,497</u>	<u>2,794</u>
Profit/(loss) before impairment and tax		<u>45,157</u>	<u>(44,215)</u>
Impairment loss on right-of-use assets		(806)	(3,387)
Impairment loss on loan receivables, net		(2,000)	–
Reversal of impairment loss/ (impairment loss) on trade receivables, net		879	(1,239)
Impairment loss on deposit paid, net		–	(5,855)
Reversal of impairment loss/ (impairment loss) on other receivables, net		<u>181</u>	<u>(6,198)</u>
		<u>(1,746)</u>	<u>(16,679)</u>
Profit/(loss) before tax	6	<u>43,411</u>	<u>(60,894)</u>
Income tax expense	7	<u>(2,710)</u>	<u>(2,355)</u>
Profit/(loss) for the year/period from continuing operations		<u>40,701</u>	<u>(63,249)</u>

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Discontinued operation		
Loss for the year/period from discontinued operation	—	(4,548)
Profit/(loss) for the year/period	40,701	(67,797)
Other comprehensive income/(loss) for the year/period		
Item that may be reclassified subsequently to profit or loss:		
Release of translation reserve upon disposal of foreign subsidiaries	1,869	(479)
Release of translation reserve upon deregistration of foreign subsidiaries	15	—
	1,884	(479)
Exchange differences on translating financial statements of subsidiaries	(4,535)	1,350
Total other comprehensive (loss)/income for the year/period	(2,651)	871
Total comprehensive income/(loss) for the year/period	38,050	(66,926)

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Profit/(loss) for the year/period attributable to:		
Equity shareholders of the Company		
— Continuing operations	41,375	(63,238)
— Discontinued operation	—	(4,548)
	<u>41,375</u>	<u>(67,786)</u>
Non-controlling interests		
— Continuing operations	(674)	(11)
— Discontinued operation	—	—
	<u>(674)</u>	<u>(11)</u>
	<u><u>40,701</u></u>	<u><u>(67,797)</u></u>
Total comprehensive income/(loss) for the year/period attributable to:		
Equity shareholders of the Company		
— Continuing operations	38,857	(62,364)
— Discontinued operation	—	(4,548)
	<u>38,857</u>	<u>(66,912)</u>
Non-controlling interests		
— Continuing operations	(807)	(14)
— Discontinued operation	—	—
	<u>(807)</u>	<u>(14)</u>
	<u><u>38,050</u></u>	<u><u>(66,926)</u></u>

	<i>Notes</i>	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Earnings/(loss) per share	9		
— Basic			
— Continuing operations (HK\$ cents)		7.70	(26.63)
— Discontinued operation (HK\$ cents)		—	(1.92)
		<u>7.70</u>	<u>(28.55)</u>
— Diluted			
— Continuing operations (HK\$ cents)		7.70	(26.63)
— Discontinued operation (HK\$ cents)		—	(1.92)
		<u>7.70</u>	<u>(28.55)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		13,089	17,984
Right-of-use assets		–	–
Intangible assets		–	–
Deposit paid	<i>12</i>	400	400
		<u>13,489</u>	<u>18,384</u>
Current assets			
Inventories		10,884	–
Trading securities		160	174
Loan receivables	<i>10</i>	–	–
Trade receivables	<i>11</i>	20,060	108,998
Prepayments, deposits and other receivables	<i>12</i>	95,035	18,006
Client trust bank balance		820	763
Cash and cash equivalents		99,191	248,778
		<u>226,150</u>	<u>376,719</u>
Total Assets		<u>239,639</u>	<u>395,103</u>
Capital and reserves			
Share capital	<i>13</i>	5,372	5,372
Reserves		182,964	144,107
		<u>188,336</u>	<u>149,479</u>
Equity attributable to shareholders of the Company		188,336	149,479
Non-controlling interests		(760)	3
		<u>187,576</u>	<u>149,482</u>
Total Equity		<u>187,576</u>	<u>149,482</u>

		As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		—	1,427
		<u>—</u>	<u>1,427</u>
Current liabilities			
Trade payables	15	13,254	53,436
Accruals and other payables		31,687	30,445
Lease liabilities		2,181	1,860
Other loans		—	41,852
Convertible bonds	14	—	114,248
Tax payables		4,941	2,353
		<u>52,063</u>	<u>244,194</u>
Total equity and liabilities		<u>239,639</u>	<u>395,103</u>
Net current assets		<u>174,087</u>	<u>132,525</u>
Total assets less current liabilities		<u>187,576</u>	<u>150,909</u>

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of Preparation

The consolidated financial statements for the year ended 30 June 2022 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

During the last financial period, the reporting period end date of the Company was changed from 31 December to 30 June. The Group considered that the change of financial year end date to 30 June would (i) avoid competition of resources with other listed companies with financial year end date of 31 December with regard to results announcement and interim/annual reports-related external services under the peak reporting season in the market; and (ii) allow the Company to better plan its audit schedules with its auditors by removing the uncertainty from the variation in the dates of the Chinese New Year and Easter holidays which put pressure on the workflow, as set out in the announcement of the Company dated 31 December 2020. Accordingly, the consolidated financial statements for the last period cover the eighteen months period ended 30 June 2021. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a eighteen months period from 1 January 2020 to 30 June 2021 and therefore may not be comparable with amounts shown for the current period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies and disclosures

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There was no material impact on the financial statements of the Group as the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Group.

2. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has six reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Securities brokerage and assets management
- Advancing business
- Credit guarantee and investment business
- Trading of party products
- Trading of metals and minerals
- Trading of commodities

An operating segment regarding the trading of security products and provision of security services was discontinued in the last period. The segment information reported on the next pages does not include any amounts for these discontinued operation, which are described in more detail in note 17.

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represents the profit/(loss) earned by each segment without allocation of administrative expenses, certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operation segment:

For the year ended 30 June 2022

	Securities brokerage and assets management <i>HK\$'000</i> (Unaudited)	Advancing business <i>HK\$'000</i> (Unaudited)	Credit guarantee service and investment business <i>HK\$'000</i> (Unaudited)	Trading of party products <i>HK\$'000</i> (Unaudited)	Trading of metal and minerals <i>HK\$'000</i> (Unaudited)	Trading of commodities <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue							
Segment revenue	46,491	333	-	115,510	-	133,227	295,561
Inter-segment revenue	-	-	-	-	-	-	-
Revenue from external customers	<u>46,491</u>	<u>333</u>	<u>-</u>	<u>115,510</u>	<u>-</u>	<u>133,227</u>	<u>295,561</u>
Result							
Segment results	<u>39,931</u>	<u>(2,697)</u>	<u>(17)</u>	<u>(4,848)</u>	<u>-</u>	<u>1,357</u>	33,726
<i>Reconciliation:</i>							
Unallocated corporate income							188
Unallocated corporate expenses							(16,924)
Net exchange loss							(2,483)
Bank interest income							28
Finance costs							(996)
Gain on deregistration of subsidiaries							70
Gain on disposal of subsidiaries							30,427
Impairment loss on right-of-use assets							(806)
Reversal of impairment loss on other receivables, net							<u>181</u>
Profit before tax							43,411
Income tax							<u>(2,710)</u>
Profit for the year							<u><u>40,701</u></u>

	Securities brokerage and assets management HK\$'000 (Unaudited)	Advancing business HK\$'000 (Unaudited)	Credit guarantee service and investment business HK\$'000 (Unaudited)	Trading of party products HK\$'000 (Unaudited)	Trading of metal and minerals HK\$'000 (Unaudited)	Trading of commodities HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Other segment information:								
Capital expenditure of property, plant and equipment	-	-	-	-	-	-	39	39
Depreciation on property, plant and equipment	1,113	306	-	6	-	-	3,509	4,934
Depreciation on right-of-use assets	603	-	-	203	-	-	-	806
Impairment loss on right-of-use assets	603	-	-	203	-	-	-	806
Impairment loss on loan receivables, net	-	2,000	-	-	-	-	-	2,000
Impairment loss/(reversal of impairment loss) on trade receivables, net	-	333	-	-	-	(1,212)	-	(879)
Reversal of impairment loss on other receivables, net	-	-	-	-	-	-	(181)	(181)
Unrealised gain on fair value changes in trading securities	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14)</u>

For the eighteen months ended 30 June 2021

	Securities brokerage and assets management <i>HK\$'000</i> (Audited)	Advancing business <i>HK\$'000</i> (Audited)	Credit guarantee service and investment business <i>HK\$'000</i> (Audited)	Trading of party products <i>HK\$'000</i> (Audited)	Trading of metal and minerals <i>HK\$'000</i> (Audited)	Trading of commodities <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Revenue							
Segment revenue	23,919	-	-	174,666	-	141,519	340,104
Inter-segment revenue	(668)	-	-	-	-	-	(668)
Revenue from external customers	<u>23,251</u>	<u>-</u>	<u>-</u>	<u>174,666</u>	<u>-</u>	<u>141,519</u>	<u>339,436</u>
Result							
Segment results	<u>(11,313)</u>	<u>(976)</u>	<u>(25)</u>	<u>3,240</u>	<u>(45)</u>	<u>(1,231)</u>	(10,350)
<i>Reconciliation:</i>							
Unallocated corporate income							789
Unallocated corporate expenses							(26,491)
Net exchange gain							1,539
Bank interest income							185
Finance costs							(14,466)
Reversal of equity share-based payment expenses							546
Loss on disposal of property, plant and equipment							(3)
Loss on cancellation of profit guarantee and convertible bonds							(10,647)
Gain on disposal of subsidiaries							13,444
Impairment loss on right-of-use assets							(3,387)
Impairment loss on deposit paid, net							(5,855)
Impairment loss on other receivables, net							(6,198)
Loss before tax							(60,894)
Income tax							(2,355)
Loss for the period							<u>(63,249)</u>

	Securities brokerage and assets management HK\$'000 (Audited)	Advancing business HK\$'000 (Audited)	Credit guarantee service and investment business HK\$'000 (Audited)	Trading of party products HK\$'000 (Audited)	Trading of metal and minerals HK\$'000 (Audited)	Trading of commodities HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	Total HK\$'000 (Audited)
Other segment information:								
Capital expenditure of property, plant and equipment	3,340	847	-	5	-	-	1,610	5,802
Depreciation on property, plant and equipment	186	353	-	146	-	-	4,163	4,848
Depreciation on right-of-use assets	166	36	-	-	-	-	201	403
Impairment loss on right-of-use assets	912	263	-	-	-	-	2,212	3,387
Impairment loss on trade receivables, net	22	-	-	-	-	1,217	-	1,239
Impairment loss on deposit paid, net	-	-	-	-	-	-	5,855	5,855
Impairment loss on other receivables, net	-	-	-	72	567	-	5,559	6,198
Realised gain on disposal of trading securities	(62)	-	-	-	-	-	-	(62)
Unrealised loss on fair value changes in trading securities	2	-	-	-	-	-	-	2
Loss on written off of property, plant and equipment	-	-	-	118	-	-	-	118

(b) Segment Assets and Liabilities

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, property, plant and equipment, certain prepayments, deposits and other receivables and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain accruals and other payables, certain lease liabilities, convertible bonds, other loan and tax payables.

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 30 June 2022

	Securities brokerage and assets management	Advancing business	Credit guarantee service and investment business	Trading of party products	Trading of metal and minerals	Trading of commodities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS							
Segment assets	3,706	257	-	32,813	-	90,588	127,364
Bank balances and cash							99,191
Unallocated corporate assets							<u>13,084</u>
Consolidated total assets							<u><u>239,639</u></u>
LIABILITIES							
Segment liabilities	(2,274)	(490)	-	(23,731)	(2,112)	(11,737)	(40,344)
Tax payables							(4,941)
Unallocated corporate liabilities							<u>(6,778)</u>
Consolidated total liabilities							<u><u>(52,063)</u></u>

As at 30 June 2021

	Securities brokerage and assets management <i>HK\$'000</i> (Audited)	Advancing business <i>HK\$'000</i> (Audited)	Credit guarantee service and investment business <i>HK\$'000</i> (Audited)	Trading of party products <i>HK\$'000</i> (Audited)	Trading of metal and minerals <i>HK\$'000</i> (Audited)	Trading of commodities <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
ASSETS							
Segment assets	5,391	556	–	104,262	–	19,808	130,017
Bank balances and cash							249,541
Unallocated corporate assets							<u>15,545</u>
Consolidated total assets							<u><u>395,103</u></u>
LIABILITIES							
Segment liabilities	(11,719)	(640)	(15)	(54,979)	(2,112)	(1,086)	(70,551)
Other loan							(41,852)
Convertible bonds							(114,248)
Tax payables							(2,353)
Unallocated corporate liabilities							<u>(16,617)</u>
Consolidated total liabilities							<u><u>(245,621)</u></u>

(c) **Geographic information**

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	54,979	102,964
Mainland China	133,227	141,519
Malaysia	107,022	55,625
Singapore	–	12,669
United States of America	–	3,975
	<hr/> 295,228 <hr/>	<hr/> 316,752 <hr/>
Revenue from other sources		
Hong Kong	333	22,684
	<hr/> 295,561 <hr/>	<hr/> 339,436 <hr/>

Specified Non-current Assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, right-of-use assets and intangible assets ("Specified Non-current Assets"). The geographical location of the Specified Non-current Assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; the location of the operation to which they are allocated, in the case of intangible assets.

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Hong Kong	<u>13,089</u>	<u>17,984</u>

- (d) Revenue from major customer which individually accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Revenue from customer attributable to trading of party products business Company A*	74,383	–
Revenue from customer attributable to trading of commodities business Company B*	68,551	–
Revenue from customer attributable to investment business Company C*	46,302	–
Revenue from customer attributable to trading of party products business Company D#	–	37,924
Revenue from customer attributable to trading of commodities business Company E#	–	58,271
Revenue from customer attributable to trading of party products business Company F#	<u>–</u>	<u>52,859</u>

* These three customers mentioned in above did not individually contribute 10% or more of total revenue of the Group during the eighteen months ended 30 June 2021.

These three customers mentioned in above did not individually contribute 10% or more of total revenue of the Group during the year ended 30 June 2022.

3. REVENUE

The principal activities of the Group are trading of party products, provision of securities brokerage and assets management services, provision of advisory services, provision of advancing services and trading of commodities.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products or service lives is as follows:

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of party products	115,510	174,666
Trading of commodities	133,227	141,519
Assets management fee income	46,302	–
Advisory income	189	567
	<u>295,228</u>	<u>316,752</u>
Revenue from other sources		
Interest income from cash and margin client earned from securities brokerage and assets management business	–	3
Investment income under assets management segment	–	22,681
Interest income from advancing business	333	–
	<u>333</u>	<u>22,684</u>
Total	<u><u>295,561</u></u>	<u><u>339,436</u></u>
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	46,491	567
— At a point in time	248,737	316,185
	<u><u>295,228</u></u>	<u><u>316,752</u></u>

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of security products	—	784
Total	—	784
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— At a point in time	—	784
	—	784

As all revenue contracts have original expected duration of one year or less. The Group has applied the practical expedient under the HKFRS 15 for not disclosing transaction price allocated to unsatisfied performance obligation.

4. OTHER REVENUE AND OTHER NET GAIN

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations		
Net exchange (loss)/gain	(2,483)	1,539
Dividend income	3	3
Interest income	28	185
Investment income under spot foreign exchange currency trading	14,341	—
Sundry income	477	2,351
Government subsidies	200	—
Realised gain on disposal of trading securities	—	62
Unrealised gain/(loss) on fair value changes in trading securities	14	(2)
Loss on written off of property, plant and equipment	—	(118)
	12,580	4,020

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Discontinued operation		
Net exchange loss	–	(1)
Government subsidies	–	147
	<u>–</u>	<u>146</u>
	<u><u>–</u></u>	<u><u>146</u></u>
5. FINANCE COSTS		
	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations		
Interest on convertible bonds	159	10,079
Interest on lease liabilities	359	111
Interest on other borrowings	317	4,044
Interest on loan from a securities broker	161	232
	<u>996</u>	<u>14,466</u>
	<u><u>996</u></u>	<u><u>14,466</u></u>
Discontinued operation		
Interest on other borrowings	–	124
	<u>–</u>	<u>124</u>
	<u><u>–</u></u>	<u><u>124</u></u>

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting) the following:

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations		
Auditor's remuneration		
— Audit service	1,150	1,202
— Non-audit service	210	796
Cost of inventories included in cost of sales and services	244,735	306,568
Depreciation		
— Owned property, plant and equipment	4,934	4,848
— Right-of-use assets	806	403
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	21,076	22,802
— Contributions to defined contribution retirement plans	835	692
— Reversal of equity settled share-based payment expenses	—	(546)
	<u> </u>	<u> </u>
Discontinued operation		
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	—	1,248
Gain on disposal of property, plant and equipment	—	(390)
Gain on disposal of subsidiaries	—	(488)
Impairment loss on trade receivables, net	—	4,410
Impairment loss on other receivables, net	—	130
	<u> </u>	<u> </u>

7. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Continuing operations		
Current tax — Hong Kong Profits Tax Charge for the year/period	2,588	2,353
Current tax — PRC Income Tax Charge for the year/period	122	2
	<hr/>	<hr/>
Total income tax expense	<u>2,710</u>	<u>2,355</u>

8. DIVIDENDS

The Board did not recommend any final dividend for the year ended 30 June 2022. No dividend was paid during the year (For the eighteen months ended 30 June 2021: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company over the weighted average number of ordinary shares in issue during the year/period.

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Profit/(loss) attributable to equity shareholders of the Company		
— Continuing operations	41,375	(63,238)
— Discontinued operation	—	(4,548)
	<u>41,375</u>	<u>(67,786)</u>
Profit/(loss) attributable to equity shareholders of the Company	<u>41,375</u>	<u>(67,786)</u>
	For the year ended 30 June 2022 '000 shares (Unaudited)	For the eighteen months ended 30 June 2021 '000 shares (Audited)
Weighted average number of ordinary shares	<u>537,245</u>	<u>237,473</u>

Total issued ordinary shares at 30 June 2022 and 30 June 2021 was 537,245,000 shares.

(b) Diluted earnings/(loss) per share

For the year ended 30 June 2022, the calculation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

For the eighteen months ended 30 June 2021, the calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share. Therefore, the diluted loss per share is the same as basic loss per share for the eighteen months ended 30 June 2021.

10. LOAN RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Loan receivables from advancing business	2,000	122,555
Less: Impairment	<u>(2,000)</u>	<u>(122,555)</u>
	<u> -</u>	<u> -</u>

- (a) At 30 June 2022, loan receivables were bearing interest at 20% per annum (30 June 2021: 5% to 17%), and with maturity date on 28 February 2022. At 30 June 2022, the Group had loan receivables due from a borrower who is an independent third party amounting to of HK\$2,000,000 (30 June 2021: HK\$122,555,000), of which HK\$2,000,000 was unsecured (30 June 2021: HK\$17,245,000 was secured by a personal guarantee of a customer and HK\$99,128,000 was secured by unlisted equity shares of certain PRC companies).
- (b) At the end of the reporting period, all loan receivables are past due.
- (c) During the year ended 30 June 2022, the Group derecognised the loan receivables with gross carrying amount of HK\$122,555,000, which had been fully impaired in the prior reporting period, upon the disposal of the subsidiaries, Market Season Limited (“**Market Season**”) and AIF Finance Limited (“**AIF Finance**”). Details of the disposal are set out in note 16(a)(i) of this announcement.
- (d) During the year ended 30 June 2022, due to the default of the loan receivables made to a borrower who is an independent third party, the Group made full provision for impairment on the loan receivables.

11. TRADE RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Trade receivables arising from dealing in security	2,814	2,813
Interest receivables arising from advancing business	333	12,387
Trade receivables arising from trading of party products	19,995	104,246
Trade receivables arising from trading of commodities	–	5,905
	<u>23,142</u>	<u>125,351</u>
Less: Impairment	<u>(3,082)</u>	<u>(16,353)</u>
	<u><u>20,060</u></u>	<u><u>108,998</u></u>

Customers from trading of party products are usually offered a credit period of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(a) **An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:**

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Within 30 days	3,352	104,296
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	<u>16,708</u>	<u>4,702</u>
	<u>20,060</u>	<u>108,998</u>
Trade receivables from dealing in securities not past due	<u>(65)</u>	<u>(64)</u>
	<u><u>19,995</u></u>	<u><u>108,934</u></u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Trade deposits and other receivables	98,688	42,483
Prepayments and other deposits	<u>8,303</u>	<u>23,572</u>
	106,991	66,055
Less: Impairment	<u>(11,556)</u>	<u>(47,649)</u>
	<u>95,435</u>	<u>18,406</u>
Representing:		
Current portion	95,035	18,006
Non-current portion	<u>400</u>	<u>400</u>
	<u>95,435</u>	<u>18,406</u>

The amount of prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is HK\$400,000 (30 June 2021: HK\$400,000). The remaining amount is expected to be recovered or recognised as expense within one year.

As at 30 June 2022, total impairment loss for prepayment, deposits and other receivables was approximately HK\$11,566,000, of which approximately HK\$5,556,000 related to impairment of other receivables and HK\$6,000,000 related to impairment of other deposit. As at 30 June 2021, total impairment loss for prepayment, deposits and other receivables was approximately HK\$47,649,000, of which approximately HK\$31,149,000 related to impairment of other receivables, HK\$6,000,000 related to impairment of other deposit and HK\$10,500,000 related to impairment of trade deposits paid in previous year due to uncertainty in future prospects of trading of metals and minerals business.

During the year ended 30 June 2022, the impairment of other receivables amounting to approximately HK\$25,384,000 and the impairment of trade deposits amounting to HK\$10,500,000 were written off. During the eighteen months ended 30 June 2021, the impairment of deposits amounting HK\$5,855,000 of which HK\$978,000 was written off in the same period.

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each		
At 1 January 2020	10,000,000,000	10,000,000
Share consolidation (<i>Note (c)</i>)	<u>(9,000,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.01 each		
At 30 June 2021, 1 July 2021 and 30 June 2022	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.001 each		
At 1 January 2020	937,797	938
Issue of new shares (<i>Note (a)</i>)	181,463	181
Issue of new shares (<i>Note (b)</i>)	223,852	224
Share consolidation on 1 December 2020 (<i>Note (c)</i>)	(1,208,801)	–
Subscription shares under specific mandate in January 2021 (<i>Notes (d) and (e)</i>)	<u>402,934</u>	<u>4,029</u>
Ordinary shares of HK\$0.01 each		
At 30 June 2021, 1 July 2021 and 30 June 2022	<u>537,245</u>	<u>5,372</u>

- (a) On 20 April 2020, 181,463,440 ordinary shares have been successfully placed to not less than six placees at the placing price of HK\$0.1 per placing share and none of the placees is a substantial shareholder of the Company upon completion of the placing. The gross proceeds from the placing are approximately HK\$18,146,000 and the net proceeds are approximately HK\$17,965,000 (after deduction of commission and other expenses of the placing).
- (b) On 4 August 2020, 223,852,128 placing shares have been successfully placed to not less than six placees at the placing price of HK\$0.105 per placing share and none of the placees is a substantial shareholder of the Company upon completion of the placing. The gross proceeds from the placing are approximately HK\$23,500,000 and the net proceeds are approximately HK\$22,960,000 (after deduction of commission and other expenses of the placing).
- (c) On 1 December 2020, the Company completed a share consolidation for every ten issued and unissued shares of HK\$0.001 each in the share capital of the Company be consolidated into one share of HK\$0.01 each (a “**Consolidated Share**”), and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company.

- (d) On 14 January 2021, 118,259,944 rights shares were allotted and issued by the Company, of which, 79,794,000 rights shares accepted by Ng Concert Party Group pursuant to the Irrevocable Undertaking, for a total consideration of approximately HK\$83,965,000 at the subscription price of HK\$0.71 per share. The consideration for the subscription had been fully settled in cash.
- (e) On 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of approximately HK\$202,118,000 at the subscription price of HK\$0.71 per share, in accordance with the subscription agreement and the specific mandate approved by the independent shareholders at the extraordinary general meeting held on 27 November 2020. The consideration for the subscription had been fully settled in cash.

14. CONVERTIBLE BONDS

	As at 30 June 2022			As at 30 June 2021		
	Liability portion HK\$'000 (Unaudited)	Equity portion HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Liability portion HK\$'000 (Audited)	Equity portion HK\$'000 (Audited)	Total HK\$'000 (Audited)
2020 Convertible Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,248</u>	<u>1,493</u>	<u>115,741</u>
Representing:						
Current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,248</u>	<u>-</u>	<u>114,248</u>
Convertible bonds reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,493</u>	<u>1,493</u>

On 5 July 2021, the Company redeemed the 2020 Convertible Bonds with principal amount of HK\$100,000,000 with 5% interest per annum accruing from 19 February 2019 to 18 February 2020 and with default interest at 2.5% per annum accruing from 19 February 2020 up to date of actual repayment, which have already fallen due on 18 February 2020.

On 5 October 2021, the Company redeemed the 2020 Convertible Bonds with principal amount of HK\$5,000,000 with 5% interest per annum accruing from 26 June 2019 up to 18 February 2020 and with default interest at 10% per annum accruing from 19 February 2020 up to the date of actual repayment, which have already fallen due on 18 February 2020.

Details of the convertible bonds restructure are set out in note 37 to the annual report for the eighteen month's ended 30 June 2021.

As at 30 June 2022, the Group did not have any outstanding convertible bonds.

15. TRADE PAYABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Trade payables arising from dealing in security	820	763
Trade payables arising from trading of party products	<u>12,434</u>	<u>52,673</u>
	<u>13,254</u>	<u>53,436</u>

The ageing analysis of trade payables arising from trading of party products is as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
0 to 30 days	–	52,673
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	12,434	–
	12,434	52,673

The trade payables arising from trading of party products are non-interest-bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

16. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries during the year ended 30 June 2022

During the year ended 30 June 2022, the Group had the following disposals of subsidiaries:

- (i) On 29 September 2021, the Company has entered into a disposal agreement with an independent third party to dispose of 100% equity interest in the subsidiaries, Market Season and AIF Finance, which are listed below. The disposal was completed on 31 December 2021.

List of Market Season, its subsidiaries and AIF Finance:

Name of subsidiaries	Place of establishment/ incorporation and operation	Particulars of issued and paid up/registered capital	Group's effective interest	Principal activities
Market Season	British Virgin Islands	US\$1	100%	Investment holding
Green Link Holdings Limited	Hong Kong	HK\$1	100%	Investment holding
Hong Kong New Smart Energy Group Limited	Hong Kong	HK\$1,000,000	100%	Investment holding
AIF Finance	Hong Kong	HK\$100,000	100%	Money lending business

- (ii) On 28 June 2022, the Company has entered into a disposal agreement with an independent third party to dispose of 100% equity interest in the subsidiary, Asiagoal Holdings Limited (“**Asiagoal**”), which is listed below, at a consideration of HK\$1. The disposal was completed on 28 June 2022.

List of Asiagoal and its subsidiary:

Name of subsidiaries	Place of establishment/ incorporation and operation	Particulars of issued and paid up/registered capital	Group's effective interest	Principal activities
Asiagoal	Hong Kong	HK\$1	100%	Investment holding
匯金協和投資諮詢(深圳) 有限公司 Hui Jin Xie He Investment Consultancy (Shenzhen) Company Limited*	PRC	HK\$30,000,000	100%	Investment holding

* The English name is for identification purpose only.

Consideration received:

	Market Season HK\$'000 (Unaudited)	AIF Finance HK\$'000 (Unaudited)	Asiagoal HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Consideration received in cash and cash equivalents	425	733	–	1,158
Consideration receivable	426	733	–	1,159
	<u>851</u>	<u>1,466</u>	<u>–</u>	<u>2,317</u>

Analysis of assets and liabilities over which control was lost:

	Market Season HK\$'000 (Unaudited)	AIF Finance HK\$'000 (Unaudited)	Asiagoal HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Net assets/(liabilities) disposed of:				
Trading securities	–	–	28	28
Prepayments, deposits and other receivables	–	–	510	510
Cash and cash equivalents	–	9	368	377
Accruals and other payables	(8,482)	(276)	(9,136)	(17,894)
Other loans	–	–	(13,000)	(13,000)
Net liabilities disposed of	<u>(8,482)</u>	<u>(267)</u>	<u>(21,230)</u>	<u>(29,979)</u>

Gain on disposal of subsidiaries:

	Market Season HK\$'000 (Unaudited)	AIF Finance HK\$'000 (Unaudited)	Asiagoal HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Consideration received/receivable	851	1,466	–	2,317
Cumulative exchange difference on translation of a subsidiary reclassified from equity to profit or loss	–	–	(1,869)	(1,869)
Net liabilities disposed of	<u>8,482</u>	<u>267</u>	<u>21,230</u>	<u>29,979</u>
Gain on disposal of subsidiaries	<u>9,333</u>	<u>1,733</u>	<u>19,361</u>	<u>30,427</u>

Net cash inflow/(outflow) arising on disposal of subsidiaries:

	Market Season HK\$'000 (Unaudited)	AIF Finance HK\$'000 (Unaudited)	Asiagoal HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Consideration received in cash and cash equivalents	425	733	–	1,158
Less:				
Cash and cash equivalents disposed of	<u>–</u>	<u>(9)</u>	<u>(368)</u>	<u>(377)</u>
Net cash inflow/(outflow) arising on disposal of subsidiaries	<u>425</u>	<u>724</u>	<u>(368)</u>	<u>781</u>

(b) Disposal of subsidiaries during the eighteen months ended 30 June 2021

During the eighteen months ended 30 June 2021, the Group had the following disposals of subsidiaries:

- (i) On 30 June 2020, the vendors of International Security Net Co., Limited (“**ISN**”) and Dewe Kexin (Beijing) Technology Co., Ltd.* (德威可信(北京)科技有限公司) (“**Dewe Kexin**”) entered into the sale and purchase agreement with the Group in relation to the disposal by the Group of the entire issued share capital of ISN and the other receivables for a total consideration of HK\$8,750,000 by way of surrendering by the vendors of ISN and Dewe Kexin of the relevant 2021 Convertible Bonds in principal amount of HK\$8,750,000 issued by the Company and arising from the 2018 Profit Guarantee. The disposal has been completed on 31 December 2020.
- (ii) Pursuant to a loan agreement entered into between the Company’s subsidiary as borrower and an independent third party as lender, a share pledge (the “**Share Pledge**”) over the Group’s 51% equity interest in Dewe Kexin created as security for a loan in principal amount of RMB5,000,000 was registered on 14 January 2020. The Share Pledge was subsequently enforced on 17 February 2020. As a result, Dewe Kexin ceased to be a subsidiary of the Company.

- (iii) On 26 March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of the Group's equity interest in Ya Tou Hui Jin (Beijing) Asset Management Co., Ltd.* (亞投匯金(北京)資產管理有限公司) (“**Ya Tou Hui Jin**”) for a consideration of RMB12,000,000 (equivalent to approximately HK\$13,679,000). The transaction was completed on 26 March 2021.

Disposal of subsidiaries	<i>HK\$'000</i> (Audited)
Continuing operations	
Gain on disposal of Ya Tou Hui Jin	<u>13,444</u>
Discontinued operation	
Gain on disposal of ISN	4,440
Loss on disposal of Dewe Kexin	<u>(3,952)</u>
	<u>488</u>
Total gain on disposal of subsidiaries	<u>13,932</u>

Consideration received:

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Consideration received in				
cash and cash equivalents	–	–	13,679	13,679
Waive of liabilities	–	5,600	–	5,600
Cancellation of convertible bonds payables	<u>7,629</u>	–	–	<u>7,629</u>
	<u>7,629</u>	<u>5,600</u>	<u>13,679</u>	<u>26,908</u>

Analysis of assets and liabilities over which control was lost:

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Net assets/(liabilities) disposed of:				
Property, plant and equipment	–	16	5	21
Goodwill	–	489	–	489
Intangible assets	–	11,188	–	11,188
Interest in an associate	–	–	586	586
Trade receivables	199	5,449	–	5,648
Prepayments, deposits and other receivables	9,182	5,748	5,708	20,638
Cash and cash equivalents	(18)	10,740	10	10,732
Tax recoverable	45	–	–	45
Trade payables	–	(3,044)	–	(3,044)
Accruals and other payables	(1,219)	(6,180)	(5,819)	(13,218)
Other loans	(5,000)	–	–	(5,000)
Tax payables	–	(2,961)	–	(2,961)
Deferred tax liabilities	–	(2,797)	–	(2,797)
	<u>3,189</u>	<u>18,648</u>	<u>490</u>	<u>22,327</u>
Net asset disposed of	<u>3,189</u>	<u>18,648</u>	<u>490</u>	<u>22,327</u>

Gain/(loss) on disposal of subsidiaries:

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Consideration received	7,629	5,600	13,679	26,908
Cumulative exchange difference on translation of these subsidiaries reclassified from equity to profit or loss	–	224	255	479
Net assets disposed of	(3,189)	(18,648)	(490)	(22,327)
Non-controlling interests	–	8,872	–	8,872
	<u>4,440</u>	<u>(3,952)</u>	<u>13,444</u>	<u>13,932</u>
Gain/(loss) on disposal of subsidiaries	<u>4,440</u>	<u>(3,952)</u>	<u>13,444</u>	<u>13,932</u>

Net cash inflow/(outflow) arising on disposal of subsidiaries:

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Consideration received in cash and cash equivalents	–	–	13,679	13,679
Less:				
Cash and cash equivalents disposed of	<u>18</u>	<u>(10,740)</u>	<u>(10)</u>	<u>(10,732)</u>
Net cash inflow/(outflow) arising on disposals of subsidiaries	<u><u>18</u></u>	<u><u>(10,740)</u></u>	<u><u>13,669</u></u>	<u><u>2,947</u></u>

17. DISCONTINUED OPERATION

As detailed in notes 16(b)(i) and (ii) of the results of the disposal of subsidiaries ISN and Dewe Kexin, 100% and 51% interest in ISN and Dewe Kexin, respectively, with principal operation as trading of security products and provision of security services is presented as discontinued operation.

The loss for the year/period from discontinued operation is set out below.

	For the year ended 30 June 2022	For the eighteen months ended 30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Gain on disposal of subsidiaries	–	488
Loss of discontinued operation for the year/period	<u>–</u>	<u>(5,036)</u>
	<u><u>–</u></u>	<u><u>(4,548)</u></u>

The results of the discontinued operation included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flow are set out below.

The results from the discontinued operation for the year/period are analysed as follows:

	For the year ended 30 June 2022 HK\$'000 (Unaudited)	For the eighteen months ended 30 June 2021 HK\$'000 (Audited)
Revenue	–	784
Cost of sales and services	–	–
Gross profit	–	784
Other revenue and other net gain	–	146
Operating expenses	–	(1,692)
Loss from operations	–	(762)
Finance costs	–	(124)
Other non-operating expenses	–	–
Gain on disposal of property, plant and equipment	–	390
Loss before impairment and tax	–	(496)
Impairment loss on trade receivables, net	–	(4,410)
Impairment loss on other receivables, net	–	(130)
Loss before tax	–	(5,036)
Income tax	–	–
Loss for the year/period	–	(5,036)

18. EVENT AFTER THE REPORTING PERIOD

No significant events were occurred subsequent to the end of the reporting period and up to the date of this announcement.

19. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (formerly known as Amber Hill Financial Holdings Limited) (the “**Company**”) was incorporated in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares were listed on the Stock Exchange on 19 November 2007. On 31 December 2020, the Company announced the change of its financial year end date from 31 December to 30 June. Accordingly, the Unaudited Annual Results of the Group for the year ended 30 June 2022 (the “**Reporting Period**”) was presented together with the audited comparative figures for the eighteen months ended 30 June 2021 (the “**Corresponding Period**”).

The Company and its subsidiaries (the “**Group**”) are principally engaged in trading of party products, securities brokerage and asset management, advancing business and trading of commodities.

FINANCIAL REVIEW

During the year ended 30 June 2022, the Group prudently maintained its existing business operations and continued its stringent control over the operating costs.

The Group recorded revenue of approximately HK\$295.56 million for the Reporting Period (Corresponding Period: HK\$339.44 million), representing a decrease of 12.93%. The decrease in revenue was mainly due to the decrease of revenue generated in the trading of party products. For details, please refer to Business Review Section.

Operating costs was approximately HK\$47.75 million for the Reporting Period (Corresponding Period: HK\$69.43 million), representing a decrease of 31.23%. Considering the corresponding period covered 18 months instead of 12 months as in the Reporting Period, the amount of operating costs is consistent among the two periods.

Net profit attributable to equity shareholders of the Company for the Reporting Period was approximately HK\$41.38 million while in last corresponding period, there was a loss of approximately HK\$67.79 million. The Group successfully achieved a turnaround from a loss to a profit position in the Reporting Period.

During the Reporting Period, the earnings per share of the Company was HK\$7.70 cents (Corresponding Period: loss per share HK\$28.55 cents).

BUSINESS REVIEW

Trading of Party Products

During the Reporting Period, the revenue generated from the trading of party products segment was approximately HK\$115.51 million (Corresponding Period: HK\$174.67 million), representing a decrease of 33.87%. After considered the comparative period covered 18 months instead of 12 months as in the Reporting Period and pro-rata the figures to an annual figure (the “**Pro-rata Effect**”), the amount of revenue has decreased by around 0.80%. During the Reporting Period, especially in the first half of 2022, the outbreak of the COVID-19 was spread in the PRC, logistics in many provinces suspended and such suspension adversely impacted the trading of party products as the delivery of goods to the customers was restricted. With the continued lessen of the effect of the COVID-19 pandemic, revenue in this segment is expected to resume gradually.

Securities Brokerage and Asset Management

The Group recorded a revenue of approximately HK\$46.49 million (Corresponding Period: HK\$23.92 million) for this segment during this Reporting Period.

During the Reporting Period, the Group provided segregated management account services to an independent third party for a segregated portfolio with an asset value of approximately US\$180 million (the “**Segregated Portfolio**”). The Segregated Portfolio involved spot foreign exchange trading with the aid of algorithmic model. During the Reporting Period, the Group achieved a year-to-date portfolio return of approximately 7.4% for the Segregated Portfolio and generated revenue of approximately HK\$46.49 million in terms of performance fee and account setup and administrative fees from the provision of asset management services.

Leveraging the use of algorithmic model, the Group’s experience in providing asset management services to customers as well as its ability in generating a satisfactory return for the Segregated Portfolio, the Directors consider that the Group is equipped with the necessary skills, knowledge and experience in (i) further strengthening its asset management business by building up its own track record in conducting spot foreign exchange trading and exploring the potential clients for its asset management services; and (ii) conducting its own proprietary trading in spot foreign exchange which shall supplement the source of income for the Group.

To support this, the controlling shareholder of the Company, Neo Tech Inc., has granted an interest-free facility of US\$200 million to the Group and during the Reporting Period, the Group has drawn down approximately US\$161 million (“**Shareholders’ Loan**”) for building up its track record in conducting spot foreign exchange trading and exchange trading. In January 2022, the Group has fully repaid the Shareholders’ Loan and maintained the facility. For further details, please refer to the Group’s announcement dated 20 January 2022.

As at 30 June 2022, the Group was licensed to carry on business in Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) (the “SFO”). The relevant licenses of the Group to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) regulated activities under the SFO were suspended due to the insufficient appointment of Representative Officer (“RO”) and the Group is in the process of looking for an appropriate RO and will apply for the resumption of these licenses. The Group will continue to identify and evaluate suitable business expansion and investment management opportunities for the asset management business of the Group in other countries and regions, as well as to explore and devote resources to the application of technological innovation in this business segment.

Trading of Commodities

During the Reporting Period, the Group generated revenue approximately of HK\$133.23 million (Corresponding Period: HK\$141.52 million) from this segment, representing a decrease of 5.86%. After considered the Pro-rata Effect, the rate of increase was around 41.21%. Such increase was contributed by the success in securing reliable upstream companies. The Group will continue its efforts to expand this segment by purchasing different commodities from upstream companies and sell them to downstream companies as well as exploring other business opportunities in the Asian regions.

Advancing Business

Due to the spread of the COVID-19, the management continued its prudent approach in managing this business segment. The Group commenced its money lending business by lending loan in the amount of HK\$2 million (the “Loan”) (Corresponding Period: Nil) to a borrower (the “Borrower”) who is an independent third party.

The Loan was overdue and defaulted during the year ended 30 June 2022 and an impairment loss of HK\$2 million was recorded in the profit or loss for the year ended 30 June 2022.

Prior to granting the Loan to the Borrower, the Group had (i) conducted background search and assessed the social status on the Borrower; and (ii) obtained and reviewed information in relation to the financial background of the Borrower, as part of the credit assessment on the Borrower’s ability for the repayment of the Loan. However, the Borrower failed to repay the Loan on the due date. In order to recover the Loan, amid the negotiating with the Borrower for settlement of the Loan by the Group, the Group has instructed its lawyers to issue demand letters to the Borrower to demand for repayment of the Loan. No repayment of the Loan has been made by the Borrower as at the announcement date.

The Group will continue to negotiate with the Borrower for the settlement of the Loan and will consider to commence legal proceedings against the Borrower to recover the Loan in due course.

Originally and as previously disclosed, the Company proposed to apply approximately HK\$15 million from the proceeds of the Rights Issue and Share Subscription for financing the advancing business of the Group. However, the operating environment of the Group continued to be challenged by the continuing COVID-19 situation, thus the Group has prudently further prolonged the timeline for its business plans. In future, the Company will develop this advancing business with relatively larger sum to borrowers who are capable of providing personal guarantee, asset pledge or other collaterals to secure the loans. It is anticipated that interest from the advancing business will generate stable source of revenue to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, (i) the Group's net current assets were approximately HK\$174.09 million (30 June 2021: HK\$132.53 million); (ii) the Group's total assets less current liabilities were approximately HK\$187.58 million (30 June 2021: HK\$150.91 million); (iii) the Group's current ratio was 4.34 (30 June 2021: 1.54); and (iv) the Group did not have any gearing as at 30 June 2022 (30 June 2021: the gearing ratio was -23.46%). The Group's gearing ratio was calculated as net debts divided by total assets. The Group's net debts include convertible bonds, shareholder's loan and other loan less cash and bank balances.

The Group's liquidity and financial resources were significantly improved upon the completion of the Rights Issue in January 2021 and the Share Subscription as stipulated in the circular dated 4 November 2020 and the prospectus of the Company dated 11 December 2020 which raised net proceeds of approximately HK\$284 million in aggregate, and the Directors consider that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future.

In November 2021, the controlling shareholder of the Company, Neo Tech Inc., has granted an interest-free facility of US\$200 million to the Group and as at 30 June 2022, there was no outstanding for the loan (30 June 2021: Nil).

As at 30 June 2022, there were no outstanding loans due to third parties (30 June 2021: HK\$41.85 million).

As at 30 June 2022, the Group had cash and bank balances of approximately HK\$99.29 million (30 June 2021: HK\$248.78 million). The cash and bank balances were denominated in Hong Kong dollar, Renminbi and US dollar. The Group had no structured investment products and foreign exchange contracts as at 30 June 2022. The Group is not exposed to material fluctuations in exchange rates.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 30 June 2022, the authorised share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.01 each, and the issued share capital of the Company was HK\$5,372,451 divided into 537,245,104 shares of HK\$0.01 each.

For the year ended 30 June 2022, there was no change in the capital structure of the Company.

Major changes in relation to the capital structure of the Company for the eighteen months ended 30 June 2021 are as follows:

A. Share Capital

The Company completed a placing of new shares under the general mandate granted to the Directors by the Company's shareholders at the extraordinary general meeting of the Company held on 7 July 2020. An aggregate of 223,852,128 shares were successfully placed at issue price of HK\$0.105 per share to not less than six places in accordance with the terms and conditions of the relevant placing agreement dated 17 July 2020. The placing of 223,852,128 new shares was completed on 4 August 2020.

On 11 September 2020, the Company announced, among other things, consolidation (the "**Share Consolidation**") of the issued shares on the basis of ten shares of HK\$0.001 each into one share of HK\$0.01 each. The Share Consolidation was approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020 and became effective on 1 December 2020. Upon the Share Consolidation becoming effective on 1 December 2020 and as at 31 December 2020, the authorised share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.01 each, and the issued share capital of the Company was HK\$1,343,112.76 divided into 134,311,276 shares of HK\$0.01 each. Details of the Share Consolidation were set out in the Company's announcements dated 11 September 2020 and 27 November 2020, and its circular dated 4 November 2020.

On 11 September 2020, the Company announced, among other things, a rights issue (the “**Rights Issue**”) at the subscription price of HK\$0.71 per rights share on the basis of three (3) rights shares for every one (1) Consolidated Share held by the qualifying shareholders on the record date; and (ii) the issuance of up to 330,664,157 subscription shares (the “**Share Subscription**”) under specific mandate for subscription by Neo Tech Inc., where such shares for subscription shall be equivalent to the number of unsold right shares under the Rights Issue and subject to the public float requirement under the Listing Rules. The Rights Issue and Share Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020. On 13 January 2021, the Rights Issue was approximately 29.35% subscribed, and the remaining 284,673,884 unsubscribed rights shares, representing approximately 70.65% of the total number of rights shares offered under the Rights Issue, and no unsubscribed rights shares were placed under the compensatory arrangements. Accordingly, on 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of HK\$202,118,457.64 at the subscription price of HK\$0.71 per share. The gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue and the Share Subscription are approximately HK\$286 million and approximately HK\$284 million respectively. Details of the Rights Issue and Share Subscription were set out in the circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively.

Details of the use of proceeds of the fund-raising activities during the Reporting Period are as follows:

Date of disclosure documents	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
4 November 2020, 11 December 2020, 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively	Rights Issue and Share Subscription	Approximately HK\$284 million	<i>Notes</i>	<i>Notes</i>
17 July 2020 and 4 August 2020	Placing of new shares under general mandate granted on 7 July 2020	Approximately HK\$22.96 million	Working capital of the Group	The proceeds were fully utilised as intended

Notes:

Use of proceeds	Estimated amount	Proposed timeline of the intended use of proceeds	Actual use of proceeds
Repayment of overdue external debts of the Group	HK\$50 million	Within 6 months after the Rights Issue	Applied as intended
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	HK\$40 million	Within 6 months after the Rights Issue	Applied as intended
Repayment of overdue Convertible Bonds	HK\$110 million	Within 12 months after the Rights Issue	Applied as intended
Additional capital for trading of party products business	HK\$30 million	Within 6 months after the Rights Issue	Applied as intended
Additional liquid capital for the securities brokerage and assets management business	HK\$15 million	Within 6 months after the Rights Issue	Applied as intended
Additional capital for the advancing business of the Group	HK\$15 million	Within 12 months after the Rights Issue	Due to the COVID-19 pandemic, the Group applied HK\$2 million. For details please refer to the section Advancing Business
General working capital	HK\$24 million	Within 36 months after the Rights Issue	Currently contemplated to apply as intended

B. Convertible Bonds

Details on the movements of the convertible bonds during the Reporting Period are set out in note 14.

MERGERS, ACQUISITIONS AND DISPOSAL

Save for the two sale and purchase agreements dated 29 September 2021 and 28 June 2022 entered into by the Group with two different independent third parties, in relation to the disposals of the entire issued share capital of (i) Market Season and AIF Finance and (ii) Asiagoal, which were completed on 31 December 2021 and 28 June 2022 respectively, the Group did not have any significant merger, acquisition or disposal during the Reporting Period. Details of the disposal of subsidiaries are set out in note 16.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Rights Issue and the Share Subscription as stipulated in the circular dated 4 November 2020 and the prospectus of the Company dated 11 December 2020, the Group did not have other plan for material investments or acquisition of material capital assets as at 30 June 2022.

CHARGE OF ASSETS

As at 30 June 2022, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

The Group's main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in Hong Kong dollar, Renminbi and US dollar. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the Reporting Period as the management considered that the Group's exposure to exchange rate risk could be managed.

HUMAN RESOURCES

As at 30 June 2022, the Group had 42 employees (30 June 2021: 32 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any material capital commitment.

PROSPECTS

With the restructuring of the business and operations, the strengthening of the Group's financial positions by various fund raising activities in the past three years, the continuous support from the shareholders and management, the Group has successfully turnaround the business from loss making into profit in this Reporting Period despite the severe challenges from COVID-19 pandemic. In future, with the higher community vaccination rate, the COVID-19 pandemic will be under control and the Global Economy will surely resumed. With the well preparation by the Group and management, the Group will be in the advantageous position to reap such resuming opportunities ahead.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Reporting Period.

Compliance with Code on Corporate Governance Practices

For the year ended 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 of the Listing Rules except the following:

1. Under C.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. The Company had no Chief Executive Officer for the year ended 30 June 2022. The functions of Chief Executive Officer were performed by the Executive Committee of the Board. The Board considered that this structure had not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.
2. C.6.2 of the CG Code stipulates that a Board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical Board meeting rather than a written resolution. However, the Company did not hold a physical Board meeting to accept the appointment of the company secretary, Ms. Leong Kai Weng Subrina and Mr. Cheung Ka Fai during the year ended 30 June 2022. The Board will hold a physical Board meeting to discuss the appointment and dismissal of the company secretary in the future.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules regarding directors’ dealing in securities. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the year ended 30 June 2022.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The Audit Committee currently consists of three independent non-executive Directors of the Company, namely Mr. Yip Tze Wai Albert, Mr. Lo Hang Fong and Mr. Wang Jun Sheng. Mr. Yip Tze Wai Albert is the chairman of the Audit Committee.

The Unaudited Annual Results have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Unaudited Annual Results comply with the applicable accounting principles, standards and requirements, and that adequate disclosures have been made.

Annual General Meeting

The annual general meeting of the shareholders of the Company will be held after the despatch of the annual report for the year ended 30 June 2022. The notice of annual general meeting will be published and despatched to the shareholders of the Company in due course.

Review of Unaudited Annual Results

Due to the recent outbreak of COVID-19 in certain regions of the PRC, the Governments of Guangzhou City, Shenzhen City and Heze City implemented stringent travel and quarantine restrictions, which has caused delays to the audit progress in respect of the Group’s annual results for the year ended 30 June 2022. In particular, in light of the tighter travel and quarantine restrictions in the PRC, the collection of additional audit evidence in relation to certain prepayments made to the Group’s suppliers based in the PRC would require more time to be completed. As a result, the Company is unable to publish the audited annual results for the year ended 30 June 2022 by 30 September 2022 in accordance with Rule 13.49(1) and 13.49(2) of the Listing Rules.

The Unaudited Annual Results contained herein, which have been reviewed by the Audit Committee but have yet to be agreed with the Company’s auditor.

Further Announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the year ended 30 June 2022 as agreed by the Company's auditors and the material differences (if any) as compared with the Unaudited Annual Results. The Company expects that the auditing process will be completed on or before 31 October 2022. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in relation to the completion of the auditing process.

Publication of Unaudited Annual Results and Annual Report

This Unaudited Annual Results announcement is published on the websites of the Company (www.geniusi.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 30 June 2022 containing all the information required under the Listing Rules is currently expected to be despatched to the Company's shareholders and available on the above websites on or before 15 November 2022.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution. I would also like to express my appreciation to the continuous support of our shareholders, valuable customers and banks.

The financial information contained herein in respect of the Unaudited Annual Results have not been audited and have yet to be agreed with the Company's auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
International Genius Company
Dr. Ng Yu
Chairman & Executive Director

Hong Kong, 30 September 2022

As at the date of this announcement, (i) the executive Directors of the Company are Dr. Ng Yu and Mr. Lin Feng; (ii) the non-executive Director of the Company is Mr. Dai Chengyan and Mr. Cheung Bonathan Wai Ka; and (iii) the independent non-executive Directors of the Company are Mr. Lo Hang Fong, Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert.

** For identification purpose only*