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MERDEKA FINANCIAL GROUP LIMITED

領智金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

ANNOUNCEMENT OF UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

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

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

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

UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

		Three months ended	
		31 March	
		2022	2021
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$’000	HK\$’000
			(Restated)
REVENUE	2.1	5,603	6,596
Cost of sales		<u>(1,581)</u>	<u>(1,552)</u>
Gross profit		4,022	5,044
Other income and gains/(losses)	3	14	1,590
Operating and administrative expenses		(8,040)	(8,352)
Reversal of impairment loss on trade receivables		—	61
Finance costs	4	<u>(3,288)</u>	<u>(2,778)</u>
LOSS BEFORE INCOME TAX	5	(7,292)	(4,435)
Income tax expense	6	<u>(137)</u>	<u>(171)</u>
LOSS FOR THE PERIOD		<u>(7,429)</u>	<u>(4,606)</u>
Loss for the period attributable to:			
Owners of the Company		(7,429)	(4,606)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(7,429)</u>	<u>(4,606)</u>
		HK\$	HK\$
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
— Basic and diluted	8	<u>(0.02)</u>	<u>(0.03)</u>

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

For the three months ended 31 March 2022

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(7,429)	(4,606)
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	—	29
	<u>—</u>	<u>29</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(7,429)</u>	<u>(4,577)</u>
Total comprehensive income attributable to:		
Owners of the Company	(7,429)	(4,543)
Non-controlling interests	—	(34)
	<u>—</u>	<u>(34)</u>
	<u>(7,429)</u>	<u>(4,577)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	2,760	3,055
Statutory deposit		510	510
Goodwill	10	5,470	5,470
Intangible assets	11	3,337	3,394
Right-of-use assets	12	9,247	10,142
Financial assets at fair value through other comprehensive income	13	4,915	2,185
Financial assets at fair value through profit or loss		390	390
Rental deposits		1,358	1,358
		27,987	26,504
Total non-current assets			
Current assets			
Inventories		375	279
Trade receivables	14	4,416	8,160
Contract assets		91	—
Prepayments, deposits and other receivables		530	764
Loans receivable	15	5,294	5,142
Financial assets at fair value through profit or loss		260	298
Tax recoverables		1,081	—
Bank balances — trust accounts	16	40,812	11,383
Bank balances and cash — general accounts	16	28,404	36,360
		81,263	62,386
Total current assets			
Current liabilities			
Lease liabilities	17	3,357	3,314
Trade payables	18	42,461	16,474
Contract liabilities		52	—
Other payables and accruals		3,142	3,561
Tax payables		—	94
		49,012	23,443
Total current liabilities			
Net current assets		32,251	38,943
Total assets less current liabilities		60,238	65,447

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 31 March 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Deferred tax liabilities		551	560
Convertible bonds	19	88,728	85,557
Lease liabilities	17	5,883	6,825
Total non-current liabilities		95,162	92,942
Net liabilities		(34,924)	(27,495)
EQUITY			
Share capital	20	48,506	48,506
Reserves		(83,430)	(76,001)
Equity attributable to owners of the Company		(34,924)	(27,495)
Non-controlling interests		—	—
Total deficiency		(34,924)	(27,495)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

Attributable to owners of the Company													
	Issued capital (Unaudited) <i>HKS'000</i>	Share premium* (Unaudited) <i>HKS'000</i>	Contributed surplus* (Unaudited) <i>HKS'000</i>	Equity component of convertible bonds* (Unaudited) <i>HKS'000</i>	Share option reserve* (Unaudited) <i>HKS'000</i>	Capital reduction reserve* (Unaudited) <i>HKS'000</i>	Exchange fluctuation reserve* (Unaudited) <i>HKS'000</i>	Fair value through other comprehensive income reserve* (Unaudited) <i>HKS'000</i>	Other reserve* (Unaudited) <i>HKS'000</i>	Accumulated losses* (Unaudited) <i>HKS'000</i>	Total (Unaudited) <i>HKS'000</i>	Non- controlling interests (Unaudited) <i>HKS'000</i>	Total equity (Unaudited) <i>HKS'000</i>
As at 1 January 2021	13,232	1,096,884	66,710	51,928	25,004	163,191	(13,824)	730	(6,548)	(1,460,090)	(62,783)	8,082	(54,701)
Comprehensive income													
Profit for the period	—	—	—	—	—	—	—	—	—	(4,606)	(4,606)	—	(4,606)
Other comprehensive income													
Exchange difference arising on translation of foreign operation	—	—	—	—	—	—	63	—	—	—	63	(34)	29
Total comprehensive income	—	—	—	—	—	—	63	—	—	(4,606)	(4,543)	(34)	(4,577)
Recognition of equity-settled share-based payment expense	—	—	—	—	997	—	—	—	—	—	997	—	997
Proceeds from exercise of share options	520	260	—	—	—	—	—	—	—	—	780	—	780
Exercise of share options	—	384	—	—	(384)	—	—	—	—	—	—	—	—
As at 31 March 2021	<u>13,752</u>	<u>1,097,528</u>	<u>66,710</u>	<u>51,928</u>	<u>25,617</u>	<u>163,191</u>	<u>(13,761)</u>	<u>730</u>	<u>(6,548)</u>	<u>(1,464,696)</u>	<u>(65,549)</u>	<u>8,048</u>	<u>(57,501)</u>
As at 1 January 2022	<u>48,506</u>	<u>1,114,228</u>	<u>66,710</u>	<u>51,928</u>	<u>25,518</u>	<u>163,191</u>	<u>—</u>	<u>185</u>	<u>(6,548)</u>	<u>(1,491,213)</u>	<u>(27,495)</u>	<u>—</u>	<u>(27,495)</u>
Loss and total comprehensive income	—	—	—	—	—	—	—	—	—	(7,429)	(7,429)	—	(7,429)
As at 31 March 2022	<u>48,506</u>	<u>1,114,228</u>	<u>66,710</u>	<u>51,928</u>	<u>25,518</u>	<u>163,191</u>	<u>—</u>	<u>185</u>	<u>(6,548)</u>	<u>(1,498,642)</u>	<u>(34,924)</u>	<u>—</u>	<u>(34,924)</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

The unaudited condensed consolidated quarterly results should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2021 (the “**2021 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2021 Annual Report.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting period beginning on 1 January 2022. The adoption of such standards, amendments and interpretations does not have material financial effect on this quarterly results.

2. REVENUE AND SEGMENT REPORTING

2.1 Revenue represents income from financial services operations, income from corporate consulting operations and the amounts received and receivable for goods sold to outside customers, net of returns and discounts, during the three months ended.

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Financial services business	2,526	3,549
Corporate consulting business	1,261	1,297
Trading business	1,816	1,750
	<u>5,603</u>	<u>6,596</u>

2. REVENUE AND SEGMENT REPORTING *(Continued)*

2.2 Segment reporting

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

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

- (a) The financial services business includes the securities brokerage business, provision of corporate finance advisory services, asset management business and money lending business;
- (b) The corporate consulting business segment is engaged in the provision of company secretarial services, accounting and financial reporting services and management consulting services; and
- (c) The trading business segment is engaged in the trading of goods, components and accessories.

2. REVENUE AND SEGMENT REPORTING (Continued)

2.2 Segment reporting (Continued)

(b) Segment revenue and results

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

For three months ended 31 March 2022

	Financial services business <i>HK\$'000</i> (Unaudited)	Corporate consulting business <i>HK\$'000</i> (Unaudited)	Trading business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>2,526</u>	<u>1,261</u>	<u>1,816</u>	<u>5,603</u>
Segment profit/(loss)	736	(122)	(222)	392
Finance costs				(3,262)
Unallocated corporate expenses				<u>(4,422)</u>
Loss before income tax				<u><u>(7,292)</u></u>

For three months ended 31 March 2021

	Financial services business <i>HK\$'000</i> (Unaudited)	Corporate consulting business <i>HK\$'000</i> (Unaudited)	Trading business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>3,549</u>	<u>1,297</u>	<u>1,750</u>	<u>6,596</u>
Segment profit/(loss)	1,785	(155)	(29)	1,601
Finance costs				(2,766)
Unallocated corporate expenses				<u>(3,270)</u>
Loss before income tax				<u><u>(4,435)</u></u>

2. REVENUE AND SEGMENT REPORTING (Continued)

2.2 Segment reporting (Continued)

(c) Segment assets and liabilities

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

	31 March 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Segment assets		
Financial services business	71,947	48,926
Corporate consulting business	9,305	9,428
Trading business	527	534
	<hr/>	<hr/>
Total segment assets	81,779	58,888
Unallocated bank balances and cash	9,580	14,927
Unallocated corporate assets	17,891	15,075
	<hr/>	<hr/>
Consolidated total assets	109,250	88,890
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Financial services business	44,697	18,167
Corporate consulting business	230	240
Trading business	3,775	3,561
	<hr/>	<hr/>
Total segment liabilities	48,702	21,968
Convertible bonds	88,728	85,557
Unallocated corporate liabilities	6,744	8,860
	<hr/>	<hr/>
Consolidated total liabilities	144,174	116,385
	<hr/> <hr/>	<hr/> <hr/>

2. REVENUE AND SEGMENT REPORTING (Continued)

2.2 Segment reporting (Continued)

(d) Geographical information

For the three months ended 31 March 2022 and 2021, the Group's revenue from external customers is derived solely from its operations in Hong Kong (place of domicile), where all of the Group's non-current assets are located in Hong Kong. The geographical location of external customers is based on the location at which the goods are delivered and services rendered.

(e) Major customers

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

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A — financial services business	1,710	N/A
Customer B — trading business	N/A	840
Customer C — financial services business	N/A	700
	<u>1,710</u>	<u>1,540</u>

3. OTHER INCOME AND GAINS/(LOSSES)

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposit	2	2
Other operating income	—	140
Changes in fair value of financial assets at fair value through profit or loss	(38)	712
Gain on disposal of a subsidiary (<i>Note 1</i>)	—	1
Loss on deregistration of a subsidiary (<i>Note 2</i>)	—	(16)
Waiver of other payables	—	703
Sundry income	50	48
	<u>14</u>	<u>1,590</u>

Notes:

1. On 26 March 2021, the Company as a vendor entered into an instrument of transfer with an independent third party, to dispose of its entire equity interest of Galaxy PAM Asset Management (Cayman Islands) Limited, a wholly-owned subsidiary, at a consideration of HK\$90,000. The gain on disposal of a subsidiary amounted to HK\$1,000 has been recognised in the condensed consolidated statement of profit or loss for the three months ended 31 March 2021.
2. On 25 February 2021, the Group deregistered 領智恒泰(北京)商務諮詢有限公司, an indirect wholly-owned subsidiary of the Company. Loss on deregistration of a subsidiary amounted to HK\$16,000 has been recognised in the condensed consolidated statement of profit or loss for the three months ended 31 March 2021.

4. FINANCE COSTS

	Three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Imputed interest charge on convertible bonds (<i>Note 1</i>)	3,171	2,753
Interest on lease liabilities	117	25
	<u>3,288</u>	<u>2,778</u>

Note:

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

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation expenses in respect of:		
Property, plant and equipment	295	217
Right-of-use assets	895	1,086
Amortisation of intangible assets	57	57
Staff costs (including Directors' emoluments)	4,945	5,271

6. INCOME TAX EXPENSE

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

The subsidiaries established in the People's Republic of China (the "PRC") are subject to enterprise income tax at tax rates of 25% for the period ended 31 March 2021.

	Three months ended 31 March	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Hong Kong profits tax:		
— current	146	181
Deferred tax	<u>(9)</u>	<u>(10)</u>
	<u>137</u>	<u>171</u>

7. DIVIDEND

No quarterly dividend has been paid or declared by the Company during the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

8. LOSS PER SHARE

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

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(7,429)</u>	<u>(4,606)</u>
	Number of shares	
	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per shares	<u>485,062</u>	<u>133,884</u>

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of 485,062,000 (three month ended 31 March 2021: 133,884,000 adjusted for the effect of share consolidation on 17 June 2021 and the bonus element of the rights issue on 22 July 2021) ordinary shares in issue.

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

9. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2022, the Group had no addition and disposal of property, plant and equipment (year ended 31 December 2021: additions of motor vehicles, computer and office equipment of approximately HK\$3,448,000 and no disposal).

10. GOODWILL

HK\$'000

COST:

At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)	<u>11,273</u>
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ACCUMULATED IMPAIRMENT LOSSES:

At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)	<u>5,803</u>
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NET CARRYING AMOUNT:

At 31 March 2022 (unaudited)	<u><u>5,470</u></u>
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At 31 December 2021 (audited)	<u><u>5,470</u></u>
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11. INTANGIBLE ASSETS

	Trading Right <i>HK\$'000</i>	Customer Relationship <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST:			
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)	<u>5,705</u>	<u>1,140</u>	<u>6,845</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:			
At 1 January 2021 (audited)	2,805	418	3,223
Amortisation for the year	<u>—</u>	<u>228</u>	<u>228</u>
At 31 December 2021 (audited) and 1 January 2022 (audited)	<u>2,805</u>	<u>646</u>	<u>3,451</u>
Amortisation for the period	<u>—</u>	<u>57</u>	<u>57</u>
At 31 March 2022 (unaudited)	<u>2,805</u>	<u>703</u>	<u>3,508</u>
NET CARRYING AMOUNT:			
At 31 March 2022 (unaudited)	<u><u>2,900</u></u>	<u><u>437</u></u>	<u><u>3,337</u></u>
At 31 December 2021 (audited)	<u><u>2,900</u></u>	<u><u>494</u></u>	<u><u>3,394</u></u>

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) (“**SFO**”). Trading right have indefinite useful life and therefore no amortisation has been provided.

No impairment loss was recognised during the three months ended 31 March 2022 and year ended 31 December 2021.

Customer relationship of HK\$1,140,000 represented the intangible asset arose from the acquisition of corporate consulting business and was valued as of the respective date of acquisition by an independent qualified valuer on the basis of the excess earnings method under the income approach. The management of the Group considered customer relationship has finite useful lives of 5 years and is amortised on a straight-line basis.

There was no addition of intangible assets for the three months ended 31 March 2022 and year ended 31 December 2021.

12. RIGHT-OF-USE ASSETS

HK\$'000

COST:

At 1 January 2021 (audited)	13,285
Addition	10,738
Lease modification	(12,542)
Deconsolidation of subsidiaries	(993)
Exchange realignment	10
	<hr/>
At 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)	10,498

ACCUMULATED DEPRECIATION:

At 1 January 2021 (audited)	9,655
Depreciation for the year	4,226
Lease modification	(12,542)
Deconsolidation of subsidiaries	(993)
Exchange realignment	10
	<hr/>
At 31 December 2021 (audited) and 1 January 2022 (audited)	356
Depreciation for the period	895
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At 31 March 2022 (unaudited)	1,251

NET CARRYING AMOUNT:

At 31 March 2022 (unaudited)	9,247
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At 31 December 2021 (audited)	10,142
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The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation, and adjusted for any remeasurement of the lease liabilities.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 16 August 2019, the Group acquired 10% of the issued share capital of a private company, which is engaged in insurance technology industry, as financial assets at fair value through other comprehensive income at cash consideration of HK\$2,000,000. As at 31 March 2022, the Group's shareholding in this private company was approximately 9.55% (31 December 2021: 9.55%) and the carrying amount of financial asset at fair value through other comprehensive income is HK\$2,185,000 (31 December 2021: HK\$2,185,000). No change in fair value has been dealt with in other comprehensive income and fair value through other comprehensive income reserve for the three months ended 31 March 2022 (year ended 31 December 2021: decrease in fair value of approximately HK\$545,000).

On 22 February 2022, the Group acquired 43.75% of the issued share capital of a private company, with the aim of involving in special purpose acquisition company (“SPAC”) projects, 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. No change in fair value has been dealt with in other comprehensive income and fair value through other comprehensive income reserve for the three months ended 31 March 2022.

14. TRADE RECEIVABLES

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

	As at 31 March 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Within 30 days	2,088	6,431
31 to 60 days	804	325
61 to 120 days	1,049	539
Over 120 days	475	865
	<u>4,416</u>	<u>8,160</u>

As at 31 March 2022, the balance of HK\$809,000 (31 December 2021: HK\$4,552,000) represented the trade receivables from the business of dealing in securities.

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

	As at 31 March 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Not impaired	<u>4,416</u>	<u>8,160</u>

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

15. LOANS RECEIVABLE

	As at 31 March 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Gross loan and interest receivables	5,566	5,414
Less: Provision for impairment loss	<u>(272)</u>	<u>(272)</u>
	<u>5,294</u>	<u>5,142</u>

As at 31 March 2022, loans receivable with gross principal amount of HK\$5,550,000 (31 December 2021: HK\$5,400,000) in aggregate and related gross interest receivables of HK\$16,000 (31 December 2021: HK\$14,000) were due from four (31 December 2021: three) independent third parties. These loans are interest-bearing at rates ranging from 8% to 15% (31 December 2021: 8% to 12%) per annum and was repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 31 March 2022 and 31 December 2021.

As at 31 March 2022 and 31 December 2021, the Group has no collateral over loans receivable. No impairment loss (year ended 31 December 2021: HK\$32,000) has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2022.

16. BANK BALANCES AND CASH

	As at 31 March 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Bank balances — trust accounts (<i>Note</i>)	40,812	11,383
Bank balances and cash — general accounts	<u>28,404</u>	<u>36,360</u>
	<u>69,216</u>	<u>47,743</u>

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

As at 31 March 2022, the Group's bank balances and cash — general accounts amounted to approximately HK\$28,404,000 (31 December 2021: approximately HK\$36,360,000), approximately HK\$80,000 was denominated in RMB, approximately HK\$28,324,000 was denominated in Hong Kong dollars and Nil was denominated in British Pound (31 December 2021: approximately HK\$80,000, approximately HK\$30,289,000 and approximately HK\$5,991,000 respectively).

17. LEASE LIABILITIES

	As at 31 March 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Minimum lease payments due		
— Within one year	3,718	3,719
— In second to fifth years, inclusive	<u>6,084</u>	<u>7,099</u>
	<u>9,802</u>	<u>10,818</u>
Less: Future finance charges	<u>(562)</u>	<u>(679)</u>
Present value of lease liabilities	<u><u>9,240</u></u>	<u><u>10,139</u></u>
	As at 31 March 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Within one year	3,357	3,314
In second to fifth years, inclusive	<u>5,883</u>	<u>6,825</u>
	<u><u>9,240</u></u>	<u><u>10,139</u></u>

18. TRADE PAYABLES

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

	As at 31 March 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 30 days	41,103	15,118
31 to 60 days	—	—
61 to 120 days	—	—
Over 120 days	<u>1,358</u>	<u>1,356</u>
	<u>42,461</u>	<u>16,474</u>

As at 31 March 2022, the balance of HK\$41,037,000 (31 December 2021: HK\$14,992,000) represented the trade payables arising from securities brokerage services.

19. CONVERTIBLE BONDS

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

	As at 31 March 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At the beginning of the period/year	85,557	73,872
Interest charged	<u>3,171</u>	<u>11,685</u>
At the end of the period/year	<u>88,728</u>	<u>85,557</u>

19. CONVERTIBLE BONDS (Continued)

Notes:

1. On 17 June 2021, upon the effective of the share consolidation (the “**Share Consolidation**”) on the basis that every ten issued and unissued shares of the Company (the “**Share(s)**”) 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 the convertible bonds as part of the consideration for the acquisition of forest concessions in Papua, Indonesia issued by the Company on 12 August 2008 (“**2008 CBs**”) 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.

2. Upon effective of the Share Consolidation, the conversion price of the convertible bonds issued to Team Sunny International Holdings Limited (“**Team Sunny**”) by the Company on 10 January 2020 (“**Team Sunny CB**”) adjusted to HK\$1.100 per conversion 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.

20. SHARE CAPITAL

	Number of shares <i>in '000</i>	Amount <i>HK\$'000</i>
Authorised:		
At 1 January 2021 (audited)		
Ordinary shares of HK\$0.01 each	20,000,000	200,000
Share consolidation	<u>(18,000,000)</u>	<u>—</u>
At 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)		
Ordinary shares of HK\$0.1 each	<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2021 (audited)		
Ordinary shares of HK\$0.01 each	1,323,243	13,232
Issuance of shares upon exercise of share options	62,227	643
Share consolidation	(1,246,719)	—
Issuance of shares upon rights issue	<u>346,311</u>	<u>34,631</u>
At 31 December 2021 (audited), 1 January 2022 (audited) and 31 March 2022 (unaudited)		
Ordinary shares of HK\$0.1 each	<u>485,062</u>	<u>48,506</u>

20. RELATED PARTY TRANSACTIONS

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

Name of related party	Relationship	Nature of transaction	Three months ended	
			31 March 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Mr. Wong Hin Shek	Director	Commission income from dealing in securities	<u>43</u>	<u>66</u>
			<u>43</u>	<u>66</u>
Related companies	Common director	Corporate consulting service income	120	310
		Commission income from dealing in securities	<u>—</u>	<u>9</u>
			<u>120</u>	<u>319</u>

Total compensation paid to key management personnel during the three months ended 31 March 2022 amounted to HK\$776,000 (three months ended 31 March 2021: HK\$776,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

During the three months ended 31 March 2022, the Group is principally engaged in (i) financial services business including securities brokerage services, provision of corporate finance advisory services, asset management business and money lending services; (ii) corporate consulting business including company secretarial services, accounting and financial reporting services and management consulting services; and (iii) trading business.

For the three months ended 31 March 2022, the Group recorded revenue of approximately HK\$5.6 million (three months ended 31 March 2021: approximately HK\$6.6 million). Loss for the period attributable to owners of the Company was approximately HK\$7.4 million (three months ended 31 March 2021: approximately HK\$4.6 million). Basic and diluted loss per share was approximately HK\$0.02 (three months ended 31 March 2021: approximately HK\$0.03 (restated)). The increase in net loss was mainly attributable to (i) the decrease in gain on fair value changes of financial assets at fair value through profit or loss of approximately HK\$0.7 million; (ii) the absence of waiver of other payables of approximately HK\$0.7 million; and (iii) a slightly decrease in gross profit of approximately HK\$1.0 million due to weak business environment caused by the outbreak of novel coronavirus (“COVID-19”) that the value and volume of transactions in financial services business was slightly reduced.

Financial services business

The revenue for the three months ended 31 March 2022 of the financial services business was approximately HK\$2.5 million (three months ended 31 March 2021: approximately HK\$3.5 million) and a segment profit of approximately HK\$0.7 million (three months ended 31 March 2021: approximately HK\$1.8 million). The decrease in segment profit was mainly due to reduction in the value and volume of transactions in the business of corporate finance advisory that the business opportunities were much diminished during the current uncertain economic environment caused by the outbreak of COVID-19.

During the three months ended 31 March 2022, the corporate finance advisory services and assets management services generated revenue of approximately HK\$0.5 million and HK\$1.7 million respectively (three months ended 31 March 2021: approximately HK\$2.4 million and HK\$0.2 million respectively), represented approximately 8.9% and 30.4% of the total revenue of the Group respectively. Both businesses of corporate finance advisory services and assets management services continuously enhanced the income stream of the Group.

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

As at 31 March 2022, the Group had loans receivable with gross principal amount of approximately HK\$5.6 million (31 December 2021: approximately HK\$5.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.1 million for the three months ended 31 March 2022 (three months ended 31 March 2021: approximately HK\$0.4 million).

During the period ended 31 March 2022, the Group granted 1 loan to an individual, who is an independent third party. As at 31 March 2022, 5 loans were outstanding, with terms ranging from 3 months to 16 months, interest rate ranging from 8% to 15% per annum and with no collaterals. As at 31 March 2022, the principal amount outstanding from the five largest borrowers of the Group together amounted to approximately HK\$5.6 million (representing 100% to the total loans receivable of the Group) while the principal amount outstanding from the largest borrower amounted to approximately HK\$2.2 million (representing approximately 39.3% to the total loans receivable of the Group).

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

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

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

Corporate consulting business

The performance of corporate consulting business remained stable that it recorded a revenue of approximately HK\$1.3 million (three months ended 31 March 2021: approximately HK\$1.3 million) and recorded a segment loss of approximately HK\$0.1 million (three months ended 31 March 2021: approximately HK\$0.2 million) during the three months ended 31 March 2022.

Trading business

The revenue of the trading business for the three months ended 31 March 2022 was approximately HK\$1.8 million (three months ended 31 March 2021: approximately HK\$1.8 million) and a segment loss of approximately HK\$0.2 million (three months ended 31 March 2021: approximately HK\$0.03 million). The gross profit margin of the trading business was comparatively thin, the cross border restriction imposed by the Hong Kong Government further affected the performance of the trading business.

Financial assets at fair value through profit or loss

As at 31 March 2022, the Group manage a listed security investment with fair value of approximately HK\$0.3 million (31 December 2021: approximately HK\$0.3 million). In view of the fluctuations in the global and local financial markets, the Board is always cautious of the prospects of the trading performance of the Group's portfolio of listed securities investments.

Details of the listed security investment as at 31 March 2022 and 31 December 2021 and (losses)/gains for the three months ended 31 March 2022 and 2021 are as below:

Losses for the three months ended 31 March 2022

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

Financial assets at fair value through profit or loss as at 31 March 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
Evergrande Property Services Group Limited	6666	Integrated commercial properties service business	113,000	0.001%	995	260	0.2%

Gains for the three months ended 31 March 2021

Name of listed securities	Stock code	Realised gains <i>HK\$'000</i>	Unrealised gains <i>HK\$'000</i>	Dividend received <i>HK\$'000</i>
Evergrande Property Services Group Limited	6666	—	712	—

Financial assets at fair value through profit or loss as at 31 December 2021

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
Evergrande Property Services Group Limited	6666	Integrated commercial properties service business	113,000	0.001%	995	298	0.3%

OUTLOOK

Financial services business

The Group will continue to expand the clients base and establish a strong track record in order to strengthen the businesses of corporate financial advisory services, asset management services and money lending services in the coming future. For the securities brokerage services business, the Group will explore the involvement in the share placement activities to enhance its revenue stream. Furthermore, the Group will continue to explore new business opportunities in Fin-tech to capture the potential growth of the booming of Fin-tech to create synergy effect with the Group's existing financial services business, including the securities brokerage services, corporate finance advisory services, asset management services and money lending services.

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.

Trading business

The business environment for retail trade was continued to be more difficult and challenging in the near term. The Board has taken various proactive measures, including but not limited to, trading of goods, components and accessories through online platforms, to minimise the impact of COVID-19 on the trading business operation.

CONVERTIBLE BONDS

2008 Convertible Bonds

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

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

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

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

As at 31 March 2022, the Company had 2008 CBs with principal amount of HK\$69.1 million conferring rights to convert into a total of 76,742,221 Shares with the conversion price of HK\$0.90 per conversion share.

Team Sunny Convertible Bonds

On 10 January 2020, the Company entered into the subscription agreement (as supplemented by the supplemental agreement dated 20 March 2020) with Team Sunny, pursuant to which Team Sunny conditionally agreed to subscribe and the Company conditionally agreed to issue the Team Sunny CB in the principal amount of HK\$39,805,651 (which are convertible into conversion shares at the conversion price of HK\$0.110 per conversion share (subject to adjustments)) for the settlement of the outstanding debt due from the Company to Mr. Wong Hin Shek of HK\$39,805,651. 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 the 2019 PN and payable by the Company to Mr. Wong, an executive Director, the Chairman and the Chief Executive Officer of the Company (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).

On 21 May 2020, the subscription took place and the Team Sunny CB in the principal amount of HK\$39,805,651 were issued to Team Sunny.

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\$1.10 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.

As at 31 March 2022, the Company had Team Sunny CB with principal amount of HK\$39.8 million conferring rights to convert into a total of 44,081,562 Shares with the conversion price of HK\$0.903 per conversion share.

DIVIDENDS

The Board resolved not to recommend the payment of any dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 March 2022, the Group recorded cash and bank balances (included trust accounts) amounting to approximately HK\$69.2 million (31 December 2021: approximately HK\$47.7 million) and the net current assets value was approximately HK\$32.3 million (31 December 2021: approximately HK\$38.9 million).

The Group's gearing ratio as at 31 March 2022 was approximately 0.81 (31 December 2021: approximately 0.96), being a ratio of total interest-bearing debts, included convertible bonds of approximately HK\$88.7 million (31 December 2021: approximately HK\$85.6 million) to the total assets of approximately HK\$109.3 million (31 December 2021: approximately HK\$88.9 million).

USE OF PROCEEDS FROM 2021 RIGHTS ISSUE

The Company completed the 2021 Rights Issue on 22 July 2021, pursuant to which the Company has issued 346,310,897 Shares as rights shares at HK\$0.15 per rights share on the basis of five (5) rights shares for every two (2) Shares held on 28 June 2021. The net proceeds from the 2021 Rights Issue (after deducting the expenses) were approximately HK\$49.79 million. The net subscription price per rights share after deducting the related expenses of the 2021 Rights Issue was approximately HK\$0.144.

The intended and actual use of the net proceeds from the 2021 Rights Issue is stated as below:

Amount HK\$ million	Intended use	Actual use
28.89	Repayment of the promissory notes issued by the Company on 21 April 2015	Fully utilised as intended
7.93	Repayment of the loan indebted to Mr. Lau Chung Yan by the Company	Fully utilised as intended
12.97	General working capital and future investment	Fully utilised as intended
<hr/> <u>49.79</u>		

PLEDGE OF ASSETS

As at 31 March 2022, the Group had no pledged assets (31 December 2021: Nil).

CAPITAL STRUCTURE

The Company had no changes in capital structure during the three months ended 31 March 2022.

INVESTMENT POSITION AND PLANNING

On 22 February 2022, the Group acquired 43.75% of the issued share capital of a private company, with the aim of involving in SPAC projects, at a consideration of US\$350,000 (equivalent to approximately HK\$2.7 million). The investment was recognised as financial asset at fair value through other comprehensive income. The acquisition was classified as a non-discloseable transaction under Chapter 19 of the GEM Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed 37 staff (31 December 2021: 38). 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 to bonuses. A share option scheme is also established to reward and motivated the employees of the Group.

CONNECTED TRANSACTIONS

Saved as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules for three months ended 31 March 2022.

SHARE OPTION SCHEME

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

During the period for the three months ended 31 March 2022, a total of 567,567 Share Options were lapsed. Save and except for the aforesaid, no Share Option was granted, exercised, cancelled, expired or lapsed during the period.

Details of the movements of the Share Options under the Share Option Scheme and the Old Share Option Scheme (as defined below) during the period were as follows:

Grantees/Capacity	Number of Share Options				Outstanding as at 31 March 2022	Date of grant	Exercise period	Price of the shares before the date of grant (Note 2) Per share	Exercise price (Note 1) Per share
	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period					
Independent non-executive Directors									
Ms. Ng Ka Sim, Casina	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Mr. Wong Wing Kit	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Ms. Yeung Mo Sheung, Ann	113,513	—	—	—	113,513	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Employees and other eligible participants									
Employees of the Group	3,405,403	—	—	567,567	2,837,836	20/1/2021	20/1/2021– 19/1/2026	0.014	0.132
Other eligible participants	4,069 (Note 3)	—	—	—	4,069	30/5/2012	30/5/2012– 29/5/2022	0.017	293.647
	4,009,296	—	—	—	4,009,296	20/1/2021	20/1/2021– 19/1/2024	0.014	0.132
	<u>7,759,307</u>	<u>—</u>	<u>—</u>	<u>567,567</u>	<u>7,191,740</u>				

Notes:

1. The exercise price of the Share Options is subject to adjustment in the case of capitalisation issue, rights issue, subdivision or consolidation of the shares of the Company, or other similar changes in the Company's share capital.
2. The price of the shares of the Company before the date of the grant of the Share Options is the closing price of the shares of the Company as quoted on the Stock Exchange on the trading day immediately before the date on which the Share Options were granted.
3. Share Options under the old share option scheme of the Company (the "Old Share Option Scheme") which adopted by the Company on 3 May 2012 and terminated at an extraordinary general meeting held on 30 December 2020.

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

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Nature of interest/ Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate
					percentage of the total issued share capital of the Company (Note 2) (%)
Mr. Wong Hin Shek (Note 1)	Controlled corporation	136,755,500	105,192,673	241,948,173	49.88
Mr. Cheung Wai Yin, Wilson	Beneficial owner	5,578	—	5,578	0.001
Ms. Tsang Kwai Ping	Beneficial owner	900,000	—	900,000	0.19
Ms. Ng Ka Sim, Casina	Beneficial owner	—	113,513	113,513	0.02
Mr. Wong Wing Kit	Beneficial owner	—	113,513	113,513	0.02
Ms. Yeung Mo Sheung, Ann	Beneficial owner	—	113,513	113,513	0.02

Notes:

- The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.
- The percentage has been calculated based on 485,062,283 Shares in issue as at 31 March 2022.

Save as disclosed above and so far as is known to the Directors, at 31 March 2021, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests in Securities of the Company" and "Share Option Scheme" above, at no time during the period for the three months ended 31 March 2022 was the Company or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2022, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO:

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

Name of Shareholder	Nature of interest/ Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate
					percentage of the total issued share capital of the Company (Note 2) (%)
Team Sunny (Note 1)	Beneficial owner	<u>136,755,500</u>	<u>105,192,673</u>	<u>241,948,173</u>	<u>49.88</u>

Notes:

- The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.

2. The percentage has been calculated based on 485,062,283 Shares in issue as at 31 March 2022.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 31 March 2022, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

For the three months ended 31 March 2022, save as disclosed above, no other Directors or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period for the three months ended 31 March 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the period ended 31 March 2022, to the best knowledge of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code in Appendix 15 of the GEM Listing Rules (the “**CG Code**”) except for the deviation from code provision C.2.1 which is explained below.

Mr. Wong Hin Shek currently assumes the roles of both 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 considered that the powers and authorities have not been concentrated due to no separation of the positions of the Chairman and the Chief Executive Officer as all major decisions of the Company have been made in consultation with the Board and appropriate Board committees, as well as senior management. In addition, there are three independent non-executive Directors offering their experience, expertise, independent advice and views from different perspectives. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place. The Board will regularly review the effectiveness of the structure of the Board to ensure that it is appropriate to the Group’s circumstances.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the “**Audit Committee**”) with specific written terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The main duties of the Audit Committee are to (i) review the quarterly, half-yearly and annual results of the Group; (ii) review the risk management and internal control systems, the effectiveness of the internal audit function of the Group; and (iii) ensure 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.

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

The Audit Committee has reviewed with the senior management of the Company the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2022 and this announcement, and was of the opinion that such results and this announcement had complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made.

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

Hong Kong, 12 May 2022

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

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

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