

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.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The board (the “Board”) of directors (the “Directors”) of International Genius Company (the “Company”) would like to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2022 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

		For the six months ended 31 December	
	<i>Notes</i>	2022	2021
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	192,786	215,510
Cost of sales and services		(187,969)	(167,343)
Gross profit		4,817	48,167
Other revenue and other net gain	5	3,464	14,746
Operating expenses		(22,136)	(25,759)
(Loss)/profit from operations		(13,855)	37,154
Finance costs	6(a)	(291)	(772)
Other non-operating income	6(b)	–	11,268
Reversal of impairment losses	6(c)	–	1,288
(Loss)/profit before tax	6	(14,146)	48,938
Income tax expense	7	(167)	(29)
(Loss)/profit for the period		(14,313)	48,909

		For the six months ended	
		31 December	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive (loss)/income for the period			
Items may be reclassified to profit or loss:			
Exchange differences on translating financial statements of subsidiaries		<u>(4,179)</u>	<u>515</u>
		<u>(4,179)</u>	<u>515</u>
Total comprehensive (loss)/income for the period			
		<u>(18,492)</u>	<u>49,424</u>
(Loss)/profit for the period attributable to:			
Equity shareholders of the Company		<u>(14,321)</u>	<u>48,909</u>
Non-controlling interests		<u>8</u>	<u>—</u>
		<u>(14,313)</u>	<u>48,909</u>
Total comprehensive (loss)/income for the period attributable to:			
Equity shareholders of the Company		<u>(18,499)</u>	<u>49,423</u>
Non-controlling interests		<u>7</u>	<u>1</u>
		<u>(18,492)</u>	<u>49,424</u>
(Loss)/earnings per share			
— Basic (HK\$ cents)	9	<u>(2.67)</u>	<u>9.10</u>
— Diluted (HK\$ cents)	9	<u>(2.67)</u>	<u>9.10</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	As at 31 December 2022 HK\$'000 (Unaudited)	As at 30 June 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		10,667	13,089
Right-of-use assets		8,660	–
Deposit paid		2,614	400
		21,941	13,489
Current assets			
Inventories		–	10,884
Trading securities		126	160
Trade receivables	10	44,345	20,060
Prepayments, deposits and other receivables		62,317	95,035
Client trust bank balance		844	820
Cash and cash equivalents		76,592	99,191
		184,224	226,150
Total Assets		206,165	239,639
Capital and reserves			
Share capital	11	5,372	5,372
Reserves		164,465	182,964
		169,837	188,336
Equity attributable to shareholders of the Company		169,837	188,336
Non-controlling interests		(753)	(760)
		169,084	187,576
Non-current liabilities			
Lease liabilities		3,885	–
		3,885	–

		As at 31 December 2022 HK\$'000 (Unaudited)	As at 30 June 2022 HK\$'000 (Audited)
Current liabilities			
Trade payables	<i>12</i>	13,670	13,254
Accruals and other payables		8,422	31,687
Lease liabilities		6,199	2,181
Tax payables		4,905	4,941
		<u>33,196</u>	<u>52,063</u>
Total Equity and Liabilities		<u>206,165</u>	<u>239,639</u>
Net current assets		<u>151,028</u>	<u>174,087</u>
Total assets less current liabilities		<u>172,969</u>	<u>187,576</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

International Genius Company (the “Company”) was incorporated and domiciled 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 of Hong Kong Limited (“Stock Exchange”) on 19 November 2007.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in trading of party products, provision of securities brokerage and assets management services, provision advisory services, provision of advancing services and trading of commodities.

The address of the principal place of business of the Company is Unit Nos. 4202–05, 42/F, Cosco Tower, 183 Queen’s Road Central, Hong Kong and the Company has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance since 4 September 2007.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2022 are the same as those presented in the Group’s consolidated financial statements for the year ended 30 June 2022.

Going concern basis

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. CHANGE IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Property, plant and equipment — Proceeds before intended use
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

4. 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 by major products or service lines within the scope of HKFRS 15

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Trading of party products	93,639	97,927
Trading of commodities	99,147	70,959
Advisory income	–	189
	<u>192,786</u>	<u>169,075</u>
Revenue from other sources		
Investment income under assets management segment	–	46,302
Interest income from advancing business	–	133
	<u>–</u>	<u>46,435</u>
Total	<u>192,786</u>	<u>215,510</u>
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— At a point in time	192,786	168,886
— Over time	–	189
	<u>192,786</u>	<u>169,075</u>

5. OTHER REVENUE AND OTHER NET GAIN

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidies (<i>Note</i>)	1,065	–
Net exchange loss	(2,175)	(226)
Interest income	14	24
Investment income under spot foreign exchange		
currency trading	–	14,341
Dividend income	1	1
Realised gain on disposal of trading securities	–	26
Unrealised loss on fair value changes in trading securities	(34)	–
Gain on lease modification	579	–
Sundry income	3,916	580
Rental income	90	–
Gain on disposal of property, plant and equipment	8	–
	<u>3,464</u>	<u>14,746</u>

Note:

During the current interim period, the Group recognised government grants of HK\$1,065,000 (For the six months ended 31 December 2021: Nil) in respect of Employment Support Scheme launched by the HKSAR Government to provide time-limited financial support to employers.

6. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on convertible bonds	–	159
Interest on lease liabilities	291	217
Interest on other borrowings	–	396
	<u>291</u>	<u>772</u>
Total	<u>291</u>	<u>772</u>
(b) Other non-operating income		
Gain on disposal of subsidiaries	–	(11,198)
Net gain on deregistration of a subsidiary	–	(70)
	<u>–</u>	<u>(11,268)</u>
Total	<u>–</u>	<u>(11,268)</u>

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(c) Reversal of impairment losses		
Reversal of impairment loss on trade receivables, net	–	(1,249)
Reversal of impairment loss on prepayments, deposits and other receivables, net	–	(39)
	<u>–</u>	<u>(39)</u>
Total	<u>–</u>	<u>(1,288)</u>
(d) Other items		
Depreciation on property, plant and equipment	2,421	2,499
Depreciation on right-of-use assets	1,237	597
	<u>3,658</u>	<u>3,096</u>
Total	<u>3,658</u>	<u>3,096</u>

7. INCOME TAX

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

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax — PRC Income Tax		
Charged for the period	167	29
	<u>167</u>	<u>29</u>
Total income tax charge	<u>167</u>	<u>29</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2022 as the Group has no assessable profits for the period (For the six months ended 31 December 2021: Nil).

Under the Law of the People's Republic of China (the "PRC") in Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the both period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is exempted from income tax in the Cayman Islands and the BVI.

8. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2022 and 31 December 2021.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity shareholders of the Company	<u>(14,321)</u>	<u>48,909</u>
	Number of shares	
The weighted average number of ordinary shares	<u>537,245,104</u>	<u>537,245,104</u>

For the six months ended 31 December 2022, no diluted loss per share is presented as there were no potential ordinary shares in issue during the period.

For the six months ended 31 December 2021, the computation 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.

10. TRADE RECEIVABLES

	At 31 December 2022 <i>HK\$'000</i> (Unaudited)	At 30 June 2022 <i>HK\$'000</i> (Audited)
Trade receivables arising from dealing in securities	2,814	2,814
Interest receivables arising from advancing business	333	333
Trade receivables arising from trading of party products	43,653	19,995
Trade receivables arising from trading of commodities	627	–
	<u>47,427</u>	<u>23,142</u>
Less: Impairment	<u>(3,082)</u>	<u>(3,082)</u>
	<u><u>44,345</u></u>	<u><u>20,060</u></u>

Customers from trading of party products and trading of commodities 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:

	At 31 December 2022 <i>HK\$'000</i> (Unaudited)	At 30 June 2022 <i>HK\$'000</i> (Audited)
Within 30 days	14,894	3,352
31 to 60 days	10,885	–
61 to 90 days	1,808	–
Over 90 days	16,758	16,708
	<u>44,345</u>	<u>20,060</u>

11. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 30 June 2022, 1 July 2022 and 31 December 2022	1,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 30 June 2022, 1 July 2022 and 31 December 2022	537,245	5,372

12. TRADE PAYABLES

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited)
Trade payables arising from trading of commodities	10,746	–
Trade payables arising from dealing in securities	843	820
Trade payables arising from trading of party products	2,081	12,434
	<u>13,670</u>	<u>13,254</u>

The ageing analysis of trade payables based on the date of the invoice arising from trading of party products and trading of commodities is as follows:

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited)
0 to 30 days	10,767	–
31 to 60 days	963	–
61 to 90 days	826	–
Over 90 days	271	12,434
	<u>12,827</u>	<u>12,434</u>

The trade payables arising from trading of party products and trading of commodities 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.

13. 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 four (For the six months ended 31 December 2021: four) 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:

- Trading of party products
- Securities brokerage and assets management
- Trading of commodities
- Advancing business

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. 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 or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain other revenue and other net gain, other non-operating expenses, finance costs, unallocated corporate income and unallocated corporate expenses are excluded from such measurement.

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

	Revenue		Segment results	
	For the six months ended		For the six months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trading of party products	93,639	97,927	4,398	1,245
Securities brokerage and assets management	–	46,491	(4,176)	44,330
Trading of commodities	99,147	70,959	1,826	298
Advancing business	–	133	(333)	133
	<u>192,786</u>	<u>215,510</u>	<u>1,715</u>	<u>46,006</u>
Reconciliation:				
Net exchange loss			(2,175)	(226)
Bank interest income			14	24
Investment income under spot foreign exchange currency trading			–	14,341
Unallocated corporate expenses			(17,325)	(25,759)
Unallocated corporate income			3,916	2,838
Finance costs			(291)	(772)
Gain on disposal of subsidiaries			–	11,198
Reversal of impairment on prepayment, deposits and other receivables			–	1,288
(Loss)/profit before tax			(14,146)	48,938
Income tax expense			(167)	(29)
(Loss)/profit for the period			<u>(14,313)</u>	<u>48,909</u>

(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, 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 and tax payables.

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

As at 31 December 2022

	Securities brokerage and assets management <i>HK\$'000</i>	Advancing business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited					
ASSETS					
Segment assets	14,007	651	54,918	49,972	119,548
Cash and cash equivalents					76,592
Unallocated corporate assets					10,025
					<u>206,165</u>
Consolidated total assets					<u>206,165</u>
LIABILITIES					
Segment liabilities	(10,466)	(678)	(2,572)	(11,310)	(25,026)
Tax payables					(4,905)
Unallocated corporate liabilities					(7,150)
					<u>(37,081)</u>
Consolidated total liabilities					<u>(37,081)</u>

As at 30 June 2022

	Securities brokerage and assets management <i>HK\$'000</i>	Advancing business <i>HK\$'000</i>	Credit guarantee service and investment business <i>HK\$'000</i>	Trading of party products <i>HK\$'000</i>	Trading of metal and minerals <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Audited							
ASSETS							
Segment assets	3,706	257	–	32,813	–	90,588	127,364
Bank balances and cash							99,191
Unallocated corporate assets							13,084
Consolidated total assets							<u>239,639</u>
LIABILITIES							
Segment liabilities	(2,274)	(490)	–	(23,731)	(2,112)	(11,737)	(40,344)
Tax payables							(4,941)
Unallocated corporate liabilities							(6,778)
Consolidated total liabilities							<u>(52,063)</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 six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	–	189
Mainland China	180,247	168,886
Malaysia	12,518	–
Thailand	21	–
	<u>192,786</u>	<u>169,075</u>
Revenue from other sources		
Hong Kong	–	46,435
Total	<u>192,786</u>	<u>215,510</u>

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment and right-of-use assets ("Specified Non-Current Assets"). The geographical location of the Specified Non-Current Assets is based on the physical location of the asset for property, plant and equipment and right-of-use assets.

	At 31 December 2022 HK\$'000 (Unaudited)	At 30 June 2022 HK\$'000 (Audited)
Hong Kong	<u>19,327</u>	<u>13,089</u>

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

	For the six months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from customer attributable to trading of party products business Company A	81,100	47,813
Revenue from customer attributable to assets management business Company B*	–	46,302
Revenue from customer attributable to trading of commodities business Company C*	–	37,167
Revenue from customer attributable to trading of party products business Company D*	–	34,609
Revenue from customer attributable to trading of commodities business Company E#	<u>34,833</u>	<u>–</u>

* These three customers did not individually contribute 10% or more of total revenue of the Group during the six months ended 31 December 2022.

This customer did not individually contribute 10% or more of total revenue of the Group during the six months ended 31 December 2021.

14. DISPOSAL OF SUBSIDIARIES

For the six months ended 31 December 2022, there was no disposal of any subsidiary.

For the six months ended 31 December 2021, 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 Limited (“**Market Season**”) and AIF Finance Limited (“**AIF Finance**”), which are listed as 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	BVI	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%	Advancing business

Analysis of assets and liabilities over which control was lost:

	Market Season <i>HK\$’000</i> (Unaudited)	AIF Finance <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
Net assets/(liabilities) disposed of:			
Cash and cash equivalents	–	9	9
Accruals and other payables	(8,482)	(276)	(8,758)
Net liabilities disposed of	<u>(8,482)</u>	<u>(267)</u>	<u>(8,749)</u>

Gain on disposal of subsidiaries:

	Market Season <i>HK\$’000</i> (Unaudited)	AIF Finance <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
Consideration received/receivable	851	1,466	2,317
Net liabilities disposed of	<u>8,482</u>	<u>267</u>	<u>8,749</u>
Gain on disposal of subsidiaries	<u>9,333</u>	<u>1,733</u>	<u>11,066</u>

Net cash inflow arising on disposal of subsidiaries:

	Market Season <i>HK\$’000</i> (Unaudited)	AIF Finance <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (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>(9)</u>
Net cash inflow arising on disposal of subsidiaries	<u>425</u>	<u>724</u>	<u>1,149</u>

15. RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group had the following significant transactions with related parties:

- (a) On 19 November 2021, the Company entered into a revolving loan agreement (the “**Loan Agreement**”) with Neo Tech Inc. (“**Neo Tech**”). Neo Tech is the controlling shareholder of the Company and is wholly and beneficially owned by Dr. Ng Yu. Pursuant to the Loan Agreement, Neo Tech agreed to provide a revolving loan up to the principal amount of US\$200,000,000 (which is equivalent to approximately HK\$1,560,000,000) (the “**Loan**”) to the Company for a term of 12 months effective from the date of the Loan Agreement. The Loan is unsecured, interest-free and repayable on demand. As at 31 December 2021, the Company has drawn down a total of approximately US\$161,000,000 (which is equivalent to approximately HK\$1,255,800,000) of the Loan. The Company has fully repaid the Loan on 6 January 2022.
- (b) Compensation to key management of the Group is as follows:

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	1,543	1,832
Contributions to defined contribution retirement plans	5	9
	1,548	1,841

16. CAPITAL COMMITMENTS

As at 31 December 2022 and 30 June 2022, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

17. EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the six months ended 31 December 2022 and up to the date of this announcement.

18. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 were approved by the Board on 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (the “Company”, together with its subsidiaries, the “Group”) was incorporated and domiciled 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 are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The current financial reporting period will cover a six-months period from 1 July 2022 to 31 December 2022 (the “Reporting Period”), and the unaudited comparative figures from 1 July 2021 to 31 December 2021 (the “Corresponding Period”).

The Group is principally engaged in trading of party products, provision of securities brokerage and asset management services, provision of advancing business and trading of commodities.

FINANCIAL REVIEW

During the second half of 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\$192.79 million for the Reporting Period (Corresponding Period: HK\$215.51 million), representing a decrease of around 10.5%. The decrease in revenue was mainly due to the reduction in securities brokerage and asset management income and the impact of COVID-19 in the People’s Republic of China (“the PRC”). For details, please refer to Business Review Section.

Cost control measures continue to be in place in the second half of 2022, and operating expenses reduced by 14.1% to HK\$22.14 million during the Reporting Period. Net loss for the Reporting Period was HK\$14.31 million (Corresponding Period: Net profit of HK\$48.91 million).

During the Reporting Period, the loss per share of the Company was HK\$2.67 cents (Corresponding Period: Earnings per share HK\$9.10 cents).

BUSINESS REVIEW

Trading of Party Products

During the Reporting Period, the revenue generated from the trading of party products segment was approximately HK\$93.64 million (Corresponding Period: HK\$97.93 million), representing a decrease of 4.38%. During the Reporting Period especially in the fourth quarter of 2022, many provinces in the PRC have been lock-down due to COVID-19 and logistics in many provinces suspended. Since most of the customers in this segment are overseas customers, such suspension adversely impacted the business as its very difficult to export the products in this period.

Securities Brokers and Asset Management

The Group did not have any revenue generated in this segment in the Reporting Period (Corresponding Period: HK\$46.49 million). As at 31 December 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) (“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 of approximately HK\$99.15 million (Corresponding Period: HK\$70.96 million) from this segment, representing an increase of 39.73%. The improvement in revenue 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

In the Reporting Period, no revenue has been generated in this segment (Corresponding Period: HK\$0.1 million). In the corresponding period, the Group has lent out HK\$2 million to a borrower who is an independent third party. However, such loan was overdue and defaulted during the year ended 30 June 2022 and the amount has been fully impaired in the financial year ended 30 June 2022. After the default, the Group tried to negotiate with the borrower for the settlement and have taken some actions to recover the loan. Up to the date of this announcement, such loan was still in default. With that default experience and due to the COVID-19, the management used more prudent approach in managing this segment and has not approved any further loan during the period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, (i) the Group's net current assets were HK\$151.03 million (30 June 2022: HK\$174.09 million); (ii) the Group's total assets less current liabilities were approximately HK\$172.97 million (30 June 2022: HK\$187.58 million); (iii) the Group's current ratio was 5.55 (30 June 2022: 4.34); and (iv) the Group did not have any gearing as at 31 December 2022 (30 June 2022: Nil). Normally, the gearing ratio was calculated as net debts divided by total assets. As at 31 December 2022, there were no outstanding loans due to third parties (30 June 2022: Nil).

As at 31 December 2022, the Group had cash and bank balances of approximately HK\$76.59 million (30 June 2022: HK\$99.19 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 31 December 2022. The Group is not exposed to material fluctuations in exchange rates.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 31 December 2022, the authorized share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares.

For the Reporting Period ended 31 December 2022, there was no change in the capital structure of the Company.

USE OF PROCEEDS FROM THE RIGHT ISSUE AND SHARE SUBSCRIPTION IN 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 approximately HK\$202,118,000 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.

The breakdown of the usage of the proceeds up to 31 December 2022 are as follows:

Use of proceeds	Estimated amount	Proposed timeline of the Intended use of proceeds	Actual Use of Proceeds	Unutilised Remaining Proceeds as at 31 December 2022
Repayment of overdue external debts of the Group	HK\$50 million	Within 6 months after the Rights Issue	HK\$50 million	–
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	HK\$40 million	Within 6 months after the Rights Issue	HK\$40 million	–
Repayment of overdue Convertible Bonds	HK\$110 million	Within 12 months after the Rights Issue	HK\$110 million	–
Additional capital for trading of party products business	HK\$30 million	Within 6 months after the Rights Issue	HK\$30 million	–
Additional liquid capital for the securities brokerage and assets management business	HK\$15 million	Within 6 months after the Rights Issue	HK\$15 million	–
Additional capital for the advancing business of the Group	HK\$15 million	Within 12 months after the Rights Issue	HK\$2 million	HK\$13 million <i>(Note 1)</i>
General working capital	HK\$24 million	Within 36 months after the Rights Issue	HK\$24 million	–
Total	<u>HK\$284 million</u>		<u>HK\$271 million</u>	<u>HK\$13 million</u>

In view of the above, the Directors consider that the usage of proceeds from the above Right Issue and Share Subscription are consistent with the original purposes.

Note 1: The unutilised Remaining Proceeds is expected to be used by 30 June 2024.

MERGERS, ACQUISITIONS AND DISPOSAL

The Group did not have any significant merger, acquisition or disposal during the Reporting Period.

SIGNIFICANT INVESTMENTS

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

CHARGE OF ASSETS

As at 31 December 2022, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 31 December 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 31 December 2022, the Group had 44 employees (30 June 2022: 42 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 31 December 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 supports from both shareholders and management, the increase in the experiences in trading of both the party products and commodities, the Group have confidence that both revenue and gross profit of these businesses will be improved in the post COVID-19 period. Also, the Group will keep on exploring the possibility to develop the asset management business no matter in Hong Kong or in any other countries, as well as the application of technological innovation in asset management and other related financial services.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all code provision of the Corporate Governance Code during the Reporting Period as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company has, together with the Directors, reviewed this interim results announcement and the unaudited interim condensed consolidated financial statements, accounting principles and practices adopted by the Group for the Reporting Period.

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

Hong Kong, 28 February 2023

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.