

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

SUPPLEMENTAL ANNOUNCEMENT
TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 MARCH 2024

Reference is made to (i) the annual report (the “**Annual Report**”) of Imperium Financial Group Limited (the “**Company**”) for the year ended 31 March 2024, which was published by the Company on 31 July 2024; (ii) the announcements (the “**Announcements**”) of the Company dated 8 December 2023, 25 January 2024 and 31 January 2024 in relation to the Rights Issue; and (iii) the prospectus (the “**Prospectus**”) of the Company dated 8 January 2024 in relation to the Rights Issue. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Annual Report, the Announcements and the Prospectus.

The Board would like (i) to provide additional information in the Annual Report in relation to the Rights Issue, being an issue of equity securities during the year ended 31 March 2024; (ii) to clarify information in relation to the paragraph headed “Money lending business of the group” in the section headed “Management Discussion and Analysis” and to provide additional information to note 24 to the Notes to the Consolidated Financial Statements of the Annual Report and in respect of the secured Large Loan to Borrower A; and (iii) to clarify the information in the section headed “Equity-linked agreements” in the Annual Report, as set out below.

ISSUE OF EQUITY SECURITIES

Background and statistics of the Rights Issue

On 8 December 2023, the Company proposed to raise up to approximately HK\$45.7 million before expenses by way of a rights issue of 1,142,127,384 Rights Shares at the Subscription Price of HK\$0.04 per Rights Share and on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue, conducted on a non-underwritten basis, was only available to the Qualifying Shareholders.

On Monday, 22 January 2024, being the Latest Time for Acceptance, a total of 14 valid acceptance and application had been received for a total of 47,761,450 Rights Shares, representing approximately 4.18% of the total number of Rights Shares offered under the Rights Issue. As at the Record Date, there were no Non-Qualifying Shareholders and the number of the NQS Unsold Shares is nil. Based on the above results of valid acceptance and application, the total number of Unsubscribed Rights Shares subject to the Compensatory Arrangements was 1,094,365,934 Rights Shares. The Company had, pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, made the Compensatory Arrangements by entering into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares in accordance with the terms of the Placing Agreement.

Accordingly, on Monday, 29 January 2024, being the latest time of placing of the Unsubscribed Rights Shares by the Placing Agent, 2,000,000 Unsubscribed Rights Shares were successfully placed at the price of HK\$0.04 per Share, which is equal to the Subscription Price, under the Placing. Therefore, there was no Net Gain available for distribution to the No Action Shareholders and Non-Qualifying Shareholder under the Placing.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, (i) the placee who is an individual is an Independent Third Party; and (ii) the placee has not become a substantial shareholder of the Company (as defined under the GEM Listing Rules) upon completion of the Placing.

Based on the results of acceptance of the Rights Issue and the results of the Placing, the Rights Shares allotted and issued amounted to 49,761,450 Rights Shares with an aggregate nominal value of HK\$1,990,458, representing 4.36% of the total number of Rights Shares offered for subscription under the Rights Issue.

Subscription Price and net price of the Rights Shares

The Subscription Price was HK\$0.04 per Rights Share, which represented:

- (i) a discount of approximately 40.30% to the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on 4 January 2024 (the “**Latest Practicable Date**”);
- (ii) a discount of approximately 11.11% to the closing price of HK\$0.045 per Share as quoted on the Stock Exchange on 8 December 2023 (the “**Last Trading Day**”);
- (iii) a discount of approximately 7.41% to the average closing price of HK\$0.0432 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 6.10% to the average closing price of approximately HK\$0.0426 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 7.69% to the theoretical ex-rights price of approximately HK\$0.0433 per Share based on the closing price of HK\$0.045 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately HK\$0.0543, or 379.7% to the audited consolidated net liabilities value per Share of approximately HK\$0.0143 (based on the latest published audited consolidated net liabilities value of the Group of approximately HK\$32.7 million as disclosed in the annual report of the Company for the year ended 31 March 2023 and 2,284,254,768 Shares);
- (vii) a premium of approximately HK\$0.0571 or 333.9% to the unaudited consolidated net liabilities value per Share of approximately HK\$0.0171 (based on the latest published unaudited consolidated net liabilities value of the Group of approximately HK\$39.2 million as disclosed in the interim report of the Company as at 30 September 2023 and 2,284,254,768 Shares); and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 3.70%, represented by the theoretical diluted price of approximately HK\$0.0433 to the benchmarked price of approximately HK\$0.38 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.045 and the average closing price of HK\$0.045 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

The terms of the Rights Issue, including the Subscription Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among others, (i) the market price and trading liquidities of the Shares under the prevailing market conditions; (ii) the management's intention to improve the financial position of the Group in light of the latest business performance and financial position of the Group for the year ended 31 March 2023 and the six months ended 30 September 2023; (iii) the fund-raising size intended by the Company and (iv) the reasons for and benefits of proposed Rights Issue as set out below.

As all Qualifying Shareholders were entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considered that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

The Board considered that the Subscription Price was fair and reasonable and in the interest of the Company and the Shareholders as a whole, after taking into account the following factors:

- (i) the Qualifying Shareholders who did not wish to take up their provisional entitlements under the Rights Issue were able to sell the nil-paid rights in the market;
- (ii) the Qualifying Shareholders who chose to accept their provisional entitlements in full could maintain their respective existing shareholding interests in the Company after the Rights Issue;
- (iii) the Rights Issue allowed the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the recent closing price; and
- (iv) the Subscription Price represented a discount to the prevailing market price of the Shares to encourage Qualifying Shareholders to participate in the Rights Issue.

The net price per Rights Share after deducting the related expenses of the Rights Issue was approximately HK\$0.0281.

Reasons for and use of proceeds of the Rights Issue

The Company intended to utilise the net proceeds from the Rights Issue for early repayment of the Promissory Note to (i) minimise financial costs by reducing the interest accrual; (ii) reduce the interest expenses as part of the current outstanding interest will be waived because of the early repayment of the Promissory Note; and (iii) improve the cash flow position of the Group in order to contribute to the new business to be entered into by the Group or further business opportunities and working capital of the Group.

However, upon Completion of the Rights Issue on 31 January 2024, the net proceeds actually raised from the Rights Issue was HK\$1.4 million, which was significantly less than the estimated HK\$44.1 million and represented approximately 3.17% of the estimated net proceeds to be raised. As the Company did not have sufficient funds raised from the Rights Issue, the Company had not used the proceeds as previously intended in the Prospectus to develop the new business of production and sales of portable electronic appliances and home appliances nor the repayment of the Promissory Note. Hence, as announced in the announcement of the Company dated 31 January 2024, the

Company intended that the net proceeds be utilised as working capital of the Group, including but not limited, to directors' fees, salary and the head office rental as set out below:

	Intended use of proceeds (HK\$):	Utilisation of net proceeds during the year ended 31 March 2024 (HK\$):
Working capital of the Group including but not limited to directors' fees, salary and the head office rental	1,400,000	1,400,000

Accordingly, all of the net proceeds raised from the Rights Issue was utilised for the general working capital of the Company since the Completion of the Rights Issue up to the year ended 31 March 2024 and there is no remaining balance of unutilised net proceeds as at 31 March 2024.

The Board considered that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considered that raising funds by way of the Rights Issue was more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by other means.

MONEY LENDING BUSINESS

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

The Board would like to clarify that as at 31 March 2024, before taking into account the allowance for credit losses that had been recognised for loan receivables, the outstanding principal amount in relation to the loan receivables of the Group amounted to approximately HK\$15.1 million, among which (i) approximately HK\$14.7 million was the outstanding principal amount in relation to one secured Large Loan; and (ii) approximately HK\$0.4 million was the outstanding principal amount in relation to 30 unsecured Small Loans.

Among the outstanding principal amount in relation to the secured Large Loan of approximately HK\$14.7 million as at 31 March 2024, approximately HK\$14.7 million (representing approximately 100% of the total outstanding principal amount owed to the Group) was the outstanding principal amount owed to the Group by Borrower A, which is secured by a share charge bearing interest at 24% per annum and repayable by monthly instalment until 18 January 2024.

The Company would like to provide the following additional information in relation to the secured Large Loan to Borrower A:

- (i) Borrower A has been a client of the Group since 2012 and is still an independent third party of the Group.
- (ii) As at 31 July 2024, the total outstanding amount of the loan owed by Borrower A (including principal and interests) is HK\$24.1 million (the “**Outstanding Amount**”) and is secured by a share charge bearing interest at 24% per annum. As at 31 July 2024, the value of security under the share charge is HK\$9,264,752 based on the net asset value of the charged company.
- (iii) Save for the month of June 2024, Borrower A has made payment of HK\$100,000 every month from April to August 2024, being HK\$400,000 in aggregate as partial payment of the interest accrued on the loan owed to the Group. The Group has not received any further settlement of the Outstanding Amount from Borrower A as Borrower A does not currently have sufficient funds for the repayment. However, Borrower A has commenced legal proceedings (the “**Proceedings**”) against a third party claiming for, amongst others, damages. If judgment is made in favour of Borrower A, the damages to be awarded to Borrower A based on the amount of damages claimed by Borrower A in the Proceedings, would be sufficient to settle all amounts due by Borrower A to the Group if such amount is awarded to Borrower A.

The Group will closely monitor the progress of the Proceedings and once judgment has been made in favour of Borrower A or the Proceedings have been settled, such damages or settlement sums received can be applied for the settlement of the Outstanding Amount. The Company will also request for further securities in respect of the loan from Borrower A as set out below.

- (iv) The Company will implement the following action plan in order to recover the Outstanding Amount of the loan owed by Borrower A:
 - 1. the Company will closely monitor the progress of the Proceedings;
 - 2. the Company will continue with its negotiations with Borrower A about other means to recover the Outstanding Amount; and
 - 3. in addition to the existing share charge representing approximately 22% of the total issued shares of the charged company, the Company is requesting for charge over further shares of the charged company as security for the loan.

As at the date of this announcement, Borrower A also holds approximately 51% of the total issued shares of the charged company, which is worth HK\$21,477,381 based on the net asset value of the charged company as at 31 July 2024. The Company is requesting for charge over such shares as further security for the loan owed by Borrower A.

EQUITY-LINKED AGREEMENTS

The Company would like to clarify the clerical mistake in the section headed “Equity-linked agreements” in the Annual Report that the Company has not adopted any share option scheme during the year ended 31 March 2024, nor is there any subsisting share option scheme during the year ended 31 March 2024. Furthermore, during the year ended 31 March 2024, there were no outstanding share options granted under the share option scheme of the Company which had expired in December 2016.

The above information is supplemental to the Annual Report and does not affect other information in the Annual Report. Save as disclosed in this announcement, the contents of the Annual Report remain unchanged.

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

Hong Kong, 4 September 2024

As at the date of this announcement, the Board comprises of three executive Directors, namely, Mr. Cheng Ting Kong (Chairman), Ms. Cheng Mei Ching and Mr. Chim Tak Lai and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Hong Haiji.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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