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## **MERDEKA FINANCIAL GROUP LIMITED**

**領智金融集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8163)**

### **ANNOUNCEMENT OF UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023**

#### **CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Merdeka Financial Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

**UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023**

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

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

*For the three months ended 31 March 2023*

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>			
Revenue	2.1	<b>2,670</b>	3,787
Other income and gains/(losses)	4	<b>1,512</b>	(23)
Operating and administrative expenses		<b>(7,116)</b>	(7,546)
Reversal of impairment loss on trade receivables		<b>300</b>	—
Share of loss of associates		<b>(269)</b>	—
Finance costs	5	<b>(3,154)</b>	(3,288)
<b>Loss before income tax</b>	6	<b>(6,057)</b>	(7,070)
Income tax expense	7	<b>(247)</b>	(137)
Loss after income tax from continuing operations		<b>(6,304)</b>	(7,207)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	3	<b>—</b>	(222)
<b>LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(6,304)</b>	(7,429)
<b>Loss and total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>(6,304)</b>	(7,429)

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

*For the three months ended 31 March 2023*

	<i>Notes</i>	<b>Three months ended</b>	
		<b>31 March</b>	<b>2022</b>
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$ cent</b>	<b>HK\$ cent</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	9		
<b>From continuing and discontinued operations</b>			
Basic and diluted		<u>(1.11)</u>	<u>(1.53)</u>
<b>From continuing operations</b>			
Basic and diluted		<u>(1.11)</u>	<u>(1.49)</u>
<b>From discontinued operation</b>			
Basic and diluted		<u>N/A</u>	<u>(0.04)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,612	1,903
Statutory deposit		510	510
Goodwill	11	5,600	5,600
Intangible assets	12	16,040	16,467
Right-of-use assets	13	5,667	6,562
Interests in associates		253	522
Financial assets at fair value through other comprehensive income	14	3,053	3,053
Financial assets at fair value through profit or loss		372	372
Rental deposits		1,354	1,354
		34,461	36,343
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		418	418
Trade receivables	15	1,405	2,383
Contract assets		378	349
Prepayments, deposits and other receivables		2,920	627
Loans receivable	16	3,987	3,703
Financial assets at fair value through profit or loss		2,645	312
Tax recoverables		—	156
Bank balances — trust accounts	17	8,695	11,775
Bank balances and cash — general accounts	17	15,275	23,031
		35,723	42,754
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade payables	18	8,808	13,083
Contract liabilities		—	88
Other payables and accruals		2,356	2,495
Convertible bonds	19	13,383	12,935
Lease liabilities	20	3,537	3,830
Tax payables		101	—
		28,185	32,431
<b>Total current liabilities</b>			
<b>Net current assets</b>		7,538	10,323
<b>Total assets less current liabilities</b>		41,999	46,666

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 31 March 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Deferred tax liabilities		421	431
Convertible bonds	19	74,809	72,175
Lease liabilities	20	<u>2,008</u>	<u>2,995</u>
Total non-current liabilities		<u>77,238</u>	<u>75,601</u>
<b>Net liabilities</b>		<u><u>(35,239)</u></u>	<u><u>(28,935)</u></u>
<b>EQUITY</b>			
Share capital	21	56,673	56,673
Reserves		<u>(91,912)</u>	<u>(85,608)</u>
<b>Total deficiency</b>		<u><u>(35,239)</u></u>	<u><u>(28,935)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the three months ended 31 March 2023*

	Attributable to owners of the Company									
	Share capital (Unaudited) HK\$'000	Share premium* (Unaudited) HK\$'000	Contributed surplus* (Unaudited) HK\$'000	Equity component of convertible bonds* (Unaudited) HK\$'000	Share option reserve* (Unaudited) HK\$'000	Capital reduction reserve* (Unaudited) HK\$'000	Fair value through other comprehensive income reserve* (Unaudited) HK\$'000	Other reserve* (Unaudited) HK\$'000	Accumulated losses* (Unaudited) HK\$'000	Total deficiency (Unaudited) HK\$'000
As at 1 January 2022	48,506	1,114,228	66,710	51,928	25,518	163,191	185	(6,548)	(1,491,213)	(27,495)
Loss and total comprehensive income	—	—	—	—	—	—	—	—	(7,429)	(7,429)
As at 31 March 2022	<u>48,506</u>	<u>1,114,228</u>	<u>66,710</u>	<u>51,928</u>	<u>25,518</u>	<u>163,191</u>	<u>185</u>	<u>(6,548)</u>	<u>(1,498,642)</u>	<u>(34,924)</u>
As at 1 January 2023	56,673	1,124,344	68,873	9,998	461	163,191	(1,677)	(6,548)	(1,444,250)	(28,935)
Loss and total comprehensive income	—	—	—	—	—	—	—	—	(6,304)	(6,304)
As at 31 March 2023	<u>56,673</u>	<u>1,124,344</u>	<u>68,873</u>	<u>9,998</u>	<u>461</u>	<u>163,191</u>	<u>(1,677)</u>	<u>(6,548)</u>	<u>(1,450,554)</u>	<u>(35,239)</u>

\* These reserve accounts comprised the reserve balances as presented in the condensed consolidated statement of financial position.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2023*

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated quarterly results also comply with the applicable disclosure provisions of the GEM Listing Rules.

The unaudited condensed consolidated quarterly results have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The unaudited condensed consolidated quarterly results should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2022 (the “**2022 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2022 Annual Report.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting period beginning on 1 January 2023. The adoption of such standards, amendments and interpretations does not have material financial effect on this quarterly results.

## 2. REVENUE AND SEGMENT REPORTING

2.1 Revenue represents income from financial services operations, income from corporate consulting operations and income from digital platform operations during the three months ended.

	Three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Service income:		
Financial services business	1,370	2,380
Corporate consulting business	1,097	1,261
Digital platform business	77	—
	<hr/>	<hr/>
Revenue from contract with customers	2,544	3,641
Interest income from financial services business	126	146
	<hr/>	<hr/>
	2,670	3,787
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:		
— At a point in time	141	181
— Over time	2,403	3,460
	<hr/>	<hr/>
	2,544	3,641
	<hr/> <hr/>	<hr/> <hr/>

### 2.2 Segment reporting

#### (a) Reportable segments

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 chief operating decision-maker has been identified as the Company's executive directors.



## 2. REVENUE AND SEGMENT REPORTING *(Continued)*

### 2.2 Segment reporting *(Continued)*

#### *(a) Reportable segments (Continued)*

During the year ended 31 December 2022, the Group has completed the disposal of the trading business. In accordance with HKFRS 5, the segment of trading business for the three months ended 31 March 2022 was presented as discontinued operation in the Group's condensed consolidated financial statements. Further details regarding the results of the discontinued operation is set out in note 3 to the condensed consolidated financial statements.

The Group currently has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

- (a) The financial services business includes the securities brokerage business, provision of corporate finance advisory services, asset management business and money lending business;
- (b) The corporate consulting business segment is engaged in the provision of company secretarial services, accounting and financial reporting services and management consulting services; and
- (c) The digital platform business segment is engaged in the provision of Blockchain-as-a-Service that provides tailor made services and advice to businesses allowing them to use cloud-based solutions to manage and develop their applications and smart contracts without needing to develop and maintain their own blockchain environments. This business segment has been established by the Group during the year ended 31 December 2022.

## 2. REVENUE AND SEGMENT REPORTING (Continued)

### 2.2 Segment reporting (Continued)

#### (b) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

#### For three months ended 31 March 2023

	Financial services business (Unaudited) <i>HK\$'000</i>	Corporate consulting business (Unaudited) <i>HK\$'000</i>	Digital platform business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue	<u>1,496</u>	<u>1,097</u>	<u>77</u>	<u>2,670</u>
Segment profit/(loss)	1,385	726	(1,282)	829
Finance costs				(3,138)
Unallocated corporate expenses				<u>(3,748)</u>
Loss before income tax from continuing operations				<u><u>(6,057)</u></u>

#### For three months ended 31 March 2022

	Financial services business (Unaudited) <i>HK\$'000</i>	Corporate consulting business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue	<u>2,526</u>	<u>1,261</u>	<u>3,787</u>
Segment profit/(loss)	736	(122)	614
Finance costs			(3,262)
Unallocated corporate expenses			<u>(4,422)</u>
Loss before income tax from continuing operations			<u><u>(7,070)</u></u>

## 2. REVENUE AND SEGMENT REPORTING (Continued)

### 2.2 Segment reporting (Continued)

#### (c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	<b>31 March 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
<b>Segment assets</b>		
Financial services business	<b>28,218</b>	32,447
Corporate consulting business	<b>7,656</b>	6,511
Digital platform business	<b>14,364</b>	15,743
	<hr/>	<hr/>
Total segment assets	<b>50,238</b>	54,701
Unallocated bank balances and cash	<b>4,514</b>	12,312
Unallocated corporate assets	<b>15,432</b>	12,084
	<hr/>	<hr/>
<b>Consolidated total assets</b>	<b>70,184</b>	79,097
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Financial services business	<b>10,925</b>	15,295
Corporate consulting business	<b>502</b>	200
Digital platform business	<b>132</b>	229
	<hr/>	<hr/>
Total segment liabilities	<b>11,559</b>	15,724
Convertible bonds	<b>88,192</b>	85,110
Unallocated corporate liabilities	<b>5,672</b>	7,198
	<hr/>	<hr/>
<b>Consolidated total liabilities</b>	<b>105,423</b>	108,032
	<hr/> <hr/>	<hr/> <hr/>

## 2. REVENUE AND SEGMENT REPORTING (Continued)

### 2.2 Segment reporting (Continued)

#### (d) Geographical information

For the three months ended 31 March 2023 and 2022, the Group's revenue from external customers (including continuing and discontinued operations) is derived solely from its operations in Hong Kong (place of domicile), where all of the Group's non-current assets are located in Hong Kong. The geographical location of external customers is based on the location at which the goods are delivered and services rendered.

#### (e) Major customers

Revenues from customers contributing over 10% of the total turnover of the Group are as follows:

	Three months ended 31 March	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Customer A — financial services business	270	N/A
Customer B — financial services business	<u>N/A</u>	<u>1,710</u>
	<u>270</u>	<u>1,710</u>

### 3. DISCONTINUED OPERATION

During the year ended 31 December 2022, the Group has completed disposing the trading business to an independent third party.

Trading business represented the separate line of major business and is classified as discontinued operation for the three months ended 31 March 2022. For the purpose of presenting discontinued operation, the comparative condensed consolidated statement of comprehensive income and the related notes have been represented.

The results of the trading business for the three months ended 31 March 2022 are as follows:

	Three months ended 31 March 2022 (Unaudited) <i>HK\$'000</i>
Revenue	1,816
Cost of sales	(1,581)
Other income	37
Operating and administrative expenses	<u>(494)</u>
Loss before income tax	(222)
Income tax	<u>—</u>
Loss for the period from discontinued operation	<u><u>(222)</u></u>

### 4. OTHER INCOME AND GAINS/(LOSSES)

	Three months ended 31 March	
	2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	138	2
Other operating income	1,301	—
Changes in fair value of financial assets at fair value through profit or loss	56	(38)
Sundry income	<u>17</u>	<u>13</u>
	<u><u>1,512</u></u>	<u><u>(23)</u></u>

## 5. FINANCE COSTS

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Imputed interest on convertible bonds <sup>(Note)</sup>	3,082	3,171
Interest on lease liabilities	72	117
	<u>3,154</u>	<u>3,288</u>

*Note:*

It represents the imputed interest on the liability component of the convertible bonds for both periods.

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Depreciation expenses in respect of:		
Property, plant and equipment	291	295
Right-of-use assets	895	895
Amortisation of intangible assets	427	57
Staff costs (including Directors' emoluments)	3,504	4,515

## 7. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities in Hong Kong that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

	Three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax:		
— current	257	146
Deferred tax	(10)	(9)
	<u>247</u>	<u>137</u>

## 8. DIVIDEND

No quarterly dividend has been paid or declared by the Company during the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss attributable to owners of the Company for the purpose of calculating basis and diluted loss per share:		
Continuing operations	(6,304)	(7,207)
Discontinued operation	—	(222)
	<u>(6,304)</u>	<u>(7,429)</u>

## 9. LOSS PER SHARE (Continued)

	Number of shares Three months ended 31 March	
	2023 (Unaudited) '000	2022 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>566,729</u>	<u>485,062</u>

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of 566,729,000 (three month ended 31 March 2022: 485,062,000) ordinary shares in issue.

Diluted loss per share amount for both periods were not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2023, the Group had no addition and disposal of property, plant and equipment (year ended 31 December 2022: additions of computer and office equipment of approximately HK\$26,000 and no disposal).

## 11. GOODWILL

	<i>HK\$'000</i>
<b>COST:</b>	
At 1 January 2022 (audited)	11,273
Acquisition of a subsidiary (Note 22)	<u>130</u>
At 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited)	<u>11,403</u>
<b>ACCUMULATED IMPAIRMENT LOSSES:</b>	
At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited)	<u>5,803</u>
<b>NET CARRYING AMOUNT:</b>	
At 31 March 2023 (unaudited)	<u>5,600</u>
At 31 December 2022 (audited)	<u>5,600</u>



## 12. INTANGIBLE ASSETS

	<b>Trading right</b> <i>(Note (a))</i> <i>HK\$'000</i>	<b>Customer relationship</b> <i>(Note (b))</i> <i>HK\$'000</i>	<b>Blockchain technology</b> <i>(Note (c))</i> <i>HK\$'000</i>	<b>Total</b>  <i>HK\$'000</i>
<b>COST:</b>				
At 1 January 2022 (audited)	5,705	1,140	—	6,845
Acquisition of a subsidiary <i>(Note 22)</i>	—	—	14,040	14,040
At 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited)	<u>5,705</u>	<u>1,140</u>	<u>14,040</u>	<u>20,885</u>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:</b>				
At 1 January 2022 (audited)	2,805	646	—	3,451
Amortisation for the year	—	228	739	967
At 31 December 2022 (audited) and 1 January 2023 (audited)	<u>2,805</u>	<u>874</u>	<u>739</u>	<u>4,418</u>
Amortisation for the period	—	57	370	427
At 31 March 2023 (unaudited)	<u>2,805</u>	<u>931</u>	<u>1,109</u>	<u>4,845</u>
<b>NET CARRYING AMOUNT:</b>				
At 31 March 2023 (unaudited)	<u><u>2,900</u></u>	<u><u>209</u></u>	<u><u>12,931</u></u>	<u><u>16,040</u></u>
At 31 December 2022 (audited)	<u><u>2,900</u></u>	<u><u>266</u></u>	<u><u>13,301</u></u>	<u><u>16,467</u></u>

## 12. INTANGIBLE ASSETS (Continued)

### Notes:

- (a) The Group holds two trading rights of the business carrying on the regulated activities of Type 1 (dealing in securities) (“**Type 1**”), Type 4 (advising on securities) and Type 9 (asset management) (“**Type 4 & 9**”) as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). Trading right have indefinite useful life and therefore no amortisation has been provided.

No impairment loss was recognised during the three months ended 31 March 2023 and year ended 31 December 2022.

- (b) Customer relationship of HK\$1,140,000 represented the intangible asset arose from the acquisition of corporate consulting business and was valued as of the respective date of acquisition by an independent qualified valuer on the basis of the excess earnings method under the income approach. The management of the Group considered customer relationship has finite useful lives of 5 years and is amortised on a straight-line basis.
- (c) Blockchain technology of HK\$14,040,000 represented the intangible assets arose from the acquisition of digital platform business during the year ended 31 December 2022. The management of the Group considered blockchain technology has finite useful lives and is amortised on a straight-line basis over 9.5 years.

There was no addition of intangible assets for the three months ended 31 March 2023.

### 13. RIGHT-OF-USE ASSETS

*HK\$'000*

**COST:**

At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited)	<u>10,498</u>
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**ACCUMULATED DEPRECIATION:**

At 1 January 2022 (audited)	356
Depreciation for the year	<u>3,580</u>

At 31 December 2022 (audited) and 1 January 2023 (audited)	<b>3,936</b>
Depreciation for the period	<u>895</u>

At 31 March 2023 (unaudited)	<u>4,831</u>
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**NET CARRYING AMOUNT:**

At 31 March 2023 (unaudited)	<u><u>5,667</u></u>
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At 31 December 2022 (audited)	<u><u>6,562</u></u>
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The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation, and adjusted for any remeasurement of the lease liabilities.

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 22 February 2022, the Group acquired 43.75% of the issued share capital of a private company, with the aim of involving in special purpose acquisition company (“SPAC”) projects with 2.88% effective equity interest, at a consideration of US\$350,000 (equivalent to approximately HK\$2,730,000). The investment was recognised as financial asset at fair value through other comprehensive income. The carrying amount of financial asset at fair value through other comprehensive income is HK\$1,265,000 (31 December 2022: HK\$1,265,000). No change in fair value has been dealt with in other comprehensive income and fair value through other comprehensive income reserve for the three months ended 31 March 2023 (year ended 31 December 2022: decrease in fair value of approximately HK\$1,465,000).

On 16 August 2019, the Group acquired 10% of the issued share capital of a private company, as financial assets at fair value through other comprehensive income (“FVOCI”) at cash consideration of HK\$2,000,000. As at 31 March 2023, the Group’s shareholding in this private company was approximately 9.55% (31 December 2022: 9.55%) and the carrying amount of financial asset at FVOCI is HK\$1,788,000 (31 December 2022: HK\$1,788,000). No change in fair value has been dealt with in other comprehensive income and FVOCI reserve for the three months ended 31 March 2023 (year ended 31 December 2022: decrease in fair value of approximately HK\$397,000).

#### 15. TRADE RECEIVABLES

An aged analysis of the trade receivables, net of impairment losses, as at the end of the reporting date, based on the invoice date are as follows:

	As at 31 March 2023 (Unaudited) HK\$’000	As at 31 December 2022 (Audited) HK\$’000
Within 30 days	915	1,952
31 to 60 days	108	236
61 to 120 days	212	77
Over 120 days	170	118
	<u>1,405</u>	<u>2,383</u>

As at 31 March 2023, the balance of HK\$152,000 (31 December 2022: HK\$1,731,000) represented the trade receivables from the business of dealing in securities.

## 15. TRADE RECEIVABLES (Continued)

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Not impaired	<u>1,405</u>	<u>2,383</u>

Receivables that were not impaired relate to customers for whom there were no recent history of default. The Group does not hold any collateral over these balances.

## 16. LOANS RECEIVABLE

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Gross loan and interest receivables	5,073	4,789
Less: Provision for impairment loss	<u>(1,086)</u>	<u>(1,086)</u>
	<u>3,987</u>	<u>3,703</u>

As at 31 March 2023, loans receivable with gross principal amount of HK\$4,920,000 (31 December 2022: HK\$4,720,000) in aggregate and related gross interest receivables of HK\$153,000 (31 December 2022: HK\$69,000) were due from four (31 December 2022: three) independent third parties. These loans are interest-bearing at rates ranging from 8% to 15% (31 December 2022: 8% to 12%) per annum and was repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 31 March 2023 and 31 December 2022.

As at 31 March 2023 and 31 December 2022, the Group has no collateral over loans receivable. No impairment loss (year ended 31 December 2022: HK\$814,000) has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2023.

## 17. BANK BALANCES AND CASH

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Bank balances — trust accounts <sup>(Note)</sup>	8,695	11,775
Bank balances and cash — general accounts	<u>15,275</u>	<u>23,031</u>
	<u><u>23,970</u></u>	<u><u>34,806</u></u>

*Note:* The Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients money are maintained in a trust bank account and bear interest at commercial rates. The Group has recognised the corresponding accounts payable to respective clients.

As at 31 March 2023, the Group's bank balances and cash — general accounts amounted to approximately HK\$15,275,000 (31 December 2022: approximately HK\$23,031,000), approximately HK\$80,000 was denominated in RMB, and approximately HK\$15,195,000 was denominated in Hong Kong dollars (31 December 2022: approximately HK\$80,000 and approximately HK\$22,951,000 respectively).

## 18. TRADE PAYABLES

An aged analysis of trade payables as at the end of reporting date based on the invoice date/contractual term, are as follows:

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Within 30 days	8,808	12,979
31 to 60 days	—	—
61 to 120 days	—	104
Over 120 days	<u>—</u>	<u>—</u>
	<u><u>8,808</u></u>	<u><u>13,083</u></u>

As at 31 March 2023, the balance of HK\$8,808,000 (31 December 2022: HK\$12,778,000) represented the trade payables arising from securities brokerage services.

## 19. CONVERTIBLE BONDS

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
2008 CBs (as defined below)	13,383	12,935
2022 CBs (as defined below)	74,809	72,175
	<u>88,192</u>	<u>85,110</u>

The movement of the liability component of the convertible bonds was as follows:

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
At the beginning of the period/year	85,110	85,557
Interest charged	3,082	13,319
Issuance of convertible bonds	—	72,118
Redemption of convertible bonds	—	(3,494)
Modification of the terms of convertible bonds	—	(82,390)
	<u>88,192</u>	<u>85,110</u>

Notes:

- On 14 November 2022, the Company entered into the subscription agreement with Team Sunny International Holdings Limited (“**Team Sunny**”), pursuant to which Team Sunny conditionally agreed to subscribe and the Company conditionally agreed to issue the convertible bonds (the “**2022 CBs**”) in the principal amount of HK\$91,000,000 for the settlement of the outstanding debts due from the Company to Team Sunny in aggregate of HK\$91,000,000. The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting (i) the principal amount of HK\$55,000,000 under the convertible bonds as part of the consideration for the acquisition of forest concessions in Papua, Indonesia issued by the Company on 12 August 2008 (“**2008 CBs**”) and payable by the Company to Team Sunny; and (ii) the outstanding principal amount of HK\$36,000,000 under the convertible bonds issued to Team Sunny by the Company on 10 January 2020 (“**Team Sunny CB**”) and payable by the Company to Team Sunny.

## 19. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

### 1. (Continued)

The conversion price per conversion share for HK\$55,000,000 of the principal amount of the 2022 CBs for the period from the date of issue of the 2022 CBs up to and including 12 August 2023 shall be HK\$0.90 per conversion share and for the period from 13 August 2023 up to and including the maturity date shall be HK\$0.186 per conversion share; and the conversion price per conversion share for HK\$36,000,000 of the principal amount of the 2022 CBs for the period from the date of issue of the 2022 CBs up to and including 21 May 2023 shall be HK\$0.903 per conversion share and for the period from 22 May 2023 up to and including the maturity date shall be HK\$0.186 per conversion share.

On 28 December 2022, the subscription took place and the 2022 CBs in the principal amount of HK\$91,000,000 were issued to Team Sunny.

2. On 28 December 2022, upon the completion of the subscription and issue of 2022 CBs, the principal amount of HK\$55,000,000 of the 2008 CBs was offset and settled with the subscription price of 2022 CBs. The conversion price per conversion share for HK\$14,068,000 of the remaining principal amount of the 2008 CBs up to and including 13 August 2023 shall be HK\$0.90 per conversion share.
3. On 6 July 2022, 15 November 2022, 29 November 2022 and 13 December 2022 the Company made a partial redemption in the aggregated principal amount in aggregate of HK\$3,805,651 on part of the Team Sunny CB. On 28 December 2022, upon the completion of the subscription and issue of 2022 CBs, all the principal amount of Team Sunny CB was offset and settled with the subscription price of 2022 CBs.

## 20. LEASE LIABILITIES

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Minimum lease payments due		
— Within one year	3,719	4,056
— In second to fifth years, inclusive	2,028	3,043
	<u>5,747</u>	<u>7,099</u>
Less: Future finance charges	<u>(202)</u>	<u>(274)</u>
Present value of lease liabilities	<u><u>5,545</u></u>	<u><u>6,825</u></u>



20. LEASE LIABILITIES (Continued)

	As at 31 March 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Within one year	3,537	3,830
In second to fifth years, inclusive	<u>2,008</u>	<u>2,995</u>
	<u><u>5,545</u></u>	<u><u>6,825</u></u>

21. SHARE CAPITAL

	Number of shares in '000	Nominal values HK\$'000
<b>Authorised:</b>		
At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited) Ordinary shares of HK\$0.1 each	<u>2,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2022 (audited) Ordinary shares of HK\$0.1 each	485,062	48,506
Issuance of consideration shares	66,667	6,667
Issuance of shares upon placing	<u>15,000</u>	<u>1,500</u>
At 31 December 2022 (audited), 1 January 2023 (audited) and 31 March 2023 (unaudited) Ordinary shares of HK\$0.1 each	<u><u>566,729</u></u>	<u><u>56,673</u></u>

## 22. ACQUISITION OF A SUBSIDIARY

On 4 July 2022, The Group completed the acquisition of the entire issued share capital in NOIZChain Limited (“NOIZ”) at a consideration of approximately of HK\$15,133,000. The consideration was satisfied by the Company by the allotment and issue of an aggregate of 66,666,663 consideration shares to the vendors at the issue price of approximately HK\$0.227 per consideration share. NOIZ is principally engaged in digital platform business. The Group has diversified its business into digital platform including Blockchain-as-a-Services that tailor made services and advice to businesses allowing them to use cloud-based solutions to manage and develop their applications and smart contracts without needing to develop and maintain their own blockchain environments.

The fair values of identifiable assets and liabilities arising from the acquisition of NOIZ as at the date of acquisition were as follows:

	<b>Fair value</b> <i>HK\$'000</i>
Property, plant and equipment	3
Intangible assets	14,040
Interest in an associate	146
Inventories	418
Trade receivables	360
Prepayments, deposits and other receivables	1
Bank balances and cash	92
Deferred tax assets	90
Trade payables	(109)
Other payables and accruals	(91)
	<hr/>
Fair value of net assets acquired	14,950
	<hr/> <hr/>
Net cash inflow from acquisition of a subsidiary:	
Cash consideration paid	—
Cash and cash equivalents in a subsidiary acquired	92
	<hr/>
Net cash inflow	92
	<hr/> <hr/>

## 22. ACQUISITION OF A SUBSIDIARY (Continued)

HK\$'000

Total consideration satisfied by consideration shares issued at fair value	15,133
Less: Fair value of put option arising in the acquisition	(53)
Fair value of net assets acquired	<u>(14,950)</u>
Goodwill	<u>130</u>

Pursuant to the terms of the sale and purchase agreement dated 13 June 2022 entered into between Benefit Palace Limited (the “**Purchaser**”) and the six vendors (the “**Vendors**”), each of the Vendors hereby irrevocably and unconditionally grants the Purchaser (or its nominee(s) or its successor(s)) the put option (the “**Put Option**”), pursuant to which the Purchaser (or its nominee(s) or its successor(s)) shall be entitled to require the Vendors to buy back all the entire issued share capital in NOIZ held by the Purchaser (or its nominee(s) or its successor(s)) (the “**Repurchase**”). The consideration for the Repurchase will be the same as the Consideration.

The Purchaser (or its nominee(s) or its successor(s)) shall not exercise the Put Option unless NOIZ recorded audited consolidated negative cash flows from operating activities as calculated in accordance with HKFRSs for the year ending 31 December 2023 as shown in the audited consolidated financial statement of NOIZ for the year ending 31 December 2023.

At the completion date, the put option amount is determined by the Directors with reference to a valuation report issued by an independent qualified valuer. The put option is stated at fair value and presented as financial assets at fair value through profit of loss in the consolidated statement of financial position.

The goodwill of HK\$130,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of digital platform business to diversify the revenue stream of the existing business of the Group.

## 23. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere to the unaudited condensed consolidated financial statements, the Group has the following related party transactions.

Name of related party	Relationship	Nature of transaction	Three months ended 31 March	
			2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
Mr. Wong Hin Shek	Director	Commission income from dealing in securities	<u>5</u>	<u>43</u>
			<u>5</u>	<u>43</u>
Related companies	Common director	Corporate consulting service income	<u>120</u>	<u>120</u>
			<u>120</u>	<u>120</u>

Total compensation paid to key management personnel during the three months ended 31 March 2023 amounted to HK\$811,000 (three months ended 31 March 2022: HK\$776,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL AND BUSINESS REVIEW**

During the three months ended 31 March 2023, the Group is principally engaged in (i) financial services business including securities brokerage services, provision of corporate finance advisory services, asset management business and money lending services; (ii) corporate consulting business including company secretarial services, accounting and financial reporting services and management consulting services; and (iii) digital platform business including Blockchain-as-a-Service that provides tailor made services and advice to businesses allowing them to use cloud-based solutions to manage and develop their applications and smart contracts without needing to develop and maintain their own blockchain environments.

For the three months ended 31 March 2023, the Group's continuing operations recorded revenue of approximately HK\$2.7 million (three months ended 31 March 2022: approximately HK\$3.8 million). Loss for the period attributable to owners of the Company was approximately HK\$6.3 million (three months ended 31 March 2022: approximately HK\$7.4 million). Basic and diluted loss per share for continuing operations was approximately HK\$1.11 cents (three months ended 31 March 2022: approximately HK\$1.49 cents).

#### **Financial services business**

The revenue for the three months ended 31 March 2023 of the financial services business was approximately HK\$1.5 million (three months ended 31 March 2022: approximately HK\$2.5 million) and a segment profit of approximately HK\$1.4 million (three months ended 31 March 2022: approximately HK\$0.7 million).

During the three months ended 31 March 2023, the corporate finance advisory services generated revenue of approximately HK\$1.2 million (three months ended 31 March 2022: approximately HK\$0.5 million). Business of corporate finance advisory services continuously enhanced the income stream of the Group.

The Group's money lending business was conducted through its wholly-owned subsidiary, Merdeka Credit Limited, to grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

As at 31 March 2023, the Group had loans receivable with gross principal amount of approximately HK\$4.9 million (31 December 2022: approximately HK\$4.7 million). The Group recorded interest income from loans receivable of approximately HK\$0.1 million for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$0.1 million).

During the period ended 31 March 2023, the Group granted 1 loan to an individual, who is an independent third party. As at 31 March 2023, 5 loans were outstanding, with terms ranging from 6 months to 29 months, interest rate ranging from 8% to 15% per annum and with no collaterals. As at 31 March 2023, the principal amount outstanding from the four largest borrowers of the Group together amounted to approximately HK\$4.9 million (representing 100% to the total loans receivable of the Group) while the principal amount outstanding from the largest borrower amounted to approximately HK\$2.0 million (representing approximately 40.8% to the total loans receivable of the Group).

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) global searching on their identity and background; (b) reviewing and assessing their financial information; and (c) performing an assessment on their creditability.

The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

In order to monitor the risks associated with loans receivable, subsequent repayment record of each loan receivable will be closely monitored and periodic reviews on loan portfolio will be conducted by the Group. In the event of failure to repay interest or principal amount by the due date, the Group will issue overdue payment reminders to the relevant borrower, instruct its legal advisers to issue demand letters for loans overdue for a longer period of time, negotiate with the borrower for the repayment or settlement of the loan and/or commences legal actions against the borrower.

## Corporate consulting business

The performance of corporate consulting business remained stable that it recorded a revenue of approximately HK\$1.1 million (three months ended 31 March 2022: approximately HK\$1.3 million) and recorded a segment profit of approximately HK\$0.7 million (three months ended 31 March 2022: segment loss of approximately HK\$0.1 million) during the three months ended 31 March 2023.

## Digital platform business

Upon the completion of the acquisition of NOIZ on 4 July 2022, the Group has diversified its business into digital platform. NOIZ is a Blockchain-as-a-Service Company that provides tailor made services and advice to businesses allowing them to use cloud-based solutions to manage and develop their applications and smart contracts without needing to develop and maintain their own blockchain environments. NOIZ aims to make blockchain technology widely available for every business and to drive blockchain into mass adoption and commercialisation. NOIZ is also committed to empower enterprises to embrace Web 3.0 environmentally.

The revenue and the segment loss for the three months ended 31 March 2023 was approximately HK\$0.1 million and HK\$1.3 million respectively.

## Financial assets at fair value through profit or loss

As at 31 March 2023, the Group manage a listed security investment with fair value of approximately HK\$0.4 million (31 December 2022: approximately HK\$0.3 million). In view of the fluctuations in the global and local financial markets, the Board is always cautious of the prospects of the trading performance of the Group's portfolio of listed securities investments.

Details of the listed security investment as at 31 March 2023 and 31 December 2022 and gains/(losses) for the three months ended 31 March 2023 and 2022 are as below:

### Gains for the three months ended 31 March 2023

Name of listed securities	Stock code	Realised gains <i>HK\$'000</i>	Unrealised gains <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
ICO Group Limited	1460	<u>—</u>	<u>56</u>	<u>—</u>

## Financial assets at fair value through profit or loss as at 31 March 2023

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Approximate Percentage to total assets value of the Group
ICO Group Limited	1460	Integrated IT service business	1,600,000	0.18%	312	368	0.5%
Evergrande Property Services Group Limited	6666	Integrated commercial properties service business	113,000	0.001%	995	—	—

## Losses for the three months ended 31 March 2022

Name of listed securities	Stock code	Realised gains <i>HK\$'000</i>	Unrealised losses <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
Evergrande Property Services Group Limited	6666	—	(38)	—

## Financial assets at fair value through profit or loss as at 31 December 2022

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Approximate Percentage to total assets value of the Group
ICO Group Limited	1460	Integrated IT service business	1,600,000	0.18%	312	312	0.4%
Evergrande Property Services Group Limited	6666	Integrated commercial properties service business	113,000	0.001%	995	—	—



## **OUTLOOK**

The Group has been seeking suitable investment and business opportunities in light of the market conditions to create value for its shareholders in a long term and sustainable manner. In light of the growth and potential of the Web 3.0 market in recent years, the Company has completed the acquisition of NOIZ in the second half of 2022.

### **Digital platform business**

NOIZ is in collaboration with, amongst others, Mapxus to co-create the world's first indoor location-based move-to-earn metaverse on NOIZ's environment friendly blockchain that converges art, culture and community, the Honio Metaverse.

Mapxus is a comprehensive indoor Geographic Information System (GIS) platform that provides global indoor mapping and navigation services, aiming to make indoor mapping smart and simple, and to create a barrier-free and inclusive city experience for everyone. Mapxus innovative indoor map data infrastructure is designed to empower people and businesses, improving daily experiences and work efficiency. Mapxus has partnered with, amongst others, NOIZ to build spatial digital twins of real-life shopping malls and landmarks in the Honio Metaverse, using indoor maps and positioning technology. Honio Metaverse is being developed as a mobile app that will enable easy access for everyone. Honio Metaverse app users will be rewarded with free tokens and art element drops according to the time they spend in physical stores, and these tokens can be used not only for non-fungible token trading in the Honio Metaverse but also for redeeming real-life commodities and experiences. Powered by NOIZ's blockchain technology, the Honio Metaverse will be able to record all customer transactions. As a result, Honio Metaverse is expected to boost foot traffic in shopping malls by increasing user retention time in physical stores while enhancing marketing analytics to enable more comprehensive data reports. It is anticipated that Honio Metaverse will first focus mainly on the Japanese market with a target to cover around 2,000 landmarks by 2023 and 5,000 buildings by 2024, and is expected to dip into other Asia Pacific markets in future.

### **Entertainment business**

Apart from the digital platform business, the Company has stepped into the entertainment industry in the 1st quarter of 2023 through its wholly-owned subsidiary, NOIZ Entertainment Limited, aiming to capture the potential rebound of the entertainment market as the COVID-19 pandemic reaches its end. NOIZ Entertainment Limited has invested in its first project — “Punch Live 2023”, a concert which was successfully held in March 2023 in AsiaWorld-Expo, Hong Kong. It is anticipated that NOIZ Entertainment Limited will continue participating in various entertainment events in the Guangdong-Hong Kong-Macao Greater Bay Area.

The Company, using the blockchain technology expertise and experience possessed by NOIZ, aims to digitalise the Group's entertainment segment by creating diversified and innovative ways for audiences to experience the power of virtual entertainment and to enjoy immersive experiences. At the same time, the Company will also utilise the transparency, authenticity and secured nature of the blockchain technology to enhance the interests of both creators and content owners.

### **Financial services business**

The Group will continue to expand the clients base and establish a strong track record in order to strengthen the businesses of corporate financial advisory services, asset management services and money lending services in the coming future.

### **Corporate consulting business**

Given the worldwide awareness of corporate governance, the Group anticipates the demand from Hong Kong listed issuers requesting for professional services in relation to corporate governance matters and compliance with the appropriate local rules governing the listed companies in Hong Kong and other relevant legal and regulatory requirements will persist.

## **CONVERTIBLE BONDS**

### **2008 Convertible Bonds**

On 10 January 2020, the Company and the holders of the 2008 CBs (the "CB Holders") entered into the fourth supplemental deed, pursuant to which the Company and the CB Holders conditionally agreed to amend certain terms of the 2008 CBs such that (a) the maturity date of the 2008 CBs be extended for a further term of three years from 13 August 2020 to 12 August 2023; and (b) the conversion price of the 2008 CBs be revised from HK\$0.95 per conversion share to HK\$0.110 per conversion share with effect from 13 August 2020 (subject to adjustments). Save for the above amendments, all other terms of the 2008 CBs shall remain unchanged and valid. The amendments on 2008 CBs took effect on 18 May 2020.

On 29 June 2020, the Company made a partial redemption in the principal amount of HK\$55,000,000 on part of the 2008 CBs.

On 17 June 2021, upon the effective of the Share Consolidation on the basis that every ten issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share of par value of HK\$0.10 each, the conversion price of 2008 CBs adjusted to HK\$1.10 per conversion share.

On 22 July 2021, the Company completed 2021 Rights Issue and allotted and issued 346,310,897 Shares, on the basis of five (5) rights share for every two (2) Shares held on 28 June 2021 at the subscription price of HK\$0.15 per rights share. Upon the completion of the 2021 Rights Issue, the conversion price of 2008 CB was adjusted to HK\$0.90 per conversion share.

On 28 December 2022, upon the completion of the subscription and issue of 2022 CBs, the principal amount of HK\$55,000,000 of 2008 CBs was offset and settled with the subscription price of 2022 CBs.

As at 31 March 2023, the Company had 2008 CBs with principal amount of HK\$14.1 million conferring rights to convert into a total of 15,631,111 Shares with the conversion price of HK\$0.90 per conversion share.

### **2022 Convertible Bonds**

On 14 November 2022, the Company entered into the subscription agreement with Team Sunny, pursuant to which Team Sunny conditionally agreed to subscribe and the Company conditionally agreed to issue the 2022 CBs in the principal amount of HK\$91,000,000 for the settlement of the outstanding debts due from the Company to Team Sunny in aggregate of HK\$91,000,000. The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting (i) the principal amount of HK\$55,000,000 under the 2008 CBs and payable by the Company to Team Sunny; and (ii) the outstanding principal amount of HK\$36,000,000 under Team Sunny CB and payable by the Company to Team Sunny.

The conversion price per conversion share for HK\$55,000,000 of the principal amount of the 2022 CBs for the period from the date of issue of the 2022 CBs up to and including 12 August 2023 shall be HK\$0.90 per conversion share and for the period from 13 August 2023 up to and including the maturity date shall be HK\$0.186 per conversion share; and the conversion price per conversion share for HK\$36,000,000 of the principal amount of the 2022 CBs for the period from the date of issue of the 2022 CBs up to and including 21 May 2023 shall be HK\$0.903 per conversion share and for the period from 22 May 2023 up to and including the maturity date shall be HK\$0.186 per conversion share.

On 28 December 2022, the subscription took place and the 2022 CBs in the principal amount of HK\$91,000,000 were issued to Team Sunny.

As at 31 March 2023, the Company had 2022 CBs with principal amount of HK\$91.0 million, of which the principal amount of HK\$55.0 million conferring rights to convert into 61,111,111 Shares with the conversion price of HK\$0.90 per conversion share and the principal amount of HK\$36.0 million conferring rights to convert into 39,867,109 Shares with the conversion price of HK\$0.903 per conversion share.

## DIVIDENDS

The Board resolved not to recommend the payment of any dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

## FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 March 2023, the Group recorded cash and bank balances (included trust accounts) amounting to approximately HK\$24.0 million (31 December 2022: approximately HK\$34.8 million) and the net current assets value was approximately HK\$7.5 million (31 December 2022: approximately HK\$10.3 million).

The Group's gearing ratio as at 31 March 2023 was approximately 1.26 (31 December 2022: approximately 1.08), being a ratio of total interest-bearing debts, included convertible bonds of approximately HK\$88.2 million (31 December 2022: approximately HK\$85.1 million) to the total assets of approximately HK\$70.2 million (31 December 2022: approximately HK\$79.1 million).

## USE OF PROCEEDS FROM SHARE SUBSCRIPTION

The Company completed a share subscription on 7 July 2022, pursuant to which the Company has issued and allotted 15,000,000 Shares at a subscription price of HK\$0.21 per subscription share. The gross proceeds from the share subscription was HK\$3.15 million and the net proceeds after deducting relevant expenses was approximately HK\$3.0 million. The net subscription price per subscription share based on the net proceeds is HK\$0.20.

As at 31 March 2023, the intended and actual use of the net proceeds from the share subscription is stated as below:

<b>Amount</b>		
<b>HK\$ million</b>	<b>Intended use</b>	<b>Actual use</b>
<u>3.0</u>	General working capital of NOIZ	Fully utilised as intended

## PLEDGE OF ASSETS

As at 31 March 2023, the Group had no pledged assets (31 December 2022: Nil).

## CAPITAL STRUCTURE

The Company had no changes in capital structure during the three months ended 31 March 2023.

## **INVESTMENT POSITION AND PLANNING**

During the three months ended 31 March 2023, the Group had no material acquisition and disposal.

## **CONTINGENT LIABILITIES**

As at 31 March 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2023, the Group employed 30 staffs (31 December 2022: 29). The Group's remuneration policy is based on principle of equality, motivating performance-oriented and market-competitiveness. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits included provident fund contributions, medical insurance coverage and performance related bonuses. A share option scheme is also established to reward and motivate the employees of the Group.

## **CONNECTED TRANSACTIONS**

Saved as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules for three months ended 31 March 2023.

## **SHARE OPTION SCHEME**

The Company operates a share option scheme (the “**Share Option Scheme**”) approved and adopted by the shareholders of the Company (the “**Shareholder**”) at an extraordinary general meeting held on 30 December 2020. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

During the period for the three months ended 31 March 2023, no Share Option was granted, exercised, cancelled, expired or lapsed during the period.

Details of the movements of the Share Options under the Share Option Scheme during the period were as follows:

Grantees/Capacity	Number of Share Options				Outstanding as at 31 March 2023	Date of grant	Exercise period	Price of the shares before the date of grant <sup>(Note 2)</sup> Per share	Exercise price <sup>(Note 1)</sup> Per share
	Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period					
<b>Independent non-executive Directors</b>									
Ms. Ng Ka Sim, Casina	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Mr. Wong Wing Kit	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Ms. Yeung Mo Sheung, Ann	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
<b>Employees and other eligible participants</b>									
Employees of the Group	2,610,809	—	—	—	2,610,809	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Consultant <sup>(Note 3)</sup>	4,009,296	—	—	—	4,009,296	20/1/2021	20/1/2021– 19/1/2024	0.014	0.132
	<u>6,960,644</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,960,644</u>				

Notes:

1. The exercise price of the Share Options is subject to adjustment in the case of capitalisation issue, rights issue, subdivision or consolidation of the shares of the Company, or other similar changes in the Company's share capital.
2. The price of the shares of the Company before the date of the grant of the Share Options is the closing price of the shares of the Company as quoted on the Stock Exchange on the trading day immediately before the date on which the Share Options were granted.
3. The consultants possess extensive experience in, including but not limited to, private and public equity investments, crypto and blockchain technology development and accounting and financial management respectively. The grant of Share Options to the consultants is to provide them an incentive to (i) optimize their performance for the benefit of the Group; (ii) share of their respective relevant experience, knowledge and network to improve of the business operating system of the Group; and (iii) introduce or refer viable business opportunities to the Group, in order to achieve a long term growth for the Group.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in the Shares and underlying Shares of the Company

Name of Director	Nature of interest/ Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued share capital of the Company <sup>(Note 3)</sup> (%)
Mr. Wong Hin Shek <sup>(Note 1)</sup>	Controlled corporation	136,755,500	100,978,220 <i>(Note 2)</i>	237,733,720	41.95
Ms. Tsang Kwai Ping	Beneficial owner	900,000	—	900,000	0.16
Ms. Ng Ka Sim, Casina	Beneficial owner	—	113,513	113,513	0.02
Mr. Wong Wing Kit	Beneficial owner	—	113,513	113,513	0.02
Ms. Yeung Mo Sheung, Ann	Beneficial owner	—	113,513	113,513	0.02

#### Notes:

- The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.
- The Company issued to Team Sunny convertible bonds (the “**2022 CBs**”) in the aggregate principal amount of HK\$91,000,000 which set off existing bonds in the outstanding principal amount of HK\$91,000,000 on 28 December 2022 (the “**Issue Date**”). The conversion price per conversion share is HK\$0.903 from Issue Date to 21 May 2023 for HK\$36,000,000 of the convertible bonds, HK\$0.90 from Issue Date to 12 August 2023 for HK\$55,000,000 of the convertible bonds and HK\$0.186 from the aforesaid dates until the maturity date of the 2022 CBs (i.e. 12 August 2024) (the “**Maturity Date**”).
- The percentage has been calculated based on 566,728,946 Shares in issue as at 31 March 2023.

Save as disclosed above and so far as is known to the Directors, at 31 March 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the sections headed “Directors’ and Chief Executive’s Interests in Securities of the Company” and “Share Option Scheme” above, at no time during the period for the three months ended 31 March 2023 was the Company or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

## **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSON’S INTERESTS IN SECURITIES OF THE COMPANY**

As at 31 March 2023, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO:

### **Long positions in the Shares and underlying Shares of the Company:**

Name of Shareholder	Nature of interest/ Capacity	Number of Shares held	Number of underlying Shares held	Approximate percentage of the total issued share capital of the Company <sup>(Note 3)</sup>	
				Total	(%)
Team Sunny <sup>(Note 1)</sup>	Beneficial owner	136,755,500	100,978,220 <i>(Note 2)</i>	237,733,720	41.95
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



*Notes:*

1. The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.
2. The Company issued to Team Sunny the 2022 CBs on the Issue Date. The conversion price per conversion share is HK\$0.903 from Issue Date to 21 May 2023 for HK\$36,000,000 of the convertible bonds, HK\$0.90 from Issue Date to 12 August 2023 for HK\$55,000,000 of the convertible bonds and HK\$0.186 from the aforesaid dates until the Maturity Date.
3. The percentage has been calculated based on 566,728,946 Shares in issue as at 31 March 2023.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 31 March 2023, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

#### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Ms. Tsang Kwai Ping, an executive Director, is a director of Bridgeharbour (HK) Management Service Company Limited (“BMSCL”), a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of company secretarial services for non-listed Hong Kong companies in Hong Kong. The business of BMSCL competes or is likely to compete, either directly or indirectly of the company secretarial services business of the Group. To safeguard the Group’s interest, Ms. Tsang has irrevocably and unconditionally provided the Company an undertaking in accordance with the terms and conditions under outside interests and non-competition undertaking set out in her service agreement.

As the Board is independent of the board of the aforesaid company and maintains three independent non-executive Directors, the Group operates its businesses independently of, and at arm’s length from, the businesses of the aforesaid company.

For the three months ended 31 March 2023, save as disclosed above, no other Directors or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has not adopted a code of conduct nor established written guidelines regarding the securities transactions by the Directors and relevant employees of the Company but has applied the principles of the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”).

All Directors have confirmed, following the specific enquiry by the Company, that they have complied with the Required Standard of Dealings throughout the period and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period for the three months ended 31 March 2023.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the period ended 31 March 2023, to the best knowledge of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix 15 of the GEM Listing Rules (the “**CG Code**”) except for the deviation as mentioned below.

### **Code Provision C.2.1**

Pursuant to the code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Hin Shek has been appointed as the Chairman and the Chief Executive Officer since 1 September 2020. This is at variance with code provision C.2.1 of the CG Code which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Board considers that (i) Mr. Wong has substantial experience that is essential to fulfilling the role of the Chairman, at the same time, he has the appropriate management skills and business acumen that are the prerequisites for assuming the role of the Chief Executive Officer in the day-to-day management of the Group; (ii) having the same individual in both roles as the Chairman and the Chief Executive Officer could ensure the leadership consistency and could make and implement the overall strategy of the Group more effectively; and (iii) the powers and authorities of the Group has not been concentrated as all major decisions of the Group have been made in consultation with the Board and appropriate Board committees, as well as senior management. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group’s circumstances.

## AUDIT COMMITTEE

The Company has established the audit committee of the Company (the “**Audit Committee**”) with specific written terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The main duties of the Audit Committee include: (i) reviewing the quarterly, half-yearly and annual results of the Group; (ii) reviewing the risk management and internal control systems, the effectiveness of the internal audit function of the Group; (iii) reviewing the effectiveness of the internal audit function of the Company; (iv) ensuring the objectivity and credibility of the Company’s financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditor of the Company; and (v) reviewing and investigation of reports of the whistleblowing policy and systems.

As at the date of this announcement, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Ng Ka Sim, Casina, Mr. Wong Wing Kit and Ms. Yeung Mo Sheung, Ann, with at least one of whom has professional qualifications or accounting or related financial management expertise as required in rule 5.05(2) of the GEM Listing Rules.

The Audit Committee has reviewed with the senior management of the Company the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2023 and this announcement, and was of the opinion that such results and this announcement had complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

By order of the Board  
**MERDEKA FINANCIAL GROUP LIMITED**  
**Wong Hin Shek**  
*Chairman and Chief Executive Officer*

Hong Kong, 11 May 2023

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek (Chairman and Chief Executive Officer) and Ms. Tsang Kwai Ping, the independent non-executive Directors are Ms. Ng Ka Sim, Casina and Mr. Wong Wing Kit and Ms. Yeung Mo Sheung, Ann.*

*This announcement will remain on the Stock Exchange’s website at <http://www.hkexnews.hk> on the “Latest Listed Company Information” page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at <http://www.merdeka.com.hk>.*

*The English text of this announcement shall prevail over the Chinese text in the event of inconsistency.*