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NOIZ GROUP LIMITED

聲揚集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

CHARACTERISTICS OF 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.

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*This announcement, for which the directors (the “**Directors**”) of NOIZ 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.*

RESULTS

The board (the “**Board**”) of the Directors of NOIZ Group Limited hereby announces that the audited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations			
Revenue	4.1	18,938	18,151
Other income and gains/(losses)	6	583	589
Operating and administrative expenses		(32,266)	(34,418)
Reversal of impairment loss on trade receivables	18	72	208
Reversal of impairment loss/(impairment loss) on deposits and other receivables	19	3	(5)
Impairment loss on loans receivable	20	(25)	(814)
Gain on deregistration of subsidiaries	27(b)	–	21
Share of loss of associates	15	(462)	(183)
Finance costs	7	(12,575)	(13,724)
Loss before income tax	8	(25,732)	(30,175)
Income tax credit	9	59	75
Loss after income tax from continuing operations		(25,673)	(30,100)
Discontinued operation			
Profit for the year from discontinued operation	5	–	2,280
LOSS FOR THE YEAR		(25,673)	(27,820)

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income	16	<u>315</u>	<u>(1,862)</u>
Other comprehensive income for the year		<u>315</u>	<u>(1,862)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(25,358)</u>	<u>(29,682)</u>
Total comprehensive income attributable to owners of the Company		<u>(25,358)</u>	<u>(29,682)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
From continuing and discontinued operations	11		
Basic and diluted		<u>(HK\$0.044)</u>	<u>(HK\$0.053)</u>
From continuing operations			
Basic and diluted		<u>(HK\$0.044)</u>	<u>(HK\$0.057)</u>
From discontinued operation			
Basic and diluted		<u>N/A</u>	<u>HK\$0.004</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,523	1,903
Statutory deposit		–	510
Goodwill	12	5,600	5,600
Intangible assets	13	14,761	16,467
Right-of-use assets	14	2,983	6,562
Interests in associates	15	–	522
Financial assets at fair value through other comprehensive income	16	1,473	3,053
Financial assets at fair value through profit or loss	17	263	372
Rental deposits	19	1,358	1,354
		<hr/>	<hr/>
Total non-current assets		27,961	36,343
Current assets			
Inventories		418	418
Trade receivables	18	3,867	2,383
Contract assets		352	349
Prepayments, deposits and other receivables	19	1,293	627
Loans receivable	20	4,161	3,703
Financial assets at fair value through profit or loss	17	4,308	312
Tax recoverable		156	156
Bank balances – trust accounts		70	11,775
Bank balances and cash – general accounts		14,127	23,031
		<hr/>	<hr/>
Total current assets		28,752	42,754
Current liabilities			
Trade payables	22	188	13,083
Contract liabilities		2,658	88
Other payables and accruals	23	7,355	2,495
Convertible bonds	24	–	12,935
Lease liabilities	21	2,995	3,830
		<hr/>	<hr/>
Total current liabilities		13,196	32,431
		<hr/>	<hr/>
Net current assets		15,556	10,323
		<hr/>	<hr/>
Total assets less current liabilities		43,517	46,666
		<hr/>	<hr/>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		390	431
Convertible bonds	24	77,931	72,175
Lease liabilities	21	<u>–</u>	<u>2,995</u>
Total non-current liabilities		<u>78,321</u>	<u>75,601</u>
Net liabilities		<u>(34,804)</u>	<u>(28,935)</u>
EQUITY			
Share capital	25	60,440	56,673
Reserves		<u>(95,244)</u>	<u>(85,608)</u>
Total deficiency		<u>(34,804)</u>	<u>(28,935)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its share are listed on GEM. Its registered office is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Room 1108, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong. The Directors consider the immediate holding company and ultimate holding company to be Team Sunny International Holdings Limited, a company incorporated in the British Virgin Islands.

During the year ended 31 December 2023, the principal activity of the Company was investment holding. The principal activities of the subsidiaries comprised of financial services business, corporate consulting business and digital business.

Pursuant to the passing of a special resolution at the annual general meeting held on 5 May 2023, the English name of the Company was changed from “Merdeka Financial Group Limited” to “NOIZ Group Limited” and its dual foreign name in Chinese from “領智金融集團有限公司” to “聲揚集團有限公司”. The Certificate of Incorporation on Change of Name was issued by the Registry of Companies in the Cayman Islands with effect from 9 May 2023.

2. BASIS OF PREPARATION

The consolidated financial statements 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 the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The consolidated financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair values as explained as the accounting policies set out below.

2. BASIS OF PREPARATION (Continued)

The financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group in light of the Group incurred a net loss of approximately HK\$25,673,000 for the year ended 31 December 2023 and, as of that date, the Group had net liabilities of approximately HK\$34,804,000 as at 31 December 2023.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements have been prepared on a going concern basis as the Directors are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following matter:

- An undertaking letter has been obtained from a convertible bond holder for no intention to demand repayment of convertible bond due from the Group after the maturity date until the Group has sufficient financial resources to satisfy its future working capital, other financial requirements and repay the convertible bond.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the consolidated financial statements. The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new or amendments to HKFRSs – effective 1 January 2023

In the current year, the Group has applied the following new or amendments to HKFRSs (the “**new or amendments to HKFRSs**”) issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2023:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies’ with “material accounting polices information”. Accounting policy Information is material if, when considered together with other Information Included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions even if the amounts are immaterial. However, not all accounting policy information relating to material transaction, other events or condition is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group financial positions and performance for the current or prior period.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Adoption of new or amendments to HKFRSs – effective 1 January 2023 (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Company considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Adoption of new or amendments to HKFRSs – effective 1 January 2023 (Continued)

By following the guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect was not material and hence no adjustment was made to the opening balance of retained earnings, financial performance, cash flow for the year ended 31 December 2022 and financial position as at 31 December 2022 or another component of equity.

(b) New or amendments to HKFRSs that have been issued but not yet effective

The following new or amendments to HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Classification of Liabilities as current or non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the progress of making assessments of the potential impact of these new or amendments to HKFRSs upon initial application.

4. REVENUE AND SEGMENT REPORTING

- 4.1 Revenue represents income from financial services operations, income from corporate consulting operations and income from digital operations during the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Revenue from contracts with customers:		
Service income		
Financial service business	10,912	11,288
Corporate service business	4,025	4,678
Digital business	<u>2,822</u>	<u>1,566</u>
	<u>17,759</u>	<u>17,532</u>
Revenue from other sources:		
Interest income from financial services business	523	619
Profit on investments in concerts from digital business, net	<u>656</u>	<u>–</u>
	<u>1,179</u>	<u>619</u>
	<u>18,938</u>	<u>18,151</u>
Timing of revenue recognition:		
– At a point in time	1,455	751
– Over time	<u>16,304</u>	<u>16,781</u>
	<u>17,759</u>	<u>17,532</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about the remaining performance obligation that have original expected durations of one year or less.

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 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 executive Directors.

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 years ended 31 December 2022 were presented as discontinued operation in the Group's consolidated financial statements. Further details regarding the results of the discontinued operation is set out in note 5 to the 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 and advising on securities 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 business segment is engaged to leverage blockchain, artificial intelligence, and immersive interaction technologies to create value and protection to individuals, creators, artists, businesses and brand owners, and offer various opportunities within the entertainment sector, including the organisation/production of and investment in concerts, events and festivals. This business segment has established by the Group since 4 July 2022.

There were no inter-segment transactions between different operating segments for the year (2022: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker for assessment of segment performance.

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 Segment reporting (Continued)

(b) Segment revenue and results

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

For the year ended 31 December 2023

	Financial services business	Corporate consulting business	Digital business	Total
<i>HK\$'000</i>				
Segment revenue	<u>11,435</u>	<u>4,025</u>	<u>3,478</u>	<u>18,938</u>
Segment profit/(loss)	<u>3,307</u>	<u>2,265</u>	<u>(3,484)</u>	2,088
Finance costs				(12,525)
Unallocated corporate expenses ^(Note)				<u>(15,295)</u>
Loss before income tax from continuing operations				<u>(25,732)</u>

For the year ended 31 December 2022

	Financial services business	Corporate consulting business	Digital business	Total
<i>HK\$'000</i>				
Segment revenue	<u>11,907</u>	<u>4,678</u>	<u>1,566</u>	<u>18,151</u>
Segment profit/(loss)	<u>2,321</u>	<u>1,909</u>	<u>(2,516)</u>	1,714
Finance costs				(13,634)
Gain on deregistration of subsidiaries				21
Unallocated corporate expenses ^(Note)				<u>(18,276)</u>
Loss before income tax from continuing operations				<u>(30,175)</u>

Note: Unallocated corporate expenses mainly included staff salaries, directors' remuneration and depreciation of right-of-use assets for the years ended 31 December 2023 and 2022.

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 Segment reporting (Continued)

(c) Segment assets and liabilities

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment assets		
Continuing operations		
Financial services business	20,807	32,447
Corporate consulting business	6,728	6,511
Digital business	20,674	15,743
	<u>48,209</u>	<u>54,701</u>
Total segment assets	48,209	54,701
Unallocated bank balances and cash	2,098	12,312
Unallocated corporate assets ^(Note)	6,406	12,084
	<u>6,406</u>	<u>12,084</u>
Consolidated total assets	<u>56,713</u>	<u>79,097</u>
Segment liabilities		
Continuing operations		
Financial services business	3,901	15,295
Corporate consulting business	1,000	200
Digital business	2,107	229
	<u>7,008</u>	<u>15,724</u>
Total segment liabilities	7,008	15,724
Convertible bonds	77,931	85,110
Unallocated corporate liabilities ^(Note)	6,578	7,198
	<u>6,578</u>	<u>7,198</u>
Consolidated total liabilities	<u>91,517</u>	<u>108,032</u>

Note: Unallocated corporate assets mainly comprised of unallocated right-of-use assets.

Unallocated corporate liabilities mainly comprised of unallocated lease liabilities and accrued headquarter expenses.

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 Segment reporting (Continued)

(d) Other segment information

For the year ended 31 December 2023

	Financial services business <i>HK\$'000</i>	Corporate consulting business <i>HK\$'000</i>	Digital business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (other than financial assets)	–	–	861	–	861
Depreciation of property, plant and equipment	–	–	(79)	(1,162)	(1,241)
Depreciation of right-of-use assets	(794)	–	–	(2,785)	(3,579)
Amortisation of intangible assets	–	(228)	(1,478)	–	(1,706)
Reversal of impairment loss/(impairment loss) on trade receivables	128	(26)	(30)	–	72
Reversal of impairment loss on deposits and other receivables	–	–	–	3	3
Impairment loss on loans receivable	(25)	–	–	–	(25)
Written off of deposits and other receivables	–	–	–	(151)	(151)
Interest income	71	–	–	118	189

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 Segment reporting (Continued)

(d) Other segment information (Continued)

For the year ended 31 December 2022

	Financial services business HK\$'000	Corporate consulting business HK\$'000	Digital business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (other than financial assets)	–	–	14,901	–	14,901
Depreciation of property, plant and equipment	–	–	(8)	(1,170)	(1,178)
Depreciation of right-of-use assets	(794)	–	–	(2,786)	(3,580)
Amortisation of intangible assets	–	(228)	(739)	–	(967)
Reversal of impairment loss on trade receivables	205	3	–	–	208
Impairment loss on deposits and other receivables	(1)	–	–	(4)	(5)
Impairment loss on loans receivable	(814)	–	–	–	(814)
Written off of deposits and other receivables	–	(8)	–	–	(8)
Interest income	26	–	–	16	42
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:					
Gain on deregistration of subsidiaries	–	–	–	21	21

(e) Geographical information

For the years ended 31 December 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.

4. REVENUE AND SEGMENT REPORTING (Continued)

4.2 Segment reporting (Continued)

(f) Major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follow:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A – Financial services business	4,060	–
Customer B – Digital business	2,000	–
Customer C – Financial services business	–	5,363
	<u> </u>	<u> </u>

5. DISCONTINUED OPERATION

On 23 September 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 year ended 31 December 2022. For the purpose of presenting discontinued operation, the comparative consolidated statement of comprehensive income and the related notes have been represented.

The results and cash flows of the trading business for the years ended 31 December 2022 are as follows:

	Year ended 31 December 2022 <i>HK\$'000</i>
Revenue	2,534
Cost of sales	(2,147)
Other income and gains	79
Operating and administrative expenses	<u>(982)</u>
Loss before income tax	(516)
Income tax expenses	<u>–</u>
Loss after income tax from discontinued operation	(516)
Gain on disposal of subsidiaries (<i>Note 27(a)</i>)	<u>2,796</u>
Profit for the period from discontinued operation	<u><u>2,280</u></u>
Cash flows from discontinued operation:	
Operating cash outflows	(27)
Investing cash outflows	–
Financing cash outflows	<u>–</u>
Total cash outflows	<u><u>(27)</u></u>

6. OTHER INCOME AND GAINS/(LOSSES)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Bank interest income	189	42
Other operating income	–	206
Changes in fair value of financial assets at fair value through profit or loss (“ FVPL ”) (<i>Note 17(a), (b) & (c)</i>)	(14)	(499)
Written off of deposits and other receivables	(151)	(8)
Government grants (<i>Note</i>)	–	679
Sundry income	559	169
	<u>583</u>	<u>589</u>

Note: The government grants represented a one-off subsidy under Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region for the year ended 31 December 2022. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Imputed interest on convertible bonds (<i>Note</i>)	12,310	13,319
Interest on lease liabilities	226	405
Other borrowing costs	39	–
	<u>12,575</u>	<u>13,724</u>

Note: It represents the imputed interest on the liability component of the convertible bonds for both years.

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	13,637	16,093
Pension scheme contributions	<u>529</u>	<u>425</u>
	<u>14,166</u>	<u>16,518</u>
(b) Other items:		
Auditor's remuneration	988	950
Depreciation expenses in respect of:		
Property, plant and equipment	1,241	1,178
Right-of-use assets	3,579	3,580
Amortisation of intangible assets	1,706	967
Reversal of impairment loss on trade receivables	(72)	(208)
(Reversal of impairment loss)/impairment loss on deposits and other receivables	(3)	5
Impairment loss on loans receivable	<u>25</u>	<u>814</u>

9. INCOME TAX CREDIT

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%. No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.

	2023		2022	
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000
Continuing operations				
Current tax				
Hong Kong profits tax:				
– Over-provision in prior year	(18)	–	(36)	–
Deferred tax	(41)	–	(39)	–
	<u>(59)</u>	<u>–</u>	<u>(75)</u>	<u>–</u>

Income tax for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023		2022	
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000
Loss before income tax	<u>(25,732)</u>	<u>–</u>	<u>(30,175)</u>	<u>2,280</u>
Tax calculated at the domestic rate of 16.5% (2022: 16.5%)	(4,245)	–	(4,978)	376
Tax effect of income not taxable for tax purpose	(352)	–	(437)	(461)
Tax effect of expenses not deductible for tax purposes	2,736	–	3,001	–
Tax effect of tax losses not recognised	1,946	–	2,375	85
Utilisation of tax losses previously not recognised	(126)	–	–	–
Over-provision in prior year	<u>(18)</u>	<u>–</u>	<u>(36)</u>	<u>–</u>
Total income tax credit	<u>(59)</u>	<u>–</u>	<u>(75)</u>	<u>–</u>

As at 31 December 2023, the Group has unused tax losses of approximately HK\$60,710,000 (2022: HK\$49,680,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

10. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

11. LOSS PER SHARE

The calculation of basic and diluted loss per share based on the following data:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to owners of the Company for the purpose of calculating basis and diluted loss per share:		
Continuing operations	(25,673)	(30,100)
Discontinued operation	<u>–</u>	<u>2,280</u>
Total loss attributable to owners of the Company from continuing and discontinued operations	<u>(25,673)</u>	<u>(27,820)</u>

	Number of shares	
	2023	2022
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>579,422</u>	<u>525,437</u>

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company (the “Shareholders”), and the weighted average number of 579,422,000 (2022: 525,437,000) ordinary shares in issue.

Diluted loss per share amount for both years were not presented because the impact of the exercise of the share options and conversion of 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.

12. GOODWILL

HK\$'000

COST:

At 1 January 2022	11,273
Acquisition of a subsidiary (<i>Note 26</i>)	<u>130</u>

At 31 December 2022, 1 January 2023 and 31 December 2023 **11,403**

ACCUMULATED IMPAIRMENT LOSSES:

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 **5,803**

NET CARRYING AMOUNT:

At 31 December 2023 5,600

At 31 December 2022 5,600

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit (“CGU”) identified as follows:

	2023	2022
	HK\$'000	HK\$'000
Corporate consulting business	5,470	5,470
Digital business	<u>130</u>	<u>130</u>
	<u><u>5,600</u></u>	<u><u>5,600</u></u>

Notes:

Corporate consulting business

The goodwill was arising from the acquisition of corporate consulting business in the financial year of 2019. The carrying amount of goodwill is HK\$5,470,000 as at 31 December 2023 and 2022.

12. GOODWILL (Continued)

Notes: (Continued)

Corporate consulting business (Continued)

For the year ended 31 December 2023, the recoverable amount of the cash-generating unit of corporate consulting business (the “**Corporate Consulting Business CGU**”) is determined by the Directors with reference to a valuation report issued by an independent qualified valuer. The recoverable amount of the Corporate Consulting Business CGU has been determined from value-in-use calculation. The calculation used cash flow projections based on latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 19.46% (2022: 22.03%). The cash flow projections beyond the 5 years periods are extrapolated using a terminal growth rate at 3% (2022: 2%). Cash flow projections during the budget period are based on past performance and the Group management’s expectations for the market development and future performance of the Corporate Consulting Business CGU. The discount rate is determined based on the cost of capital adjusted by the specific risk associated with the Corporate Consulting Business CGU. As the recoverable amount of the Corporate Consulting Business CGU is higher than its carrying amount, the Directors are in opinion that no impairment loss was considered for the year ended 31 December 2023 (2022: Nil).

Digital business

The goodwill was arising from the acquisition of digital business as set out in note 26 to the consolidated financial statements during the year ended 31 December 2022. The goodwill with the net carrying amount of HK\$130,000 as at 31 December 2023 (2022: HK\$130,000) is allocated to the cash-generating unit of digital business (the “**Digital Business CGU**”).

For the year ended 31 December 2023, the recoverable amount of the Digital Business CGU is determined by the Directors with reference to a valuation report issued by an independent qualified valuer. The recoverable amount of the Digital Business CGU has been determined from value-in-use calculation. The calculation used cash flow projections based on latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 20.52% (2022: 20.82%). The cash flow projections beyond the 5 years periods are extrapolated using a terminal growth rate at 3% (2022: 3%). Cash flow projections during the budget period are based on the Group management’s expectations for the market development and future performance of the Digital Business CGU. The discount rate is determined based on the weighted average cost of capital reflecting the specific risk associated with the Digital Business CGU. As the recoverable amount of the Digital Business CGU is higher than its carrying amount, the Directors are in opinion that no impairment loss was considered for the year ended 31 December 2023.

13. INTANGIBLE ASSETS

	Trading right <i>(Note (a))</i> <i>HK\$'000</i>	Customer relationship <i>(Note (b))</i> <i>HK\$'000</i>	Blockchain technology <i>(Note (c))</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST:				
At 1 January 2022	5,705	1,140	–	6,845
Acquisition of a subsidiary <i>(Note 26)</i>	–	–	14,040	14,040
At 31 December 2022, 1 January 2023 and 31 December 2023	<u>5,705</u>	<u>1,140</u>	<u>14,040</u>	<u>20,885</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:				
At 1 January 2022	2,805	646	–	3,451
Amortisation for the year	–	228	739	967
At 31 December 2022 and 1 January 2023	<u>2,805</u>	<u>874</u>	<u>739</u>	<u>4,418</u>
Amortisation for the year	–	228	1,478	1,706
At 31 December 2023	<u>2,805</u>	<u>1,102</u>	<u>2,217</u>	<u>6,124</u>
NET CARRYING AMOUNT:				
At 31 December 2023	<u><u>2,900</u></u>	<u><u>38</u></u>	<u><u>11,823</u></u>	<u><u>14,761</u></u>
At 31 December 2022	<u><u>2,900</u></u>	<u><u>266</u></u>	<u><u>13,301</u></u>	<u><u>16,467</u></u>

13. 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. On 31 July 2023, the Group was applied to the Securities and Futures Commission (“**SFC**”) for cessation of Type 1 business and the trading right of HK\$1,600,000 was fully impaired in the previous year. The recoverable amount of the trading right of Type 4 & 9 is determined by the Directors with reference to a valuation report issued by an independent qualified valuer and has been determined by value in use calculation by using cash flow projections based on the latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 23.42% (2022: 25.75%). The cash flow projections beyond the 5 years periods are extrapolated using a growth rate at 3% (2022: 2%). As the recoverable amount of trading right of Type 4 and 9 is higher than its carrying amount, the Directors are in the opinion that no impairment loss was considered for the year ended 31 December 2023 and 2022.
- (b) Customer relationship of HK\$1,140,000 represented the intangible assets 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 business during the year ended 31 December 2022.

As at 31 December 2023, blockchain technology with the net carrying amount of HK\$11,823,000 (2022: HK\$13,301,000) is attributable to the Digital Business CGU with which the goodwill amount is recognised. The management of the Group considered blockchain technology has finite useful lives and is amortised on a straight-line basis over 9.5 years. Details of the impairment assessment of that cash-generating unit are set out in note 12 to the consolidated financial statements.

14. RIGHT-OF-USE ASSETS

HK\$'000

COST:

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 10,498

ACCUMULATED DEPRECIATION:

At 1 January 2022 356

Depreciation for the year 3,580

At 31 December 2022 3,936

Depreciation for the year 3,579

At 31 December 2023 7,515

NET CARRYING AMOUNT:

At 31 December 2023 2,983

At 31 December 2022 6,562

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total cash outflow for leases	<u><u>4,056</u></u>	<u><u>3,719</u></u>

The right-of-use assets represent the Group's right 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.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 3 years (2022: 3 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. INTERESTS IN ASSOCIATES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	522	–
Addition through acquisition of a subsidiary (<i>Note 26</i>)	–	146
Addition	–	559
Dividend income from an associate	(60)	–
Share of loss for the year	<u>(462)</u>	<u>(183)</u>
At end of the year	<u>–</u>	<u>522</u>

16. 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 the investment 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 (“FVOCI”). The carrying amount of financial asset at FVOCI is HK\$1,265,000 as at 31 December 2022. On 6 October 2023, the SPAC projects is terminated and the Group is entitled to a refund of USD242,900 (equivalent to approximately HK\$1,895,000), which represents 69.4% of the original USD350,000 (equivalent to approximately HK\$2,730,000) subscription funds. The increase in fair value of this financial asset of approximately HK\$630,000 (2022: HK\$1,465,000) has been dealt with in other comprehensive income and FVOCI reserve for the year ended 31 December 2023.

On 16 August 2019, the Group acquired 10% of the issue share capital of a private company as financial assets at FVOCI at cash consideration of HK\$2,000,000. As at 31 December 2023, the Group’s shareholding in this private company was approximately 9.55% (2022: 9.55%). The carrying amount of financial asset at FVOCI is HK\$1,473,000 (2022: HK\$1,788,000). The decrease in fair value of this financial asset of approximately HK\$315,000 (2022: HK\$397,000) has been dealt with in other comprehensive income and FVOCI reserve for the year ended 31 December 2023.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Investment in a private company ^{(Note (a))}	263	319
Put option in relation to acquisition of a subsidiary ^{(Note (b))} (Note 26)	–	53
Listed equity instrument in Hong Kong at market value ^{(Note (c))}	407	312
Investments in concerts ^{(Note (d))}	<u>3,901</u>	<u>–</u>
	4,571	684
Less: Non-current portion	<u>(263)</u>	<u>(372)</u>
Current portion	<u><u>4,308</u></u>	<u><u>312</u></u>

Notes:

- (a) On 29 October 2020, the Group entered into a simple agreement for future equity with a private company to grant the Group the future right to acquire certain shares of the private company at a consideration of US\$150,000 (equivalent to approximately HK\$1,170,000). The right is classified as financial asset at FVPL. The decrease in fair value of this financial asset of HK\$56,000 has been recognised in profit or loss for the year ended 31 December 2023 (2022: HK\$71,000).
- (b) The decrease in fair value of this financial assets of HK\$53,000 has been recognised in profit or loss for the year ended 31 December 2023 (2022: Nil).
- (c) Fair value of the listed equity instrument in Hong Kong has been determined by reference to its quoted market price at the reporting date in an active market. Fair value of the listed trading portfolio investment is Level 1 recurring fair value measurement. The increase in fair value of this financial asset of HK\$95,000 has been recognised in profit or loss for the year ended 31 December 2023 (2022: decrease in fair value of HK\$428,000).
- (d) The Group entered into several investment agreements to invest in the production/organisation of certain concerts, which entitle the Group to, among others, the rights to share the net profit or loss of the respective concerts and entertainment events attributable to the Group, as appropriate, in accordance with the terms of the respective investment agreements. The Group measured, at initial recognition, the cost of these investments based on the cash considerations for these investments. Their carrying amounts at the end of the reporting period represented the fair values of the estimated net future cash flows from these investments attributable to the Group.

18. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	4,969	6,280
Less: Provision for impairment losses	<u>(1,102)</u>	<u>(3,897)</u>
	<u>3,867</u>	<u>2,383</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has credit control procedures established to monitor credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The settlement term of trade receivables arising from the business of dealing securities is two business days after trade date ("T+2").

As at 31 December 2022, trade receivables from cash clients related to a wide range of customers for whom there was no recent history of default. Based on the past experience, current assessment and the available forward-looking information, the management believes that no additional impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

As at 31 December 2022, trade receivables from Hong Kong Securities Clearing Company Limited ("HKSCC") is current which represents pending trades arising from the financial business of securities dealing and are normally due on "T+2" day in accordance with the requirements of HKSCC.

On 31 July 2023, the Group applied to the SFC for the cessation of securities brokerage business. As a result, no trade receivables from cash clients and HKSCC were recorded as of the year ended 31 December 2023.

18. TRADE RECEIVABLES (Continued)

Details of trade receivables as at the end of reporting period, are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from financial services business other than dealing in securities	2,253	315
Trade receivables from corporate consulting business	508	317
Trade receivables from digital business	988	20
	<u>3,749</u>	<u>652</u>
Trade receivables from the business of dealing in securities		
– Cash clients	–	106
– HKSCC	–	54
– Brokers	118	1,571
	<u>118</u>	<u>1,731</u>
	<u>3,867</u>	<u>2,383</u>

An ageing analysis of the trade receivables, net of impairment losses, arising from business other than dealing in securities as at the end of the reporting period, based on the invoice date are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	2,346	221
31 to 60 days	1,163	236
61 to 120 days	88	77
Over 120 days	152	118
	<u>3,749</u>	<u>652</u>

18. TRADE RECEIVABLES (Continued)

The movement in the expected credit loss under lifetime expected credit loss-not credit-impaired for trade receivables for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	3,897	8,482
Reversal of impairment loss for the year	(72)	(208)
Written off of trade receivables	(2,723)	–
Disposal of subsidiaries	–	(4,377)
	<u>–</u>	<u>(4,377)</u>
At 31 December	<u>1,102</u>	<u>3,897</u>

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Prepayments	1,062	296
Deposits and other receivables	<u>1,606</u>	<u>1,705</u>
	2,668	2,001
Less: Provision for impairment losses	<u>(17)</u>	<u>(20)</u>
	2,651	1,981
Less: Non-current portion	<u>(1,358)</u>	<u>(1,354)</u>
Current portion	<u>1,293</u>	<u>627</u>

The movements in the expected credit loss under 12-months expected credit loss for the deposits and other receivables for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	20	167
(Reversal of impairment loss)/impairment loss for the year	(3)	5
Disposal of subsidiaries	–	(152)
	<u>–</u>	<u>(152)</u>
At 31 December	<u>17</u>	<u>20</u>

20. LOANS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross loans and interest receivables	5,272	4,789
Less: Provision for impairment loss	<u>(1,111)</u>	<u>(1,086)</u>
	<u>4,161</u>	<u>3,703</u>

Note:

As at 31 December 2023, loans receivable with gross principal amount of HK\$5,170,000 (2022: HK\$4,720,000) in aggregate and related gross interest receivables of HK\$102,000 (2022: HK\$69,000) were due from four (2022: three) independent third parties. These loans are interest-bearing at fixed rates ranging from 8% to 15% (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 December 2023 and 2022.

The Group has no collateral over loans receivable as at 31 December 2023 and 2022. Impairment loss of HK\$25,000 (2022: impairment loss of HK\$814,000) has been recognised in the profit or loss for the year ended 31 December 2023.

The movements in the expected credit loss for loans receivable for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	1,086	272
Impairment loss for the year	<u>25</u>	<u>814</u>
At 31 December	<u>1,111</u>	<u>1,086</u>

20. LOANS RECEIVABLE (Continued)

Reconciliation of gross carrying amount for loans receivable for the years ended 31 December 2023 and 2022 is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	1,007	4,407	5,414
New loans originated	5,084	886	5,970
Repayment	(5,084)	(1,511)	(6,595)
Transfer	(1,007)	1,007	–
	<u>–</u>	<u>4,789</u>	<u>4,789</u>
At 31 December 2022 and 1 January 2023	–	4,789	4,789
New loans originated	2,121	603	2,724
Repayment	(101)	(2,140)	(2,241)
	<u>(101)</u>	<u>(2,140)</u>	<u>(2,241)</u>
At 31 December 2023	<u>2,020</u>	<u>3,252</u>	<u>5,272</u>

The movements in the expected credit loss in respect of loans receivable for the years ended 31 December 2023 and 2022 is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	29	243	272
Impairment loss for the year	–	814	814
Transfer	(29)	29	–
	<u>(29)</u>	<u>29</u>	<u>–</u>
At 31 December 2022 and 1 January 2023	–	1,086	1,086
Impairment loss/(reversal of impairment loss) for the year	421	(396)	25
	<u>421</u>	<u>(396)</u>	<u>25</u>
At 31 December 2023	<u>421</u>	<u>690</u>	<u>1,111</u>

20. LOANS RECEIVABLE (Continued)

An ageing analysis of the loans receivable, net of impairment losses as at the end of the reporting period, based on the remaining contractual maturity date is set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Overdue	688	461
Due within 3 months	880	1,730
Due after 3 months but within 6 months	2,593	1,512
	4,161	3,703

21. LEASE LIABILITIES

The amount included in the consolidated statement of financial position in respect of the carrying amounts of lease liabilities and the movements during the years are as follows:

	Land and buildings <i>HK\$'000</i>
At 1 January 2022	10,139
Interest expenses	405
Lease payments	(3,719)
At 31 December 2022 and 1 January 2023	6,825
Interest expenses	226
Lease payments	(4,056)
At 31 December 2023	2,995

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Minimum lease payment due		
– Within one year	3,043	4,056
– In the second to fifth years, inclusive	–	3,043
	3,043	7,099
Less: Future finance charges	(48)	(274)
Present value of lease liabilities	2,995	6,825

21. LEASE LIABILITIES (Continued)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	2,995	3,830
In the second to fifth years, inclusive	—	2,995
	<u>2,995</u>	<u>6,825</u>

The weighted average incremental borrowing rates applied to lease liabilities at 4.89% for the years ended 31 December 2023 and 2022.

22. TRADE PAYABLES

Details of trade payables as at the end of reporting period are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables from the business of dealing in securities		
– Cash clients <i>(Note)</i>	188	12,772
– HKSCC	—	6
Trade payables from digital business	—	305
	<u>188</u>	<u>13,083</u>

Note: As at 31 December 2022, the Group had trade payables due to a private company, which is wholly-owned by Mr. Wong Hin Shek (“**Mr. Wong**”), of approximately HK\$3,271,000 was arising from the Group’s ordinary course of business in dealing securities. The transactions with such related company were carried out in normal course of business.

The settlement term of trade payables arising from the business of dealing securities is T+2.

An ageing analysis of trade payables arising from business other than dealing in securities as at the end of reporting period based on the invoice date/contractual term, are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	—	201
31 to 60 days	—	—
61 to 120 days	—	104
Over 120 days	—	—
	<u>—</u>	<u>305</u>

23. OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other payables (<i>Note</i>)	3,579	530
Accruals	<u>3,776</u>	<u>1,965</u>
	<u><u>7,355</u></u>	<u><u>2,495</u></u>

Note: Included in other payable, the amounts of approximately HK\$1,889,000 (2022: Nil) represented loans from Mr. Wong. The loan is unsecured, interest bearing at 5% per annum and repayable within one year.

24. CONVERTIBLE BONDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
2008 CBs (as defined below) (<i>Note (a)</i>)	–	12,935
2022 CBs (as defined below) (<i>Note (b)</i>)	70,214	72,175
Team Sunny CB (as defined below) (<i>Note (d)</i>)	–	–
2023 CB (as defined below) (<i>Note (c)</i>)	<u>7,717</u>	<u>–</u>
	<u><u>77,931</u></u>	<u><u>85,110</u></u>

24. CONVERTIBLE BONDS (Continued)

Notes:

(a) 2008 CBs

On 12 August 2008, the Company issued a convertible bonds as part of the consideration for the acquisition of forest concessions in Papua, Indonesia (the “**2008 CBs**”).

Subject to the restrictions specified below (the “**Conversion Restriction**”), the 2008 CBs are convertible at the option of the bondholders into ordinary shares in the Company at the initial conversion price of HK\$0.1 per share (subject to adjustments as provided in the terms and conditions of the 2008 CBs) at any time from the date of issue and ending on the fifth business day before the third anniversary of the date of issue:

- The bondholders do not have the right to convert any principal amount of the 2008 CBs into new shares of the Company thereof, if upon such conversion, Merdeka Commodities Limited and the parties acting in concert with it will be interested in 30% (or such amount as may from time to time be specified in the Codes on Takeovers and Mergers and Share Repurchases as being the level for triggering a mandatory general offer) or more of the enlarged issued share capital of the Company at the date of relevant conversion;
- The conversion of the 2008 CBs shall not cause the Company to be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules; and
- The bondholders do not have the right to convert any 2008 CBs with the principal amount falling between the range of HK\$350,000,000 to HK\$776,880,000 at any time during the period from the issue date up to and inclusive of the date that falls on the first anniversary of the issue date.

The 2008 CBs are unsecured, interest-free and have an initial maturity date at 12 August 2011. Unless converted into the shares of the Company (the “**Shares**”), the outstanding balance of the 2008 CBs would be redeemed in full on maturity.

By the first supplemental deed dated 30 May 2011, the maturity date of the 2008 CBs was extended for 3 years and the conversion period was accordingly extended from 12 August 2011 to 12 August 2014. Upon becoming effective of the first supplemental deed, the Company might at any time during the period commencing from the date of extension to the new maturity date to redeem the whole or part of the outstanding 2008 CBs at par on a pro rata basis. Also, the Conversion Restriction was removed. Apart from the extension of the maturity date, the conversion period, the early redemption right and the removal of the Conversion Restriction, all terms of the 2008 CBs remain unchanged.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(a) 2008 CBs (Continued)

By the second supplemental deed dated 9 July 2014, the maturity date of the 2008 CBs was extended for 3 years and the conversion period was accordingly extended from 12 August 2014 to 12 August 2017. Upon becoming effective of the second supplemental deed, the Company might at any time during the period commencing from the date of extension to the new maturity date to redeem the whole or part of the outstanding 2008 CBs on a pro rata basis.

Upon effective of the second supplemental deed, the 2008 CBs was valued by the Directors with reference to a valuation report issued by Roma Appraisal Limited, an independent qualified valuer not connected to the Group. Gain on extinguishment of convertible bonds of approximately HK\$39,480,000 was recognised in the profit or loss for the year ended 31 December 2014.

By the third supplemental deed dated 20 January 2017, the maturity date of the 2008 CBs was extended for 3 years and the conversion period was accordingly extended from 12 August 2017 to 12 August 2020 (the “**Previous Maturity Date**”). Upon becoming effective of the third supplemental deed, the Company might at any time during the period commencing from the date of extension to the Previous Maturity Date to redeem the whole or part of the outstanding 2008 CBs on a pro rata basis. Also, the conversion price and the adjustment events to the conversion price had been changed. The conversion price have been adjusted to HK\$0.095 per share.

Upon effective of the third supplemental deed, the 2008 CBs was valued by the Directors with reference to a valuation report issued by International Valuation Limited, an independent qualified valuer not connected with the Group. Gain on extinguishment of convertible bond of approximately HK\$31,162,000 was recognised in the profit or loss for the year ended 31 December 2017.

Upon effective of the share consolidation on the basis that every ten issued and unissued Shares of par value of HK\$0.001 each in the share capital of the Company will be consolidated into one consolidated share of par value of HK\$0.01 each, the conversion price of 2008 CBs adjusted to HK\$0.95 per Share.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(a) 2008 CBs (Continued)

By the fourth supplemental deed dated 10 January 2020, the maturity date of the 2008 CBs was extended for a further term of three years from 13 August 2020 to 12 August 2023. Upon becoming effective of the third supplemental deed, the Company might at any time during the period commencing from the date of extension to the Previous Maturity Date to redeem the whole or part of the outstanding 2008 CBs on a pro rata basis. Also, 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 remain unchanged and valid. 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.

Upon effective of the fourth supplemental deed, the 2008 CBs was valued by the Directors with reference to a valuation report issued by an independent qualified valuer not connected with the Group. Gain on modification of terms of convertible bonds of HK\$2,502,000 and loss on redemption of convertible bonds of HK\$2,444,000 were recognised in the profit or loss for the year ended 31 December 2020.

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\$0.1 each, the conversion price of 2008 CBs adjusted to HK\$1.100 per conversion share.

On 22 July 2021, the Company completed a rights issue (the “**2021 Rights Issue**”) and allotted and issued 346,310,897 Shares, on the basis of five (5) rights shares 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 CBs 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.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(a) 2008 CBs (Continued)

On 14 July 2023, the Company entered into the subscription agreement with Team Sunny International Holdings Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Wong, the Chairman, the Chief Executive Officer, and executive Director and the substantial Shareholder (“**Team Sunny**”), pursuant to which Team Sunny conditionally agreed to subscribe and the Company conditionally agreed to issue the convertible bond (the “**2023 CB**”) in the principal amount of HK\$10,000,000 (which are convertible into conversion shares at the conversion price of HK\$0.108 per conversion share (subject to adjustments)) for the settlement of the outstanding debts due from the Company to the holders of 2008 CBs in aggregate of HK\$10,000,000. The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting the aggregate principal amount of HK\$10,000,000 under the convertible bonds as part of the consideration for the 2008 CBs and payable by the Company to the holders of 2008 CBs.

On 31 August 2023, upon the completion of the subscription and issue of 2023 CB and the completion of share subscription, all the outstanding principal amount of 2008 CBs was duly settled.

The 2008 CBs contain two components, the liability and equity components. The equity component is presented in equity as an “Equity component of convertible bonds”.

The effective interest rate of the liability component is as follow:

	Fourth Supplemental deed	Third Supplemental deed	Second Supplemental deed	First Supplemental deed
Effective interest rate	<u>14.72%</u>	<u>10.11%</u>	<u>14.13%</u>	<u>11.66%</u>

The effective interest rate of liability component was adjusted to 14.59% upon the modification of the terms of convertible bonds on 28 December 2022.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(a) 2008 CBs (Continued)

The movement of the liability component of the convertible bonds for the year was set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	12,935	53,147
Interest charged	1,133	8,211
Derecognition by subscription of shares	(4,068)	–
Derecognition by subscription of 2023 CBs (as defined below)	(10,000)	–
Modification of the terms of convertible bonds	–	(48,423)
At the end of the year	<u>–</u>	<u>12,935</u>

(b) 2022 CBs

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 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 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 (as defined below) 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.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(b) 2022 CBs (Continued)

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.

On 14 July 2023, the Company and the bondholder of 2022 CBs entered into the deed of amendment, the maturity date of the 2022 CBs was extended to 31 August 2025.

As at 31 December 2023, the Company had 2022 CBs with principal amount of HK\$91,000,000, which conferring rights to convert into 489,247,311 Shares with the conversion price of HK\$0.186 per conversion share.

The convertible bonds contained two components, the liability and equity components. The equity component is presented in equity as an “Equity component of convertible bonds”. As at 31 December 2023, the effective interest rate of the liability component is approximately 16.83% (2022: 15.41%) per annum.

The movement of the liability component of the convertible bonds for the year was set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	72,175	–
Issuance of convertible bonds	–	72,118
Interest charged	10,786	57
Modification of the terms of convertible bonds	<u>(12,747)</u>	<u>–</u>
At the end of the year	<u><u>70,214</u></u>	<u><u>72,175</u></u>

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(c) 2023 CBs

On 14 July 2023, 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 convertible bond in the principal amount of HK\$10,000,000 (which are convertible into conversion shares at the conversion price of HK\$0.108 per conversion share (subject to adjustments)) (the “2023 CB”) for the settlement of the outstanding debts due from the Company to the holders of 2008 CBs in aggregate of HK\$10,000,000. The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting the aggregate principal amount of HK\$10,000,000 under the 2008 CBs and payable by the Company to the holders of 2008 CBs.

On 31 August 2023, the subscription took place and the 2023 CB in the principal amount of HK\$10,000,000 were issued to Team Sunny.

As at 31 December 2023, the Company had 2023 CB conferring rights to convert into 92,592,592 Shares with the conversion price of HK\$0.108 per conversion share.

The convertible bonds contained two components, the liability and equity components. The equity component is presented in equity as an “Equity component of convertible bonds”. The effective interest rate of the liability component is approximately 16.83% per annum.

The movement of the liability component of the convertible bonds for the year was set out below:

	2023
	HK\$'000
Issuance of convertible bonds	7,326
Interest charged	<u>391</u>
At the end of the year	<u><u>7,717</u></u>

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(d) Team Sunny CB

On 10 January 2020, the Company issued the convertible bonds to Team Sunny, for the settlement of the outstanding debt due from the Company to Mr. Wong of HK\$39,805,651 (“**Team Sunny CB**”). The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting (i) the principal amount of HK\$8,000,000 under a promissory note issued on 28 February 2019 and payable by the Company to Mr. Wong (which will be assigned to Team Sunny by Mr. Wong at the completion of the subscription to facilitate the set-off); and (ii) the outstanding principal amount and part of the accrued interest in an aggregate amount of HK\$31,805,651 under Mr. Wong’s facilities payable by the Company to Mr. Wong (which will be assigned to Team Sunny by Mr. Wong at the completion of the subscription to facilitate the set-off).

The Team Sunny CB are convertible at the option of the bondholders into ordinary shares in the Company at the conversion price of HK\$0.110 per Share (subject to adjustments as provided in the terms and conditions of the Team Sunny CB) at any time from the date of issue and ending on the third anniversary of the date of issue.

The Team Sunny CB are unsecured, interest-free and have a maturity date fall on the third anniversary from the date of issue.

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\$0.1 each, the conversion price of Team Sunny CB adjusted to HK\$1.100 per conversion share.

On 22 July 2021, the Company completed the 2021 Rights Issue and allotted and issued 346,310,897 Shares, on the basis of five (5) rights shares 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 Team Sunny CB was adjusted to HK\$0.903 per conversion share.

24. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(d) Team Sunny CB (Continued)

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.

The convertible bonds contained two components, the liability and equity components. The equity component is presented in equity as an “Equity component of convertible bonds”. The effective interest rate of the liability component is approximately 14.95% per annum.

The movement of the liability component of the convertible bonds for the year was set out below:

	2022 <i>HK\$'000</i>
At the beginning of the year	32,410
Interest charged	5,051
Redemption of convertible bonds	(3,494)
Modification of the terms of convertible bonds	<u>(33,967)</u>
At the end of the year	<u><u>–</u></u>

25. SHARE CAPITAL

	<i>Notes</i>	Number of shares in '000	Nominal values HK\$'000
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023			
Ordinary shares of HK\$0.1 each		<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid:			
At 1 January 2022			
Ordinary shares of HK\$0.1 each		485,062	48,506
Issuance of consideration shares	2	66,667	6,667
Issuance of shares upon placing	3	<u>15,000</u>	<u>1,500</u>
At 31 December 2022 and 1 January 2023			
Ordinary shares of HK\$0.1 each		566,729	56,673
Issuance of shares upon subscription	1	<u>37,667</u>	<u>3,767</u>
At 31 December 2023			
Ordinary shares of HK\$0.1 each		<u>604,396</u>	<u>60,440</u>

Notes:

- On 31 August 2023, the Company completed a share subscription with Team Sunny, the subscriber, by allotment and issue of 37,666,666 shares at the subscription price of HK\$0.108 per subscription share.
- On 4 July 2022, the Company allotted and issued 66,666,663 Shares in respect of the acquisition of NOIZChain Limited (“NOIZChain”) pursuant to the sale and purchase agreement dated 13 June 2022.
- On 7 July 2022, the Company completed a share subscription with Oriental Watch Holdings Limited, the subscriber, by the allotment and issue of 15,000,000 Shares at the subscription price of HK\$0.21 per subscription share.

26. ACQUISITION OF A SUBSIDIARY

On 4 July 2022, The Group completed the acquisition of the entire issued share capital in NOIZChain 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. NOIZChain is principally engaged in digital business. The Group has diversified its business into digital 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 NOIZChain as at the date of acquisition were as follows:

	Fair value <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)
	<u>14,950</u>
Fair value of net assets acquired	<u>14,950</u>
Net cash inflow from acquisition of a subsidiary:	
Cash consideration paid	–
Cash and cash equivalents in a subsidiary acquired	92
	<u>92</u>
Net cash inflow	<u>92</u>
	<i>HK\$'000</i>
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>

26. ACQUISITION OF A SUBSIDIARY (Continued)

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 NOIZChain 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 NOIZChain 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 NOIZChain 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 FVPL 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 business to diversify the revenue stream of the existing business of the Group.

Post-acquisition contribution to revenue and net loss of NOIZChain as included in the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is HK\$1,566,000 and HK\$2,516,000 respectively. Had the acquisition been completed on 1 January 2022, the revenue and net loss of the Group for the year ended 31 December 2022 would have been HK\$1,937,000 and HK\$3,252,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Group been completed on 1 January 2022 nor are they intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARIES/DEREGISTRATION OF SUBSIDIARIES/DECONSOLIDATION OF SUBSIDIARIES

(a) Disposal of End User Investments Limited

On 23 September 2022, the Company as the vendor entered into the sale and purchase agreement with an independent third party, to dispose the entire issued share capital of the End User Investments Limited, a wholly-owned subsidiary, at a consideration of HK\$1. Gain on disposal of subsidiaries amounted to HK\$2,796,000 was analysed as follows:

	<i>HK\$'000</i>
Net liabilities deregistered of:	
Bank balances and cash	27
Trade payables	(933)
Other payables and accruals	<u>(1,889)</u>
	(2,795)
Less: Proceeds from disposal	<u>(1)</u>
Gain on disposal	<u><u>(2,796)</u></u>
Cash consideration received	1
Less: Bank balances and cash disposed of	<u>(27)</u>
Net cash outflow of cash and cash equivalents	<u><u>(26)</u></u>

(b) Deregistration of Merry Fortune Holdings Limited

On 1 May 2022, the Group deregistered Merry Fortune Holdings Limited, an indirect wholly-owned subsidiary of the Company. Gain on deregistration of a subsidiary amounted to HK\$21,000 was analysed as follows:

	<i>HK\$'000</i>
Net liabilities deregistered of:	
Other payables and accruals	<u>(21)</u>
Gain on deregistration	<u><u>(21)</u></u>

28. RELATED PARTY DISCLOSURES

Save as disclosed in elsewhere to the consolidated financial statements, the Group have the following material related party transactions.

Transactions with related party

Name of related party	Relationship	Nature of transaction	2023	2022
			HK\$'000	HK\$'000
Mr. Wong	Director	Commission income from dealing in securities	7	103
		Loan interest charged	<u>(39)</u>	<u>–</u>
			<u>(32)</u>	<u>103</u>
Related Companies	Common director	Corporate consulting service income	523	518
		Digital business income	<u>2,700</u>	<u>–</u>
			<u>3,223</u>	<u>518</u>

Compensation of key management personnel of the Group

	2023	2022
	HK\$'000	HK\$'000
Short term employee benefits	3,130	3,315
Post-employment benefits	<u>36</u>	<u>41</u>
Total compensation paid to key management personnel	<u>3,166</u>	<u>3,356</u>

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.4 in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$25,673,000 for the year ended 31 December 2023 and, as of that date, the Company had net liabilities of HK\$34,804,000. As stated in Note 3.4, these events or conditions, along with other matters as set forth in Note 3.4, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

During the year ended 31 December 2023, the Group is principally engaged in (i) financial services business including securities brokerage services, provision of corporate finance advisory services, asset management and advising on securities 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 business that leverages blockchain, artificial intelligence, and immersive interaction technologies to create value and protection to individuals, creators, artists, businesses and brand owners, and offer various opportunities within the entertainment sector, including the organisation/production of and investment in concerts, events and festivals.

Since the performance of the trading business was unsatisfactory for the past years, on 23 September 2022, the Group disposed of the trading business to an independent third party. Upon the disposal, the Group ceased to have any interest in the trading business. The disposal allowed the Group to reallocate more resources on the remaining businesses.

For the year ended 31 December 2023, the Group's continuing operations recorded revenue of approximately HK\$18.9 million (2022: approximately HK\$18.2 million). Loss for the year attributable to owners of the Company was approximately HK\$25.7 million (2022: approximately HK\$27.8 million). Basic and diluted loss per share for continuing operations was approximately HK\$0.044 (2022: approximately HK\$0.057). The reduction in net loss was primarily due to a decrease in the Group's overall operating costs of approximately HK\$2.2 million, which was aimed at maintaining the Group's competitiveness.

Financial services business

The revenue for the year ended 31 December 2023 of the financial services business was approximately HK\$11.4 million (2022: approximately HK\$11.9 million) and a segment profit of approximately HK\$3.3 million (2022: approximately HK\$2.3 million).

During the year ended 31 December 2023, the corporate financial advisory services generated revenue of approximately HK\$8.4 million (2022: approximately HK\$5.2 million), represented approximately 44.4% of the total revenue of the Group. The provision of corporate financial advisory services continuously enhanced the income stream of the Group.

In the course of preparing the financial statements for the year ended 31 December 2023, the Company had engaged an independent qualified valuer to determine the recoverable amount of the trading right of the business carrying on the regulated activities of Type 4 (advising on securities) and Type 9 (asset management) as defined under the SFO. The recoverable amount of the trading right has been determined by the higher of fair value less cost of disposal, which is primarily making reference to the recent sales of similar transactions in the market, and value-in-use which is calculated using cash flow projections based on the latest financial budgets approved by the management. During the year ended 31 December 2023 and 2022, no impairment loss on the trading right was recognised.

The Group's money lending business was conducted through its wholly-owned subsidiary, Merdeka Credit Limited, to grant loans to individuals and corporate entities. 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 December 2023, the Group had loans receivable with gross principal amount of approximately HK\$5.2 million (2022: approximately HK\$4.7 million). The Group recorded interest income from loans receivable of approximately HK\$0.5 million for the year ended 31 December 2023 (2022: approximately HK\$0.6 million).

The gross individual loans receivable was accounted for approximately 61.7% of the entire gross loans receivable of the Group as at 31 December 2023 (2022: 78.5%). The interest rates of the individual loans ranged from 8% to 15% (2022: 8% to 12%). The gross corporate loans receivable was accounted for approximately 38.3% of the entire gross loans receivable of the Group as at 31 December 2023 (2022: 21.5%). The interest rate of the corporate loans at 12% (2022: 12%). The determination of these interest rates primarily involved credit analysis, considering factors such as the size and duration of the loans, adherence to the Group's credit policies and the ability of borrowers to provide income proof or other sources of income that demonstrate their repayment capabilities.

As at 31 December 2023, there were 4 borrowers comprising 3 individual borrowers and 1 corporate borrower (2022: 3 borrowers comprising 2 individual borrowers and 1 corporate borrower) for the outstanding loans and interest receivables (net of loss allowance). Loans and interest receivables carrying amount of approximately HK\$2.6 million (2022: HK\$3.2 million) were due from individual borrowers while remaining loans and interest receivables of carrying amount of approximately HK\$1.6 million (2022: HK\$0.5 million) were due from corporate borrower.

During the year ended 31 December 2023, the Group granted 2 loans to an individual and a corporate entity, all of them are independent third parties. As at 31 December 2023, 5 loans were outstanding, with terms ranging from 9 months to 30 months, interest rate ranging from 8% to 15% per annum and with no collaterals. As at 31 December 2023, the aggregated principal amount outstanding from the four largest borrowers of the Group amounted to HK\$5.2 million (representing 100% to the total loans receivable of the Group) while the principal amount outstanding from the largest borrower amounted to HK\$2.0 million (representing approximately 38.5% to the total loans receivable of the Group).

As at 31 December 2023, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "**loans receivable ECL**"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of loans receivable ECL ranged from 12.15% to 35.89% depending on the nature, probability of default and loss given default of the loans receivable.

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 a corporate entity, 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.

Details of loans receivable are set out in note 20 to the consolidated financial statements.

Corporate consulting business

The performance of corporate consulting business remained stable that it recorded a revenue of approximately HK\$4.0 million (2022: approximately HK\$4.7 million) and recorded a segment profit of approximately HK\$2.3 million (2022: approximately HK\$1.9 million) during the year ended 31 December 2023.

Digital business

Upon the completion of the acquisition of NOIZChain on 4 July 2022, the Group has been diversified into the business area harnessing blockchain, artificial intelligence, and immersive interaction technologies to create value and protection to individuals, creators, artists and brand owners. NOIZChain aims to create value by seizing novel growth opportunities in the creator economy in the entertainment industry, and at the same time to create diversified and innovative ways for audiences to enjoy immersive experiences.

The digital business recorded a revenue of approximately HK\$3.5 million (2022: approximately HK\$1.6 million) and a segment loss of approximately HK\$3.5 million (2022: approximately HK\$2.5 million). Some of the projects of digital business have been postponed due to the slump of the market sentiment as caused by the collapse of FTX (a global cryptocurrency exchange platform), Silicon Valley Bank and Signature Bank (both being crypto-friendly U.S. banks) in early 2023 and JPEX, the most recent case, in Hong Kong.

In the course of preparing the financial statements, the Company had engaged an independent qualified valuer to determine the recoverable amount of the cash generating unit of the digital business (the “**Digital Business CGU**”). In assessing the recoverable amount of the cash generating unit of the digital business as at 31 December 2023, value-in-use calculation has been adopted that the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflected current market assessment of time value of money and the risk specific to the digital business. The calculation used in cash flow projections was based on the historical revenue and the 5-year forecasted revenue taking into account of the expected number of sale contracts, and at a pre-tax discount rate of 20.52% which was determined with reference to weighted average cost of capital reflecting the specific risk of the digital business. The cash flow projections beyond the 5-year period are extrapolated using a perpetual growth rate of 3%. The management of digital business reviewed the assumptions taking into account of (i) the general economic environment; (ii) industry dynamics; (iii) past performance; and (iv) on-going business development of the digital business in preparing the cash flow projections. As the recoverable amount of the Digital Business CGU is higher than its carrying amount, no impairment loss was recognised for the year ended 31 December 2023.

Financial assets at fair value through profit or loss

As at 31 December 2023, the Group managed a listed security investment with fair value of approximately HK\$0.4 million (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 December 2023 and 2022 and gains/(losses) for the years ended 31 December 2023 and 2022 are as below:

Gains for the year ended 31 December 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	–	40	–
Evergrande Property Services Group Limited	6666	–	55	–

Financial assets at fair value through profit or loss as at 31 December 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	352	0.6%
Evergrande Property Services Group Limited	6666	Integrated commercial properties service business	113,000	0.001%	995	55	0.1%

Losses for the year ended 31 December 2022

Name of listed securities	Stock code	Realised losses <i>HK\$'000</i>	Unrealised losses <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
Evergrande Property Services Group Limited	6666	–	(298)	–
Differ Group Auto Limited	6878	(130)	–	–

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.

Digital business

With the rise of blockchain technology and the rapid development of the Web3 era, the Group sees the potential in commercializing and monetizing IP assets using blockchain technology. In July 2022, the Group took over NOIZChain, which owns the NOIZ Green Chain, and utilised it to create a digital wallet (the “**Digital Wallet**”) and a metaverse. This strategic move positions the Group to leverage blockchain capabilities for IP asset management.

By identifying vast opportunities in the entertainment and education sectors so as to leverage blockchain capabilities, the Group initially invested as a co-organiser in live concerts/events in Hong Kong, Macau and Taiwan. This allowed the Group to establish connections with industry players, gain insights into the entertainment industry climate and culture and ultimately acquire valuable IP assets. Building on this experience, the Group aims to transition into the role of the main organizer for live concerts/events, enabling the Group to manage and control associated IP assets while showcasing a digitally-driven entertainment business. Furthermore, the Group partnered with Proto Inc. for the distribution of holographic products, such as “EPIC” (a life-size and life-like holographic product) and “M Unit” (a portable display holographic product) in Vietnam. The holographic products will be utilized to display three-dimensional educational curriculum and programs, with content rights stored on the NOIZ Green Chain for licensing and tracking purposes.

Financial services business

With the deterioration of the Hong Kong financial markets and keen competition in the corporate financial advisory business, the Group intends to explore the possibility of diversification into other regional capital, such as United States, in order to expand its customer base. The Group is actively taking additional steps to explore ways to further enhance the performance of the financial services business. These steps include negotiating for asset management opportunities under the Capital Investment Entrant Scheme (CIES) and seeking to uplift license to invest in virtual assets.

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**”) of 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 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 a 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 rights issue, the conversion price of 2008 CBs was adjusted to HK\$0.90 per conversion share.

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

On 31 August 2023, upon the completion of the subscription and issue of 2023 CB (as defined below) and the share subscription, all the outstanding principal amount of 2008 CBs was offset and settled with the subscription price of 2023 CB (as defined below) and the share subscription price.

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 convertible bonds 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 convertible bond issued to Team Sunny on 2020 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.

On 14 July 2023, the Company and the bondholder of 2022 CBs entered into the deed of amendment, the maturity date of the 2022 CBs was extended to 31 August 2025.

As at 31 December 2023, the Company had 2022 CBs with principal amount of HK\$91,000,000, which conferring rights to convert into 489,247,311 Shares with the conversion price of HK\$0.186 per conversion share.

2023 Convertible Bonds

On 14 July 2023, 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 convertible bond in the principal amount of HK\$10,000,000 (which are convertible into conversion shares at the conversion price of HK\$0.108 per conversion share (subject to adjustments)) for the settlement of the outstanding debts due from the Company to the holders of 2008 CBs in aggregate of HK\$10,000,000. The subscription amount payable by Team Sunny under the subscription agreement shall be satisfied by way of offsetting the aggregate principal amount of HK\$10,000,000 under the 2008 CBs and payable by the Company to the holders of 2008 CBs.

On 31 August 2023, the subscription took place and the 2023 CB in the principal amount of HK\$10,000,000 were issued to Team Sunny.

As at 31 December 2023, the Company had 2023 CB conferring rights to convert into 92,592,592 Shares with the conversion price of HK\$0.108 per conversion share.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2023, the Group recorded cash and bank balances (including trust accounts) amounting to approximately HK\$14.2 million (2022: approximately HK\$34.8 million) and the net current assets value was approximately HK\$15.6 million (2022: approximately HK\$10.3 million).

The Group's gearing ratio as at 31 December 2023 was approximately 1.37 (2022: approximately 1.08), being a ratio of total interest-bearing debts, including convertible bonds of approximately HK\$77.9 million (2022: approximately HK\$85.1 million) to the total assets of approximately HK\$56.7 million (2022: approximately HK\$79.1 million).

USE OF PROCEEDS FROM 2022 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 December 2023, the intended and actual use of the net proceeds from the share subscription is stated as below:

Amount	Intended use	Actual use
HK\$ million		
3.0	General working capital of NOIZChain	Fully utilised as intended

USE OF PROCEEDS FROM 2023 SHARE SUBSCRIPTION

The Company completed a share subscription on 31 August 2023, pursuant to which the Company has issued and allotted 37,666,666 shares at a subscription price of HK\$0.108 per subscription share. The share subscription amount payable by the subscriber of HK\$4.1 million under the share subscription agreement has been satisfied by way of setting off against part of the principal amount of 2008 CBs.

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

Amount	Intended use	Actual use
HK\$ million		
4.1	Setting off against part of the principal amount of 2008 CBs	Fully utilised as intended

PLEDGE OF ASSETS

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

CAPITAL STRUCTURE

On 31 August 2023, the Company allotted and issued 37,666,666 Shares pursuant to the subscription agreement dated 14 July 2023.

Save as disclosed, the Company had no changes in capital structure during the year ended 31 December 2023.

INVESTMENT POSITION AND PLANNING

During the year, the Group invested as a co-organizer in live concerts/events in Hong Kong, Macau and Taiwan. This allowed the Group to establish connections with industry players, gain insights into the entertainment industry climate and culture and ultimately acquire valuable IP assets and leverage blockchain capabilities for IP asset management. The Group will continue to identify potential investment opportunities in order to enhance its business portfolio.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had no significant capital commitments (2022: Nil).

FOREIGN EXCHANGE RISK

The Group's business is principally denominated in Hong Kong dollars. As certain bank deposits denominated in Renminbi, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement had been made by the Group during the year ended 31 December 2023. The Directors have positive attitude to regular monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 18 staffs (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

Save 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 the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has always recognised the importance of the transparency and accountability to Shareholders. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining a good and sensible framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of management as well as protecting the interests of the Shareholders.

Throughout the year, to the best knowledge of the Board, the Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code in Appendix C1 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 is the Chairman and the Chief Executive Officer. 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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there were no material breach of or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations 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**”).

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Required Standard of Dealings throughout the year and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the “**Audit Committee**”) with specific written terms of reference 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 with appropriate 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 the annual results of the Group for the year ended 31 December 2023 with senior management and external auditor of the Company, and confirmed that the preparation of such complied with applicable accounting standards and practices adopted by the Company and the requirements under the GEM Listing Rules and other applicable statutory and regulatory requirements, and adequate disclosures had been made.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.noiz-group.com. The annual report of the Company for the year ended 31 December 2023 containing all the information required by the GEM Listing Rules will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders on or before 30 April 2024.

ANNUAL GENERAL MEETING

The notice of the annual general meeting of 2024 of the Shareholders will be published and despatched to the Shareholders in the manner as required by the GEM Listing Rules in due course.

By order of the Board
NOIZ GROUP LIMITED
Wong Hin Shek
Chairman and Chief Executive Officer

Hong Kong, 27 March 2024

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

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its publication and on the Company's website at www.noiz-group.com.

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