



MERDEKA FINANCIAL GROUP LIMITED

領智金融集團有限公司

STOCK CODE 股份代號: 8163

FINANCIAL  
SERVICES

BLOCKCHAIN  
SERVICES

INSURANCE  
TECHNOLOGY

CORPORATE  
CONSULTING

FINTECH

2022 中期報告  
INTERIM REPORT



## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “Board”) of Directors is pleased to announce that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the three months and the six months ended 30 June 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 six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>REVENUE</b>	2	<b>5,903</b>	5,464	<b>11,506</b>	12,060
Cost of sales		<b>(566)</b>	(444)	<b>(2,147)</b>	(1,996)
Gross profit		<b>5,337</b>	5,020	<b>9,359</b>	10,064
Other income and gains/ (losses)	3	<b>713</b>	536	<b>727</b>	2,142
Operating and administrative expenses		<b>(8,061)</b>	(7,773)	<b>(16,101)</b>	(16,125)
Reversal of impairment loss on trade receivables		<b>300</b>	—	<b>300</b>	61
Impairment loss on loans receivable	16	<b>(236)</b>	(352)	<b>(236)</b>	(352)
Reversal of impairment loss on finance lease receivables		—	950	—	950
Loss on deregistration of a subsidiary	4	—	—	—	(16)
Finance costs	5	<b>(3,406)</b>	(2,970)	<b>(6,694)</b>	(5,748)
<b>LOSS BEFORE INCOME TAX</b>	6	<b>(5,353)</b>	(4,589)	<b>(12,645)</b>	(9,024)
Income tax	7	<b>(469)</b>	(260)	<b>(606)</b>	(431)
<b>LOSS FOR THE PERIOD</b>		<b>(5,822)</b>	(4,849)	<b>(13,251)</b>	(9,455)
<b>Loss for the period attributable to:</b>					
Owners of the Company		<b>(5,822)</b>	(5,184)	<b>(13,251)</b>	(9,790)
Non-controlling interests		—	335	—	335
		<b>(5,822)</b>	(4,849)	<b>(13,251)</b>	(9,455)
		<b>HK\$</b>	HK\$ (Restated)	<b>HK\$</b>	HK\$ (Restated)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
Basic and diluted	9	<b>(0.01)</b>	(0.04)	<b>(0.03)</b>	(0.07)

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

For the three and six months ended 30 June 2022

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(5,822)</b>	(4,849)	<b>(13,251)</b>	(9,455)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operation	—	(109)	—	(80)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(5,822)</b>	(4,958)	<b>(13,251)</b>	(9,535)
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>(5,822)</b>	(5,413)	<b>(13,251)</b>	(9,956)
Non-controlling interests	—	455	—	421
	<b>(5,822)</b>	(4,958)	<b>(13,251)</b>	(9,535)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	2,468	3,055
Statutory deposit		510	510
Goodwill	11	5,470	5,470
Intangible assets	12	3,280	3,394
Right-of-use assets	13	8,352	10,142
Financial assets at fair value through other comprehensive income	14	4,915	2,185
Financial assets at fair value through profit or loss		390	390
Rental deposits		1,358	1,358
<b>Total non-current assets</b>		<b>26,743</b>	26,504
<b>Current assets</b>			
Inventories		361	279
Trade receivables	15	5,302	8,160
Contract assets		483	—
Prepayments, deposits and other receivables		625	764
Loans receivable	16	9,734	5,142
Financial assets at fair value through profit or loss		260	298
Tax recoverables		602	—
Bank balances — trust accounts	17	10,523	11,383
Bank balances and cash — general accounts	17	23,686	36,360
<b>Total current assets</b>		<b>51,576</b>	62,386
<b>Current liabilities</b>			
Lease liabilities	18	3,401	3,314
Trade payables	19	14,870	16,474
Contract liabilities		57	—
Other payables and accruals		3,237	3,561
Tax payables		—	94
<b>Total current liabilities</b>		<b>21,565</b>	23,443
<b>Net current assets</b>		<b>30,011</b>	38,943
<b>Total assets less current liabilities</b>		<b>56,754</b>	65,447

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Deferred tax liabilities		541	560
Convertible bonds	20	92,028	85,557
Lease liabilities	18	4,931	6,825
Total non-current liabilities		97,500	92,942
<b>Net liabilities</b>		<b>(40,746)</b>	(27,495)
<b>EQUITY</b>			
Share capital	21	48,506	48,506
Reserves		(89,252)	(76,001)
<b>Equity attributable to owners of the Company</b>		<b>(40,746)</b>	(27,495)
Non-controlling interests		—	—
<b>Total deficiency</b>		<b>(40,746)</b>	(27,495)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company												
	Issued capital (Unaudited) HK\$'000	Share premium* (Unaudited) HK\$'000	Contributed surplus* (Unaudited) HK\$'000	Equity component of convertible bonds* (Unaudited) HK\$'000	Share option reserve* (Unaudited) HK\$'000	Capital reduction reserve* (Unaudited) HK\$'000	Exchange fluctuation reserve* (Unaudited) HK\$'000	Fair value through other comprehensive income reserve* (Unaudited) HK\$'000	Other reserve* (Unaudited) HK\$'000	Accumulated losses* (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
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	—	—	—	—	—	—	—	—	—	(9,790)	(9,790)	335	(9,455)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange difference arising on translation of foreign operation	—	—	—	—	—	—	(166)	—	—	—	(166)	86	(80)
Total comprehensive income	—	—	—	—	—	—	(166)	—	—	(9,790)	(9,956)	421	(9,535)
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)	—	—	—	—	—	—	—	—
As at 30 June 2021	13,852	1,097,662	66,710	51,928	25,533	163,191	(13,990)	730	(6,548)	(1,469,880)	(70,812)	8,503	(62,309)
<b>As at 1 January 2022</b>	<b>48,506</b>	<b>1,114,228</b>	<b>66,710</b>	<b>51,928</b>	<b>25,518</b>	<b>163,191</b>	<b>—</b>	<b>185</b>	<b>(6,548)</b>	<b>(1,491,213)</b>	<b>(27,495)</b>	<b>—</b>	<b>(27,495)</b>
Loss and total comprehensive income	—	—	—	—	—	—	—	—	—	(13,251)	(13,251)	—	(13,251)
Lapsed of share options	—	—	—	—	(25,042)	—	—	—	—	25,042	—	—	—
<b>As at 30 June 2022</b>	<b>48,506</b>	<b>1,114,228</b>	<b>66,710</b>	<b>51,928</b>	<b>476</b>	<b>163,191</b>	<b>—</b>	<b>185</b>	<b>(6,548)</b>	<b>(1,479,422)</b>	<b>(40,746)</b>	<b>—</b>	<b>(40,746)</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities		<b>(7,918)</b>	954
Net cash used in investing activities		<b>(2,726)</b>	(746)
Net cash used in financing activities		<b>(2,030)</b>	(1,660)
Net decrease in cash and cash equivalents		<b>(12,674)</b>	(1,452)
Bank balances and cash — general accounts at the beginning of the period		<b>36,360</b>	27,610
Effect of foreign exchange rate changes, net		—	(80)
Bank balances and cash — general accounts at the end of the period		<b>23,686</b>	26,078
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash — general accounts	17	<b>23,686</b>	26,078



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The unaudited condensed consolidated interim 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 interim 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 interim results.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 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 and six months ended.

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Financial services business	3,801	3,465	6,327	7,014
Corporate consulting business	1,384	1,468	2,645	2,765
Trading business	718	531	2,534	2,281
	5,903	5,464	11,506	12,060

#### 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;

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

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

#### 2.2 Segment reporting (Continued)

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

- (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.

##### (b) Segment revenue and results

#### For the six months ended 30 June 2022

	Financial services business (Unaudited) HK\$'000	Corporate consulting business (Unaudited) HK\$'000	Trading business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue	6,327	2,645	2,534	11,506
Segment profit/(loss)	2,696	819	(516)	2,999
Finance costs				(6,645)
Unallocated corporate expenses				(8,999)
Loss before income tax				(12,645)

#### For the six months ended 30 June 2021

	Financial services business (Unaudited) HK\$'000	Corporate consulting business (Unaudited) HK\$'000	Trading business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue	7,014	2,765	2,281	12,060
Segment profit/(loss)	4,156	(79)	(208)	3,869
Finance costs				(5,638)
Reversal of impairment loss on finance lease receivables				950
Unallocated corporate expenses				(8,205)
Loss before income tax				(9,024)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 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 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Segment assets</b>		
Financial services business	42,240	48,926
Corporate consulting business	10,260	9,428
Trading business	479	534
Total segment assets	52,979	58,888
Unallocated bank balances and cash	8,941	14,927
Unallocated corporate assets	16,399	15,075
<b>Consolidated total assets</b>	<b>78,319</b>	<b>88,890</b>
<b>Segment liabilities</b>		
Financial services business	16,960	18,167
Corporate consulting business	245	240
Trading business	4,022	3,561
Total segment liabilities	21,227	21,968
Convertible bonds	92,028	85,557
Unallocated corporate liabilities	5,810	8,860
<b>Consolidated total liabilities</b>	<b>119,065</b>	<b>116,385</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

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

#### 2.2 Segment reporting (Continued)

##### (d) Geographical information

For the six months ended 30 June 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 revenue of the Group are as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Customer A		
— financial services business	3,514	—
	3,514	—

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the six months ended 30 June 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

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

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest income on bank deposit	2	1	4	3
Other operating income	206	1,039	206	1,179
Change in fair value of financial assets at fair value through profit or loss	—	(620)	(38)	92
Government grants (Note 1)	472	—	472	—
Gain on disposal of a subsidiary (Note 2)	—	—	—	1
Waiver of other payables	—	—	—	703
Sundry income	33	116	83	164
	<b>713</b>	536	<b>727</b>	2,142

#### Notes:

1. 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 six months ended 30 June 2022. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
2. 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 six months ended 30 June 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 4. 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 six months ended 30 June 2021.

### 5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Imputed interest on convertible bonds (Note)	3,300	2,864	6,471	5,617
Interest on bank borrowings	—	89	—	89
Interest on lease liabilities	106	17	223	42
	<b>3,406</b>	2,970	<b>6,694</b>	5,748

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation expenses in respect of:				
Right-of-use assets	895	1,086	1,790	2,173
Property, plant and equipment	292	211	587	428
Amortisation of intangible assets	57	57	114	114
Staff costs (including Directors' emoluments)	4,735	3,931	9,680	9,202

### 7. 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 six months ended 30 June 2021.

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Hong Kong profits tax:				
— current	479	269	625	450
Deferred tax	(10)	(9)	(19)	(19)
	469	260	606	431

### 8. DIVIDEND

No interim dividend has been paid or declared by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 9. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Loss attributable to owners of the Company for the purpose of calculating basis and diluted loss per share	(5,822)	(5,184)	(13,251)	(9,790)

	Number of shares		Number of shares	
	Three months ended 30 June	2021 (Unaudited) '000 (Restated)	Six months ended 30 June	2021 (Unaudited) '000 (Restated)
<b>Shares</b> Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>485,062</b>	138,201	<b>485,062</b>	136,055

The calculation of basic and diluted loss per share for the six months ended 30 June 2022 is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of 485,062,000 (six months ended 30 June 2021: 136,055,000 adjusted for the effect of 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 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).

### 11. GOODWILL

	HK\$'000
<b>COST:</b>	
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	<b>11,273</b>
<b>ACCUMULATED IMPAIRMENT LOSSES:</b>	
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	<b>5,803</b>
<b>NET CARRYING AMOUNT:</b>	
At 30 June 2022 (unaudited)	<b>5,470</b>
At 31 December 2021 (audited)	5,470

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 12. INTANGIBLE ASSETS

	Trading Right HK\$'000	Customer Relationship HK\$'000	Total HK\$'000
<b>COST:</b>			
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	<b>5,705</b>	<b>1,140</b>	<b>6,845</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:</b>			
At 1 January 2021 (audited)	2,805	418	3,223
Amortisation for the year	—	228	228
At 31 December 2021 (audited) and 1 January 2022 (audited)	<b>2,805</b>	<b>646</b>	<b>3,451</b>
Amortisation for the period	—	<b>114</b>	<b>114</b>
At 30 June 2022 (unaudited)	<b>2,805</b>	<b>760</b>	<b>3,565</b>
<b>NET CARRYING AMOUNT:</b>			
At 30 June 2022 (unaudited)	<b>2,900</b>	<b>380</b>	<b>3,280</b>
At 31 December 2021 (audited)	2,900	494	3,394

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

No impairment loss was recognised during the six months ended 30 June 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 six months ended 30 June 2022 and year ended 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 13. RIGHT-OF-USE ASSETS

	HK\$'000
<b>COST:</b>	
At 1 January 2021 (audited)	13,285
Addition	10,738
Lease modification	(12,542)
Deconsolidation of subsidiaries	(993)
Exchange realignment	10
At 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	<b>10,498</b>
<b>ACCUMULATED DEPRECIATION:</b>	
At 1 January 2021 (audited)	9,655
Depreciation for the year	4,226
Lease modification	(12,542)
Deconsolidation of subsidiaries	(993)
Exchange realignment	10
At 31 December 2021 (audited) and 1 January 2022 (audited)	<b>356</b>
Depreciation for the period	<b>1,790</b>
At 30 June 2022 (unaudited)	<b>2,146</b>
<b>NET CARRYING AMOUNT:</b>	
At 30 June 2022 (unaudited)	<b>8,352</b>
At 31 December 2021 (audited)	10,142

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 14. 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 June 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 six months ended 30 June 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 six months ended 30 June 2022.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 15. TRADE RECEIVABLES

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	<b>13,484</b>	16,642
Less: Provision for impairment losses	<b>(8,182)</b>	(8,482)
	<b>5,302</b>	8,160

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:

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Within 30 days	<b>4,749</b>	6,431
31 to 60 days	<b>252</b>	325
61 to 120 days	<b>197</b>	539
Over 120 days	<b>104</b>	865
	<b>5,302</b>	8,160

As at 30 June 2022, the balance of HK\$3,587,000 (31 December 2021: HK\$4,552,000) represented the trade receivables arising from securities brokerage services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 15. TRADE RECEIVABLES (Continued)

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

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Not impaired	<b>5,302</b>	8,160

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

### 16. LOANS RECEIVABLE

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Gross loan and interest receivables	<b>10,242</b>	5,414
Less: Provision for impairment loss	<b>(508)</b>	(272)
	<b>9,734</b>	5,142

As at 30 June 2022, loans receivable with gross principal amount of HK\$10,200,000 (31 December 2021: HK\$5,400,000) in aggregate and related gross interest receivables of HK\$42,000 (31 December 2021: HK\$14,000) were due from five (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 30 June 2022 and 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 16. LOANS RECEIVABLE (Continued)

As at 30 June 2022, the Group hold collateral over loans receivable with gross principal amount of HK\$5,000,000 (31 December 2021: nil). 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 six months ended 30 June 2022.

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

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

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

	<b>Stage 1 HK\$'000</b>	<b>Stage 2 HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2021 (audited)	<b>11,272</b>	—	<b>11,272</b>
New loans originated	<b>5,087</b>	<b>4,407</b>	<b>9,494</b>
Repayment	<b>(15,352)</b>	—	<b>(15,352)</b>
At 31 December 2021 (audited) and 1 January 2022 (audited)	<b>1,007</b>	<b>4,407</b>	<b>5,414</b>
New loans originated	<b>5,049</b>	<b>488</b>	<b>5,537</b>
Repayment	<b>(42)</b>	<b>(667)</b>	<b>(709)</b>
Transfer	<b>(1,007)</b>	<b>1,007</b>	—
At 30 June 2022 (unaudited)	<b>5,007</b>	<b>5,235</b>	<b>10,242</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 16. LOANS RECEIVABLE (Continued)

The movements in the expected credit loss in respect of loans receivable for the six months ended 30 June 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)	240	—	240
(Reversal of expected credit loss)/ expected credit loss for the year	(211)	243	32
At 31 December 2021 (audited) and 1 January 2022 (audited)	29	243	272
Expected credit loss for the period	—	236	236
Transfer	(29)	29	—
At 30 June 2022 (unaudited)	—	508	508

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 17. BANK BALANCES AND CASH

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Bank balances — trust accounts ( <i>Note</i> )	<b>10,523</b>	11,383
Bank balances and cash — general accounts	<b>23,686</b>	36,360
	<b>34,209</b>	47,743

*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 June 2022, the Group's bank balances and cash — general accounts amounted to approximately HK\$23,686,000 (31 December 2021: approximately HK\$36,360,000), approximately HK\$80,000 was denominated in Renminbi, approximately HK\$23,606,000 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).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 19. 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:

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Within 30 days	<b>13,514</b>	15,118
31 to 60 days	—	—
61 to 120 days	—	—
Over 120 days	<b>1,356</b>	1,356
	<b>14,870</b>	16,474

As at 30 June 2022, the balance of HK\$13,485,000 (31 December 2021: HK\$14,992,000) represented the trade payables arising from securities brokerage services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 20. CONVERTIBLE BONDS

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

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At beginning of the period/year	85,557	73,872
Interest charged	6,471	11,685
At the end of the period/year	92,028	85,557

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 21. SHARE CAPITAL

	Notes	Number of shares in '000	Amount HK\$'000
<b>Authorised:</b>			
At 1 January 2021 (audited)			
Ordinary shares of HK\$0.01 each		<b>20,000,000</b>	<b>200,000</b>
Share consolidation	2	<b>(18,000,000)</b>	<b>—</b>
At 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)		<b>2,000,000</b>	<b>200,000</b>
<b>Issued and fully paid:</b>			
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	1	62,227	643
Share consolidation	2	(1,246,719)	—
Issuance of shares upon rights issue	3	346,311	34,631
At 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)		<b>485,062</b>	<b>48,506</b>
<b>Ordinary shares of HK\$0.1 each</b>		<b>485,062</b>	<b>48,506</b>

#### Notes:

- 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.
- 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

### 22. 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 June		Six months ended 30 June	
			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	32	1	75	67
			32	1	75	67
Related companies	Common director	Corporate consulting service income	120	371	240	681
		Commission income from dealing in securities	—	—	—	9
			120	371	240	690

Total compensation paid to key management personnel during the six months ended 30 June 2022 amounted to HK\$1,576,000 (six months ended 30 June 2021: HK\$1,551,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS REVIEW

During the six months ended 30 June 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 six months ended 30 June 2022, the Group recorded revenue of approximately HK\$11.5 million (six months ended 30 June 2021: approximately HK\$12.1 million). Loss for the period attributable to owners of the Company was approximately HK\$13.3 million (six months ended 30 June 2021: approximately HK\$9.8 million). Basic and diluted loss per share was approximately HK\$0.03 (six months ended 30 June 2021: approximately HK\$0.07 (restated)). The increase in net loss was mainly attributable to (i) the absence of waiver of other payables of approximately HK\$0.7 million; (ii) the absence of reversal of impairment loss on finance lease receivables of approximately HK\$1.0 million; (iii) the increase in imputed interest on convertible bonds of approximately HK\$0.9 million from HK\$5.6 million to HK\$6.5 million; and (iv) a slightly decrease in gross profit of approximately HK\$0.7 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 six months ended 30 June 2022 of the financial services business was approximately HK\$6.3 million (six months ended 30 June 2021: approximately HK\$7.0 million) and a segment profit of approximately HK\$2.7 million (six months ended 30 June 2021: approximately HK\$4.2 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 six months ended 30 June 2022, the corporate finance advisory services and asset management services generated revenue of approximately HK\$2.0 million and HK\$3.5 million respectively (six months ended 30 June 2021: approximately HK\$4.4 million and HK\$0.9 million respectively), represented approximately 17.4% and 30.4% 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.



## FINANCIAL AND BUSINESS REVIEW (Continued)

### Financial services business (Continued)

As at 30 June 2022, the Group had loans receivable with gross principal amount of approximately HK\$10.2 million (31 December 2021: approximately HK\$5.4 million). The Group recorded interest income from loans receivable of approximately HK\$0.3 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$0.8 million).

During the six months ended 30 June 2022, the Group granted 2 loans to individuals, both of them are independent third parties. As at 30 June 2022, 6 loans were outstanding, with terms ranging from 3 months to 20 months, interest rate ranging from 8% to 15% per annum. Among the loans receivable, loans with gross principal amount of HK\$5.0 million has collaterals. As at 30 June 2022, the principal amount outstanding from the five largest borrowers of the Group together amounted to approximately HK\$10.2 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\$5.0 million (representing approximately 49.0% 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.

## FINANCIAL AND BUSINESS REVIEW (Continued)

### Corporate consulting business

The performance of corporate consulting business remained stable that it recorded a revenue of approximately HK\$2.6 million (six months ended 30 June 2021: approximately HK\$2.8 million) and recorded a segment profit of approximately HK\$0.8 million (six months ended 30 June 2021: segment loss of approximately HK\$0.1 million) during the six months ended 30 June 2022.

### Trading business

The revenue of the trading business for the six months ended 30 June 2022 was approximately HK\$2.5 million (six months ended 30 June 2021: approximately HK\$2.3 million) and a segment loss of approximately HK\$0.5 million (six months ended 30 June 2021: approximately HK\$0.2 million). The gross profit margin of the trading business was comparatively thin, the cross border restriction imposed by the Hong Kong Government affected the performance of the trading business continuously during the six months ended 30 June 2022.

### Financial assets at fair value through profit or loss

As at 30 June 2022, the Group managed a listed security investment with fair value of approximately HK\$0.3 million (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 June 2022 and 31 December 2021 and (losses)/gains for the six months ended 30 June 2022 and 2021 are as below:

#### Losses for the six months ended 30 June 2022

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

#### Gains for the six months ended 30 June 2021

Name of listed securities	Stock code	Realised gains	Unrealised gains	Dividend received
		HK\$'000	HK\$'000	HK\$'000
Evergrande Property Services Group Limited	6666	—	92	—

## FINANCIAL AND BUSINESS REVIEW (Continued)

### Financial assets at fair value through profit or loss as at 30 June 2022

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost HK\$'000	Market value HK\$'000	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	0.3%

### 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 HK\$'000	Market value HK\$'000	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 NOIZChain Limited (“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 explore the involvement in the 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.

### 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.

## **CONVERTIBLE BONDS** (Continued)

### **2008 Convertible Bonds** (Continued)

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 June 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.

## **CONVERTIBLE BONDS** (Continued)

### **Team Sunny Convertible Bonds** (Continued)

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 30 June 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 six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING**

As at 30 June 2022, the Group recorded cash and bank balances (included trust accounts) amounting to approximately HK\$34.2 million (31 December 2021: approximately HK\$47.7 million) and the net current assets value was approximately HK\$30.0 million (31 December 2021: approximately HK\$38.9 million).

The Group's gearing ratio as at 30 June 2022 was approximately 1.17 (31 December 2021: approximately 0.96), being a ratio of total interest-bearing debts, included convertible bonds of approximately HK\$92.0 million (31 December 2021: approximately HK\$85.6 million) to the total assets of approximately HK\$78.3 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.

## USE OF PROCEEDS FROM SHARE SUBSCRIPTION (Continued)

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

<b>Amount HK\$ million</b>	<b>Intended use</b>	<b>Actual use</b>
3.0	General working capital of NOIZ	Approximately HK\$3.0 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:

<b>Amount HK\$ million</b>	<b>Intended use</b>	<b>Actual use</b>
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
49.79		

## PLEDGE OF ASSETS

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

## CAPITAL STRUCTURE

The Company had no changes in capital structure during the six months ended 30 June 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.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 36 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 six months ended 30 June 2022.



## EVENTS AFTER THE REPORTING PERIOD

### Acquisition of 100% interest of NOIZ

On 4 July 2022, the Group completed the acquisition of the entire issued share capital of NOIZ, a Blockchain-as-a-Service industry, at a consideration of HK\$14,000,000. 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\$0.21 per consideration share.

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

### Allotment and issue of 15,000,000 new shares under general mandate

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. 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.

Details were set out in the Company's announcements dated 19 June 2022 and 7 July 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 six months ended 30 June 2022, a total of 571,636 Share Options 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 June 2022.

## SHARE OPTION SCHEME (Continued)

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						Price of the shares before the date of		
	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2022	Date of grant	Exercise period	grant	Exercise price
								(Note 2) Per share	(Note 1) Per share
<b>Independent non-executive Directors</b>									
Ms. Ng Ka Sim, Casina	113,513	—	—	—	113,513	20/1/2021	20/1/2021–19/1/2026	0.014	0.132
Mr. Wong Wing Kit	113,513	—	—	—	113,513	20/1/2021	20/1/2021–19/1/2026	0.014	0.132
Ms. Yeung Mo Sheung, Ann	113,513	—	—	—	113,513	20/1/2021	20/1/2021–19/1/2026	0.014	0.132
<b>Employees and other eligible participants</b>									
Employees of the Group	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
	7,759,307	—	—	571,636	7,187,671				

## SHARE OPTION SCHEME (Continued)

### 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 June 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 30 June 2022.

Save as disclosed above and so far as is known to the Directors, at 30 June 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 six months ended 30 June 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 June 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	136,755,500	105,192,673	241,948,173	49.88

#### 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 485,062,283 Shares in issue as at 30 June 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 June 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 six months ended 30 June 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.

## UPDATE ON DIRECTOR(S)' INFORMATION

The following change in the information of the director(s) occurred on or after the date of the 2021 Annual Report which is required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules.

On 6 January 2022, Mr. Wong Hin Shek, the Chairman, the Chief Executive Officer and an executive Director of the Company, has been appointed as an independent non-executive director of Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175), a company listed on the Main Board of the Stock Exchange.

## 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 report.

## 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 six months ended 30 June 2022.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 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 report, 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.

## AUDIT COMMITTEE (Continued)

The Audit Committee has reviewed with the senior management of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022 and this report, and was of the opinion that such results and this report 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, 10 August 2022

*As at the date of this report, 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 report 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 report shall prevail over the Chinese text in the event of inconsistency.*





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