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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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

The board (the “**Board**”) of Directors is pleased to announce that the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and the nine months ended 30 September 2022, together with the comparative unaudited figures for the corresponding periods in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Continuing operations					
Revenue	2	6,568	5,636	15,540	15,415
Other income and gains/(losses)	4	50	276	698	2,287
Operating and administrative expenses		(8,714)	(8,311)	(23,833)	(23,901)
Reversal of impairment loss on trade receivables		—	—	300	61
Impairment loss on loans receivable	19	—	—	(236)	(352)
Reversal of impairment loss on finance lease receivables		—	—	—	950
Loss on deregistration of a subsidiary	6	—	—	—	(16)
Loss on deconsolidation of subsidiaries	7	—	(4,052)	—	(4,052)
Share of loss of an associate		(3)	—	(3)	—
Finance costs	8	(3,499)	(2,988)	(10,193)	(8,647)
Loss before income tax	9	(5,598)	(9,439)	(17,727)	(18,255)
Income tax	10	(683)	(539)	(1,289)	(970)
Loss after income tax from continuing operations		(6,281)	(9,978)	(19,016)	(19,225)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	3	2,796	(310)	2,280	(518)
Loss for the period		(3,485)	(10,288)	(16,736)	(19,743)

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

For the three and nine months ended 30 September 2022

	Three months ended		Nine months ended	
	30 September	2021	30 September	2021
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(3,485)	(10,288)	(16,736)	(19,743)
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operation	—	(9)	—	(89)
Release of exchange reserve upon deconsolidation of subsidiaries	—	14,004	—	14,004
Total comprehensive income for the period	(3,485)	3,707	(16,736)	(5,828)
Loss for the period attributable to:				
Owners of the Company	(3,485)	(10,288)	(16,736)	(20,078)
Non-controlling interests	—	—	—	335
	(3,485)	(10,288)	(16,736)	(19,743)
Total comprehensive income attributable to:				
Owners of the Company	(3,485)	3,702	(16,736)	(6,254)
Non-controlling interests	—	5	—	426
	(3,485)	3,707	(16,736)	(5,828)
	HK\$	HK\$	HK\$	HK\$
Loss per share attributable to owners of the Company:				
12 From continuing and discontinued operations				
Basic and diluted	(0.006)	(0.025)	(0.033)	(0.087)
From continuing operations				
Basic and diluted	(0.011)	(0.024)	(0.037)	(0.085)
From discontinued operations				
Basic and diluted	0.005	(0.001)	0.004	(0.002)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	2,202	3,055
Statutory deposit		510	510
Goodwill	14	5,740	5,470
Intangible assets	15	16,729	3,394
Right-of-use assets	16	7,457	10,142
Interest in an associate		143	—
Financial assets at fair value through other comprehensive income	17	4,915	2,185
Financial assets at fair value through profit or loss		443	390
Rental deposits		<u>1,358</u>	<u>1,358</u>
Total non-current assets		<u>39,497</u>	<u>26,504</u>
Current assets			
Inventories		418	279
Trade receivables	18	3,462	8,160
Contract assets		568	—
Prepayments, deposits and other receivables		516	764
Loans receivable	19	4,244	5,142
Financial assets at fair value through profit or loss		—	298
Bank balances — trust accounts	20	11,102	11,383
Bank balances and cash — general accounts	20	<u>29,279</u>	<u>36,360</u>
Total current assets		<u>49,589</u>	<u>62,386</u>
Current liabilities			
Trade payables	21	11,364	16,474
Contract liabilities		19	—
Other payables and accruals		1,539	3,561
Lease liabilities	22	3,446	3,314
Convertible bonds	23	94,552	—
Tax payables		<u>89</u>	<u>94</u>
Total current liabilities		<u>111,009</u>	<u>23,443</u>
Net current (liabilities)/assets		<u>(61,420)</u>	<u>38,943</u>
Total assets less current liabilities		<u>(21,923)</u>	<u>65,447</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities	22	3,969	6,825
Convertible bonds	23	—	85,557
Deferred tax liabilities		415	560
		<u>4,384</u>	<u>92,942</u>
Total non-current liabilities		<u>4,384</u>	<u>92,942</u>
Net liabilities		<u>(26,307)</u>	<u>(27,495)</u>
EQUITY			
Share capital	24	56,673	48,506
Reserves		<u>(82,980)</u>	<u>(76,001)</u>
Equity attributable to owners of the Company		(26,307)	(27,495)
Non-controlling interests		<u>—</u>	<u>—</u>
Total deficiency		<u>(26,307)</u>	<u>(27,495)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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			Capital reduction reserve* (Unaudited) <i>HKS'000</i>	Fair value through other comprehensive		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>
				convertible bonds*	Share option reserve*	Exchange fluctuation reserve*		income reserve*						
				(Unaudited) <i>HKS'000</i>	(Unaudited) <i>HKS'000</i>	(Unaudited) <i>HKS'000</i>		(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														
(Loss)/profit for the period	—	—	—	—	—	—	—	—	—	(20,078)	(20,078)	335	(19,743)	
Other comprehensive income														
Exchange difference arising on translation of foreign operation	—	—	—	—	—	—	(180)	—	—	—	(180)	91	(89)	
Release of exchange reserve to profit or loss upon deconsolidation of subsidiaries	—	—	—	—	—	—	14,004	—	—	—	14,004	—	14,004	
Total comprehensive income	—	—	—	—	—	—	13,824	—	—	(20,078)	(6,254)	426	(5,828)	
Issuance of shares (Note 24)	34,631	17,316	—	—	—	—	—	—	—	—	51,947	—	51,947	
Transaction cost for rights issue (Note 24)	—	(772)	—	—	—	—	—	—	—	—	(772)	—	(772)	
Recognition of equity-settled share-based payment	—	—	—	—	997	—	—	—	—	—	997	—	997	
Proceeds from exercise of share options	620	310	—	—	—	—	—	—	—	—	930	—	930	
Exercise of share options	—	468	—	—	(468)	—	—	—	—	—	—	—	—	
Deconsolidation of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(8,508)	(8,508)	
As at 30 September 2021	<u>48,483</u>	<u>1,114,206</u>	<u>66,710</u>	<u>51,928</u>	<u>25,533</u>	<u>163,191</u>	<u>—</u>	<u>730</u>	<u>(6,548)</u>	<u>(1,480,168)</u>	<u>(15,935)</u>	<u>—</u>	<u>(15,935)</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	—	—	—	—	—	—	—	—	—	(16,736)	(16,736)	—	(16,736)	
Issuance of consideration shares (Note 24)	6,667	8,466	—	—	—	—	—	—	—	—	15,133	—	15,133	
Issuance of shares (Note 24)	1,500	1,650	—	—	—	—	—	—	—	—	3,150	—	3,150	
Lapsed of share options	—	—	—	—	(25,042)	—	—	—	—	25,042	—	—	—	
Release of contributed surplus upon disposal of subsidiaries	—	—	(48,507)	—	—	—	—	—	—	48,507	—	—	—	
Redemption of convertible bonds	—	—	—	(402)	—	—	—	—	—	43	(359)	—	(359)	
As at 30 September 2022	<u>56,673</u>	<u>1,124,344</u>	<u>18,203</u>	<u>51,526</u>	<u>476</u>	<u>163,191</u>	<u>—</u>	<u>185</u>	<u>(6,548)</u>	<u>(1,434,357)</u>	<u>(26,307)</u>	<u>—</u>	<u>(26,307)</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 nine months ended 30 September 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 any material financial effect on this quarterly results.

2. REVENUE AND SEGMENT REPORTING

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Continuing operations				
Financial services business	4,553	4,029	10,880	11,043
Corporate consulting business	1,190	1,607	3,835	4,372
Digital platform business	825	—	825	—
	6,568	5,636	15,540	15,415

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.

During the period, the Group has completed the disposal of the trading business. In accordance with HKFRS 5, the segment of trading business for the nine months ended 30 September 2022 and 2021 were presented as discontinued operations in the Group's condensed consolidated financial statements. Further details regarding the results of the discontinued operations is set out in note 3 to the condensed consolidated financial statements.

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

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

2. REVENUE AND SEGMENT REPORTING (Continued)

2.2 Segment reporting (Continued)

(b) Segment revenue and results

For the nine months ended 30 September 2022

	Financial services business (Unaudited) <i>HK\$'000</i>	Corporate consulting business (Unaudited) <i>HK\$'000</i>	Digital platform business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue	<u>10,880</u>	<u>3,835</u>	<u>825</u>	<u>15,540</u>
Segment profit/(loss)	<u>5,219</u>	<u>1,582</u>	<u>(1,133)</u>	5,668
Finance costs				(10,122)
Unallocated corporate expenses				<u>(13,273)</u>
Loss before income tax from continuing operations				<u>(17,727)</u>

For the nine months ended 30 September 2021

	Financial services business (Unaudited) <i>HK\$'000</i>	Corporate consulting business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue	<u>11,043</u>	<u>4,372</u>	<u>15,415</u>
Segment profit	<u>6,718</u>	<u>211</u>	6,929
Finance costs			(8,622)
Reversal of impairment loss on finance lease receivables			950
Loss on deconsolidation of subsidiaries			(4,052)
Unallocated corporate expenses			<u>(13,460)</u>
Loss before income tax from continuing operations			<u>(18,255)</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:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Segment assets		
Continuing operations		
Financial services business	43,205	48,926
Corporate consulting business	11,104	9,428
Digital platform business	16,905	—
Discontinued operations		
Trading business	—	534
Total segment assets	71,214	58,888
Unallocated bank balances and cash	3,470	14,927
Unallocated corporate assets	14,402	15,075
Consolidated total assets	89,086	88,890
Segment liabilities		
Continuing operations		
Financial services business	13,749	18,167
Corporate consulting business	347	240
Digital platform business	104	—
Discontinued operations		
Trading business	—	3,561
Total segment liabilities	14,200	21,968
Convertible bonds	94,552	85,557
Unallocated corporate liabilities	6,641	8,860
Consolidated total liabilities	115,393	116,385

2. REVENUE AND SEGMENT REPORTING *(Continued)*

2.2 Segment reporting *(Continued)*

(d) Geographical information

For the nine months ended 30 September 2022 and 2021, the Group's revenue from external customers (including continuing and discontinued operations) is derived solely from its operations in Hong Kong (place of domicile), where all of the Group's non-current assets are located in Hong Kong. The geographical location of external customers is based on the location at which the goods are delivered and services rendered.

(e) Major customers

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

	Nine months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A — financial services business	5,363	2,300
	5,363	2,300

3. DISCONTINUED OPERATIONS

During the nine months ended 30 September 2022, the Group has completed the disposal of the trading business to an independent third party.

Trading business represented the separate line of major business and is classified as discontinued operations for the nine months ended 30 September 2022. For the purpose of presenting discontinued operations, the comparative condensed consolidated statement of comprehensive income and the related notes have been represented.

3. DISCONTINUED OPERATIONS *(Continued)*

The results of the trading business for the nine months ended 30 September 2022 and 2021 are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	—	3,358	2,534	5,639
Cost of sales	—	(3,153)	(2,147)	(5,149)
Other income and gains/(losses)	54	19	133	150
Operating and administrative expenses	(69)	(521)	(1,051)	(1,055)
Finance costs	—	(13)	—	(103)
	<u>—</u>	<u>(13)</u>	<u>—</u>	<u>(103)</u>
Loss before income tax	(15)	(310)	(531)	(518)
Income tax	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss after income tax from discontinued operations	(15)	(310)	(531)	(518)
Gain on disposal of subsidiaries <i>(Note 5)</i>	2,811	—	2,811	—
	<u>2,811</u>	<u>—</u>	<u>2,811</u>	<u>—</u>
Profit/(loss) for the period from discontinued operations	2,796	(310)	2,280	(518)
	<u>2,796</u>	<u>(310)</u>	<u>2,280</u>	<u>(518)</u>

4. OTHER INCOME AND GAINS/(LOSSES)

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest income on bank deposit	4	1	8	4
Other operating income	—	742	206	1,921
Change in fair value of financial assets at fair value through profit or loss	(391)	(524)	(429)	(432)
Government grants (<i>Note a</i>)	181	—	621	—
Gain on disposal of a subsidiary (<i>Note b</i>)	—	—	—	1
Gain on redemption of convertible bonds (<i>Note 23</i>)	238	—	238	—
Waiver of other payables	—	19	—	622
Sundry income	18	38	54	171
	<u>50</u>	<u>276</u>	<u>698</u>	<u>2,287</u>

Notes:

- 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 nine months ended 30 September 2022. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
- 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 and other comprehensive income for the nine months ended 30 September 2021.

5. GAIN ON DISPOSAL OF SUBSIDIARIES

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 End User Investments Limited, a wholly-owned subsidiary, at a consideration of HK\$1. The disposal was completed on the same day. Gain on disposal of subsidiaries amounted to HK\$2,811,000 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2022.

6. LOSS ON DEREGISTRATION OF A SUBSIDIARY

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 and other comprehensive income for the nine months ended 30 September 2021.

7. LOSS ON DECONSOLIDATION OF SUBSIDIARIES

On 10 September 2021, End User Investments Limited (being a wholly-owned subsidiary of the Company), in its capacity as the sole shareholder of Blossom Height Ventures Limited (“**Blossom Height**”) resolved to wind up Blossom Height by way of member’s voluntary winding-up. Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Mr. Nathan Mills of R&H Restructuring (BVI) Limited were appointed as the joint voluntary liquidators of Blossom Height on 29 September 2021.

Following the commencement of the voluntary winding-up under the Hong Kong Companies Ordinance, the Group lost control over Blossom Height because the joint voluntary liquidators have taken over control of the operations of Blossom Height under the statutory power. Blossom Height was then ceased to be a subsidiary of the Company with effect from 29 September 2021.

Loss on deconsolidation of subsidiaries amounted to HK\$4,052,000 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2021.

8. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Imputed interest on convertible bonds (<i>Note</i>)	3,403	2,980	9,874	8,597
Interest on lease liabilities	96	8	319	50
	<u>3,499</u>	<u>2,988</u>	<u>10,193</u>	<u>8,647</u>

Note: It represented the imputed interest on the liability component of the convertible bonds for both periods.

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Depreciation expenses in respect of:				
Right-of-use assets	895	1,086	2,685	3,259
Property, plant and equipment	292	352	879	780
Amortisation of intangible assets	422	57	536	171
Staff costs (including Directors' emoluments)	3,502	3,968	12,329	12,829

10. INCOME TAX

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 nine months ended 30 September 2021.

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Hong Kong profits tax:				
— current	692	548	1,317	998
Deferred tax	(9)	(9)	(28)	(28)
	683	539	1,289	970

11. DIVIDEND

No quarterly dividend has been paid or declared by the Company during the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

12. 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		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to owners of the Company for the purpose of calculating basis and diluted loss per share:				
Continuing operations	(6,281)	(9,978)	(19,016)	(19,560)
Discontinued operations	2,796	(310)	2,280	(518)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total loss attributable to owners of the Company from continuing and discontinued operations	<u>(3,485)</u>	<u>(10,288)</u>	<u>(16,736)</u>	<u>(20,078)</u>
	Number of shares			
	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>563,577</u>	<u>407,264</u>	<u>511,521</u>	<u>231,666</u>

The calculation of basic and diluted loss per share for the nine months ended 30 September 2022 is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of 511,521,000 (nine months ended 30 September 2021: 231,666,000) ordinary shares in issue.

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

13. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2022, the Group had additions of computer and office equipment of approximately HK\$26,000 and no 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).

14. GOODWILL

HK\$'000

COST:

At 1 January 2021 (audited), 31 December 2021 (audited) and 1 January 2022 (audited)	11,273
Acquisition of a subsidiary (<i>Note 25</i>)	270
	<hr/>
At 30 September 2022 (unaudited)	11,543
	<hr/>

ACCUMULATED IMPAIRMENT LOSSES:

At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 September 2022 (unaudited)	5,803
	<hr/>

NET CARRYING AMOUNT:

At 30 September 2022 (unaudited)	5,740
	<hr/> <hr/>
At 31 December 2021 (audited)	5,470
	<hr/> <hr/>

15. INTANGIBLE ASSETS

	Trading Right HK\$'000	Customer Relationship HK\$'000	Blockchain Technology HK\$'000	Total HK\$'000
COST:				
At 1 January 2021 (audited), 31 December 2021 (audited) and 1 January 2022 (audited)	5,705	1,140	—	6,845
Acquisition of a subsidiary (<i>Note 25</i>)	—	—	13,871	13,871
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022 (unaudited)	5,705	1,140	13,871	20,716
	<hr/>	<hr/>	<hr/>	<hr/>
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:				
At 1 January 2021 (audited)	2,805	418	—	3,223
Amortisation for the year	—	228	—	228
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021 (audited) and 1 January 2022 (audited)	2,805	646	—	3,451
Amortisation for the period	—	171	365	536
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022 (unaudited)	2,805	817	365	3,987
	<hr/>	<hr/>	<hr/>	<hr/>
NET CARRYING AMOUNT:				
At 30 September 2022 (unaudited)	2,900	323	13,506	16,729
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2021 (audited)	2,900	494	—	3,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. INTANGIBLE ASSETS (Continued)

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

No impairment loss was recognised during the nine months ended 30 September 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.

Blockchain technology of HK\$13,871,000 represented the intangible assets arose from the acquisition of digital platform 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 blockchain technology has finite useful lives and is amortised on a straight-line basis over 9.5 years.

16. RIGHT-OF-USE ASSETS

	<i>HK\$'000</i>
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 30 September 2022 (unaudited)	10,498
	<hr/>
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	2,685
	<hr/>
At 30 September 2022 (unaudited)	3,041
	<hr/>
NET CARRYING AMOUNT:	
At 30 September 2022 (unaudited)	7,457
	<hr/> <hr/>
At 31 December 2021 (audited)	10,142
	<hr/> <hr/>

16. RIGHT-OF-USE ASSETS *(Continued)*

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 accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

17. 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 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2022.

18. TRADE RECEIVABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	7,266	16,642
Less: Provision for impairment losses	<u>(3,804)</u>	<u>(8,482)</u>
	<u>3,462</u>	<u>8,160</u>

18. TRADE RECEIVABLES (Continued)

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

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 30 days	3,007	6,431
31 to 60 days	156	325
61 to 120 days	110	539
Over 120 days	189	865
	<u>3,462</u>	<u>8,160</u>

As at 30 September 2022, the balance of HK\$1,541,000 (31 December 2021: HK\$4,552,000) represented the trade receivables arising from securities brokerage services.

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

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Not impaired	<u>3,462</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.

19. LOANS RECEIVABLE

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Gross loan and interest receivables	4,752	5,414
Less: Provision for impairment losses	<u>(508)</u>	<u>(272)</u>
	<u>4,244</u>	<u>5,142</u>

19. LOANS RECEIVABLE (Continued)

As at 30 September 2022, loans receivable with gross principal amount of HK\$4,720,000 (31 December 2021: HK\$5,400,000) in aggregate and related gross interest receivables of HK\$32,000 (31 December 2021: HK\$14,000) were due from three (31 December 2021: three) independent third parties. These loans are interest-bearing at rates ranging from 8% to 12% (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 30 September 2022 and 31 December 2021.

As at 30 September 2022 and 31 December 2021, the Group has no collateral over loans receivable. Impairment loss of HK\$236,000 (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 nine months ended 30 September 2022.

The movements in the expected credit loss for loans receivable for the nine months ended 30 September 2022 and year ended 31 December 2021 are as follows:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At beginning of the period/year	272	240
Expected credit loss for the period/year	<u>236</u>	<u>32</u>
At end of the period/year	<u><u>508</u></u>	<u><u>272</u></u>

Reconciliation of gross carrying amount for loans receivable for the nine months ended 30 September 2022 and year ended 31 December 2021 are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	11,272	—	11,272
New loans originated	5,087	4,407	9,494
Repayment	<u>(15,352)</u>	<u>—</u>	<u>(15,352)</u>
At 31 December 2021 (audited) and 1 January 2022 (audited)	<u>1,007</u>	<u>4,407</u>	<u>5,414</u>
New loans originated	5,084	765	5,849
Repayment	(5,084)	(1,427)	(6,511)
Transfer	<u>(1,007)</u>	<u>1,007</u>	<u>—</u>
At 30 September 2022 (unaudited)	<u><u>—</u></u>	<u><u>4,752</u></u>	<u><u>4,752</u></u>

19. LOANS RECEIVABLE (Continued)

The movements in the expected credit loss in respect of loans receivable for the nine months ended 30 September 2022 and year ended 31 December 2021 are as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021 (audited)	240	—	240
(Reversal of expected credit loss)/expected credit loss for the year	<u>(211)</u>	<u>243</u>	<u>32</u>
At 31 December 2021 (audited) and 1 January 2022 (audited)	29	243	272
Expected credit loss for the period	—	236	236
Transfer	<u>(29)</u>	<u>29</u>	<u>—</u>
At 30 September 2022 (unaudited)	<u>—</u>	<u>508</u>	<u>508</u>

20. BANK BALANCES AND CASH

	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Bank balances — trust accounts (Note)	11,102	11,383
Bank balances and cash — general accounts	<u>29,279</u>	<u>36,360</u>
	<u>40,381</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 30 September 2022, the Group's bank balances and cash — general accounts amounted to approximately HK\$29,279,000 (31 December 2021: approximately HK\$36,360,000), approximately HK\$80,000 was denominated in Renminbi, approximately HK\$29,199,000 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).

21. 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 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Within 30 days	11,364	15,118
31 to 60 days	—	—
61 to 120 days	—	—
Over 120 days	—	1,356
	<u>11,364</u>	<u>16,474</u>

As at 30 September 2022, the balance of HK\$11,178,000 (31 December 2021: HK\$14,992,000) represented the trade payables arising from securities brokerage services.

22. LEASE LIABILITIES

	As at 30 September 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	4,057	7,099
	<u>7,775</u>	<u>10,818</u>
Less: Future finance charges	<u>(360)</u>	<u>(679)</u>
Present value of lease liabilities	<u>7,415</u>	<u>10,139</u>

	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
Within one year	3,446	3,314
In second to fifth years, inclusive	3,969	6,825
	<u>7,415</u>	<u>10,139</u>

23. CONVERTIBLE BONDS

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

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At beginning of the period/year	85,557	73,872
Interest charged	9,874	11,685
Redemption of convertible bonds	<u>(879)</u>	<u>—</u>
At the end of the period/year	<u>94,552</u>	<u>85,557</u>

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.

On 6 July 2022, the Company made a partial redemption in the principal amount of HK\$1,000,000 on part of the Team Sunny CB. Gain on redemption of convertible bonds of approximately HK\$238,000 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2022.

24. SHARE CAPITAL

	<i>Notes</i>	Number of shares in '000	Amount HK\$'000
Authorised:			
At 1 January 2021 (audited)			
Ordinary shares of HK\$0.01 each		20,000,000	200,000
Share consolidation	4	(18,000,000)	—
At 31 December 2021 (audited), 1 January 2022 (audited) and 30 September 2022 (unaudited)			
Ordinary shares of HK\$0.1 each		2,000,000	200,000
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	3	62,227	643
Share consolidation	4	(1,246,719)	—
Issuance of shares upon rights issue	5	346,311	34,631
At 31 December 2021 (audited) and 1 January 2022 (audited)			
Ordinary shares of HK\$0.1 each		485,062	48,506
Issuance of consideration shares	1	66,667	6,667
Issuance of shares upon placing	2	15,000	1,500
At 30 September 2022 (unaudited)			
Ordinary shares of HK\$0.1 each		566,729	56,673

Notes:

- On 4 July 2022, the Company allotted and issued 66,666,663 Shares in respect of the acquisition of NOIZChain Limited (“NOIZ”) 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.
- During the year ended 31 December 2021, share options to subscribe for 62,227,027 ordinary Shares were exercised. The net consideration was HK\$960,000 of which HK\$643,000 was credited to share capital account and the balance of HK\$317,000 was credited to the share premium account. An amount of HK\$483,000 was transferred from share option reserve account to share premium account upon the exercise of the share options.

24. SHARE CAPITAL (Continued)

Notes: (Continued)

- Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 15 June 2021, every ten issued and unissued Shares of HK\$0.01 each were consolidated into one consolidated share of the Company of HK\$0.1 each with effective on 17 June 2021.
- 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. Gross 2021 Rights Issue proceeds of approximately HK\$51,947,000 of which approximately HK\$34,631,000 was credited against share capital and the remaining proceeds of approximately HK\$17,316,000 was after offsetting the share issuance costs of approximately HK\$772,000 were credited against the share premium account.

25. ACQUISITION OF A SUBSIDIARY

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

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

	Fair value HK\$'000 (Unaudited)
Property, plant and equipment	3
Intangible assets (<i>Note 15</i>)	13,871
Interest in an associate	146
Inventories	418
Trade receivables	360
Other receivables	1
Bank balances and cash	92
Deferred tax assets	117
Trade payables	(109)
Other payables and accruals	(89)
	<hr/>
Fair value of net assets acquired	14,810
	<hr/> <hr/>

	HK\$'000 (Unaudited)
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>(14,810)</u>
Goodwill (Note 14)	<u><u>270</u></u>
Cash consideration paid	—
Bank balances and cash in a subsidiary acquired	<u>92</u>
Net cash inflow from acquisition of a subsidiary	<u><u>92</u></u>

26. 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 30 September		Nine months ended 30 September	
			2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Mr. Wong Hin Shek	Director	Commission income from dealing in securities	<u>21</u>	<u>1</u>	<u>96</u>	<u>67</u>
			<u><u>21</u></u>	<u><u>1</u></u>	<u><u>96</u></u>	<u><u>67</u></u>
Related companies	Common director	Corporate consulting service income	158	371	398	681
		Commission income from dealing in securities	<u>—</u>	<u>—</u>	<u>—</u>	<u>9</u>
			<u><u>158</u></u>	<u><u>371</u></u>	<u><u>398</u></u>	<u><u>690</u></u>

Total compensation paid to key management personnel during the nine months ended 30 September 2022 amounted to HK\$2,367,000 (nine months ended 30 September 2021: HK\$2,327,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

During the nine months ended 30 September 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) digital platform business including Blockchain-as-a-Service that provides tailor made services and advice to businesses allowing them to use cloud-based solutions to manage and develop their applications and smart contracts without needing to develop and maintain their own blockchain environments. 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 nine months ended 30 September 2022, the Group's continuing operations recorded revenue of approximately HK\$15.5 million (nine months ended 30 September 2021: approximately HK\$15.4 million). Loss for the period attributable to owners of the Company was approximately HK\$16.7 million (nine months ended 30 September 2021: approximately HK\$20.1 million). Basic and diluted loss per share for continuing operations was approximately HK\$0.037 (nine months ended 30 September 2021: approximately HK\$0.085). The decrease in net loss was mainly attributable to the net off effect of (i) the absence of loss on deconsolidation of subsidiaries of approximately HK\$4.1 million; and (ii) the increase in imputed interest on convertible bonds of approximately HK\$1.3 million.

Financial services business

The revenue for the nine months ended 30 September 2022 of the financial services business was approximately HK\$10.9 million (nine months ended 30 September 2021: approximately HK\$11.0 million) and a segment profit of approximately HK\$5.2 million (nine months ended 30 September 2021: approximately HK\$6.7 million). The decrease in segment profit was mainly due to reduction in the involvement in share placement activities caused by adverse market condition.

During the nine months ended 30 September 2022, the corporate finance advisory services and asset management services generated revenue of approximately HK\$4.4 million and HK\$5.4 million respectively (nine months ended 30 September 2021: approximately HK\$6.3 million and HK\$2.8 million respectively), represented approximately 28.4% and 34.8% of the total revenue of the Group respectively. Both businesses of corporate finance advisory services and asset 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 30 September 2022, the Group had loans receivable with gross principal amount of approximately HK\$4.7 million (31 December 2021: approximately HK\$5.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.5 million for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$1.1 million).

During the nine months ended 30 September 2022, the Group granted 2 loans to individuals, both of them are independent third parties to the Group. As at 30 September 2022, 4 loans with three borrowers were outstanding, with terms ranging from 8 months to 20 months, interest rate ranging from 8% to 12% per annum. The loans receivable are with no collateral. As at 30 September 2022, the principal amount outstanding from the three largest borrowers of the Group together amounted to approximately HK\$4.7 million (representing 100.0% to the total loans receivable of the Group) while the principal amount outstanding from the largest borrower amounted to approximately HK\$2.0 million (representing approximately 42.6% to the total loans receivable of the Group).

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

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

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

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

Corporate consulting business

The performance of corporate consulting business remained stable that it recorded a revenue of approximately HK\$3.8 million (nine months ended 30 September 2021: approximately HK\$4.4 million) and recorded a segment profit of approximately HK\$1.6 million (nine months ended 30 September 2021: approximately HK\$0.2 million) during the nine months ended 30 September 2022.

Digital platform business

Upon the completion of the acquisition of NOIZ on 4 July 2022, the Group has diversified its business into digital platform including Blockchain-as-a-Service that provide 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 revenue and the segment loss for the nine months ended 30 September 2022 was approximately HK\$0.8 million and HK\$1.1 million respectively.

Financial assets at fair value through profit or loss

As at 30 September 2022, the Group managed a portfolio of listed securities with fair value of nil (31 December 2021: approximately HK\$0.3 million). 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 30 September 2022 and 31 December 2021 and (losses)/gains for the nine months ended 30 September 2022 and 2021 are as below:

Losses for the nine months ended 30 September 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	<u>(131)</u>	<u>—</u>	<u>—</u>

Losses for the nine months ended 30 September 2021

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	—	(432)	—

Financial assets at fair value through profit or loss as at 30 September 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	— <i>(Note)</i>	—

Note: The trading in shares of Evergrande Property Services Group Limited on the Stock Exchange has been suspended with effect on 21 March 2022.

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

Upon the completion of acquisition of the entire issued share capital of NOIZ on 4 July 2022, the Group could capture the potential growth of the booming of Fin-tech to create synergy effect with the Group's existing business, including but not limited to the securities brokerage services, corporate finance advisory services, asset management services and money lending services.

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 continue to explore the involvement in share placement activities to enhance its revenue stream.

Corporate consulting business

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

CONVERTIBLE BONDS

2008 Convertible Bonds

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

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

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

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

As at 30 September 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.

On 6 July 2022, the Company made a partial redemption in the principal amount of HK\$1,000,000 on part of the Team Sunny CB.

As at 30 September 2022, the Company had Team Sunny CB with principal amount of HK\$38.8 million conferring rights to convert into a total of 42,974,142 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 nine months ended 30 September 2022 (nine months ended 30 September 2021: nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 September 2022, the Group recorded cash and bank balances (included trust accounts) amounting to approximately HK\$40.4 million (31 December 2021: approximately HK\$47.7 million) and the net current liabilities value was approximately HK\$61.4 million (31 December 2021: net current assets of approximately HK\$38.9 million).

The Group's gearing ratio as at 30 September 2022 was approximately 1.06 (31 December 2021: approximately 0.96), being a ratio of total interest-bearing debts, included convertible bonds of approximately HK\$94.6 million (31 December 2021: approximately HK\$85.6 million) to the total assets of approximately HK\$89.1 million (31 December 2021: approximately HK\$88.9 million).

USE OF PROCEEDS FROM SHARE SUBSCRIPTION

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

The intended and actual use of the net proceeds from the share subscription is stated as below:

Amount HK\$ million	Intended use	Actual use
3.0	General working capital of NOIZ	Approximately HK\$1.6 million has not been utilised and is expected to be used as intended within 6 months

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 30 September 2022, the Group had no pledged assets (31 December 2021: Nil).

CAPITAL STRUCTURE

On 4 July 2022, the Company allotted and issued 66,666,663 Shares in respect of the acquisition of NOIZ pursuant to the sale and purchase agreement dated 13 June 2022.

On 7 July 2022, the Company allotted and issued 15,000,000 Shares pursuant to the subscription agreement dated 17 June 2022.

Save as disclosed, the Company had no changes in capital structure during the nine months ended 30 September 2022.

INVESTMENT POSITION AND PLANNING

Investment in SPAC projects

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.

Acquisition of 100% interest of NOIZ

On 4 July 2022, the Group completed the acquisition of the entire issued share capital of NOIZ, a business of digital platform, at a consideration 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.

Details were set out in the Company's announcements dated 13 June 2022 and 4 July 2022.

Disposal of Trading Business

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. The disposal was completed on 23 September 2022.

Details were set out in the Company's announcement dated 23 September 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed 30 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 bonuses. A share option scheme is also established to reward and motivate the employees of the Group.

CONNECTED TRANSACTIONS

Saved as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules for nine months ended 30 September 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 nine months ended 30 September 2022, a total of 571,636 share options of the Company (the “Share Option”) were lapsed. Save and except for the aforesaid, no Share Option was granted, exercised, cancelled, expired or lapsed during the period. The total number of shares available for issue by the Company under the Share Option Scheme was 48,506,228 shares, which represents approximately 10% of the Company’s issued shares as at 30 September 2022.

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					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	Outstanding as at 30 September 2022				
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 (Note 4)	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>(571,636)</u>	<u>7,187,671</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.
4. Included in the class of other eligible participants, 4,069 Share Options were granted to 4 former Directors and lapsed on 29 May 2022 and 4,009,296 Share Options were granted to 9 consultants.

The Share Options granted to former Directors were reallocated from the categories of “Executive Directors” and “Independent non-executive Directors” after their cessation to be Directors of the Group. Pursuant to the Old Share Option Scheme, their Share Options are valid till the expiry date of the exercise period, 29 May 2022. 4,069 Share Options were subsequently lapsed on 29 May 2022.

The consultants possess extensive experience in, including but not limited to, private and public equity investments, crypto and blockchain technology development and accounting and financial management respectively. The grant of Share Options to the consultants is to provide them an incentive to (i) optimize their performance for the benefit of the Group; (ii) share of their respective relevant experience, knowledge and network to improve of the business operating system of the Group; and (iii) introduce or refer viable business opportunities to the Group, in order to achieve a long term growth for the Group.

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

As at 30 September 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	42.69
Mr. Cheung Wai Yin, Wilson	Beneficial owner	5,578	—	5,578	0.001
Ms. Tsang Kwai Ping	Beneficial owner	900,000	—	900,000	0.16
Ms. Ng Ka Sim, Casina	Beneficial owner	—	113,513	113,513	0.02
Mr. Wong Wing Kit	Beneficial owner	—	113,513	113,513	0.02
Ms. Yeung Mo Sheung, Ann	Beneficial owner	—	113,513	113,513	0.02

Notes:

1. The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.
2. The percentage has been calculated based on 566,728,946 Shares in issue as at 30 September 2022.

Save as disclosed above and so far as is known to the Directors, at 30 September 2022, 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 nine months ended 30 September 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 30 September 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>42.69</u>

Notes:

1. The interest is held by Team Sunny, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek. Mr. Wong is also the sole director of Team Sunny.
2. The percentage has been calculated based on 566,728,946 Shares in issue as at 30 September 2022.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the nine months ended 30 September 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 the Corporate Governance Code contained 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 quarterly results of the Group for the nine months ended 30 September 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, 11 November 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 Stock Exchange's website at <http://www.hkexnews.hk> on the "Latest Listed Company Information" page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at <http://www.merdeka.com.hk>.

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