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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)

DISCLOSEABLE TRANSACTION IN RELATION TO AN ACCEPTANCE OF OFFERS FOR THE RENEWAL OF LEASING OF OFFICE PREMISES

OFFER LETTERS FOR LEASE RENEWAL

The Board is pleased to announce that on 2 August 2021, each of the Company and the Tenant (an indirect wholly-owned subsidiary of the Company), entered into the Offer Letters in relation to an acceptance of terms in respect of the intended renewal of leasing of the Premises for a term of three years commencing on 1 November 2021 and ending on 31 October 2024. The Formal Tenancy Agreements shall be entered into within fourteen (14) days upon the entering into of the Offer Letters, respectively.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Company will recognise the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the renewal of leasing of the Premises. Accordingly, the entering into of the Offer Letters for the intended renewal of leasing of the Premises will be regarded as an acquisition under the definition of transactions set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the aggregated value of the right-of-use asset in connection with the renewal of leasing of the Premises are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 2 August 2021, each of the Company and the Tenant (an indirect wholly-owned subsidiary of the Company), entered into the Offer Letters in relation to an acceptance of terms in respect of the intended renewal of leasing of the Premises for a term of three years commencing on 1 November 2021 and ending on 31 October 2024.

THE OFFER LETTERS

Set out below is a summary of the principal terms of the Offer Letters:

Offer Letter A

| | | |
|--------------------|---|---|
| Landlord | : | The Wing On Company Limited |
| Tenant | : | Merdeka Credit Limited, an indirect wholly-owned subsidiary of the Company |
| Premises | : | Room 1107, Wing On Centre, 111 Connaught Road Central, Hong Kong |
| Term | : | Three years commencing from 1 November 2021 to 31 October 2024 |
| Monthly Rent | : | HK\$75,000 (exclusive of rates, management fees, air-conditioning charges), and shall be payable in advance monthly |
| Rent-free Period | : | 61 days |
| Total rent payable | : | Approximately HK\$2,552,000 (exclusive of rates, management fees, air-conditioning charges) |

Offer Letter B

| | | |
|----------|---|---|
| Landlord | : | The Wing On Company Limited |
| Tenant | : | The Company |
| Premises | : | Rooms 1108 to 1110, Wing On Centre, 111 Connaught Road Central, Hong Kong |

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| Term | : | Three years commencing from 1 November 2021 to 31 October 2024 |
| Monthly Rent | : | HK\$143,640 (exclusive of rates, management fees, air-conditioning charges), and shall be payable in advance monthly |
| Rent-free Period | : | 61 days |
| Total rent payable | : | Approximately HK\$4,887,000 (exclusive of rates, management fees, air-conditioning charges) |

The Formal Tenancy Agreements shall be entered into between by each of the Company and the Tenant with the Landlord within fourteen (14) days upon the entering into of the Offer Letters, respectively.

THE RIGHT-OF-USE ASSET

The unaudited aggregated value of the right-of-use asset to be recognised by the Group under the terms of the Offer Letters amounted to approximately HK\$6,895,000, which is the present value of total rent payable calculated in accordance with HKFRS 16.

INFORMATION OF THE LANDLORD

According to the latest published annual report of Wing On Company International Limited (“**Wing On**”) for the financial year ended 31 December 2020, the Landlord is a company incorporated in Hong Kong with limited liability, with its principal activities being investment holding and property investment, and is a wholly-owned subsidiary of Wing On, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange (stock code: 289).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate controlling shareholder are Independent Third Parties.

REASONS FOR ENTERING INTO THE OFFER LETTERS FOR THE RENEWAL OF LEASING FOR THE PREMISES

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

The Premises will be used as the principal office of the Group. The aggregate rent payable under the Offer Letters were arrived after arm's length negotiation with the Landlord and determined with reference to, amongst other things, the current market rent payable for property similar to the subject property and of comparable utility. The Board is of the view that the abovementioned rentals are fair, reasonable and in line with the market level, and the entry into the Offer Letters is in the interests of the Group and its Shareholders as a whole.

The Formal Tenancy Agreements shall be entered into between by each of the Company and the Tenant with the Landlord within fourteen (14) days upon the entering into of the Offer Letters, respectively.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Company will recognise the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the intended renewal of leasing of the Premises. Accordingly, the entering into of the Offer Letters for the intended renewal of leasing of the Premises will be regarded as an acquisition under the definition of transactions set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the aggregated value of the right-of-use asset in connection with the intended renewal of leasing of the Premises are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

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| “Board” | the board of the Directors |
| “Company” | Merdeka Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8163) |
| “Director(s)” | the director(s) of the Company |

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| “Formal Tenancy Agreements” | the tenancy agreements to be entered into between by each of the Tenant and the Company with the Landlord for Rooms 1107–1110, Wing On Centre, 111 Connaught Road Central, Hong Kong within fourteen (14) days upon the entering into of the Offer Letters, respectively |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKFRS 16” | Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules) |
| “Landlord” | The Wing On Company Limited, a wholly-owned subsidiary of Wing On Company International Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange (stock code: 289) |
| “Offer Letter A” | the offer letter in respect of the intended renewal of leasing for Room 1107, Wing On Centre, 111 Connaught Road Central, Hong Kong |
| “Offer Letter B” | the offer letter in respect of the intended renewal of leasing for Rooms 1108–1110, Wing On Centre, 111 Connaught Road Central, Hong Kong |
| “Offer Letters” | collectively, being Offer Letter A and Offer Letter B |
| “Premises” | Rooms 1107–1110, Wing On Centre, 111 Connaught Road Central, Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |

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| “Shareholders” | holder(s) of issued Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tenant” | Merdeka Credit Limited, a company incorporated in Hong Kong with limited liability, is an indirectly wholly-owned subsidiary of the Company |
| “%” | percentage or per centum |

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

Hong Kong, 2 August 2021

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, Mr. Wong Wing Kit and Ms. Yeung Mo Sheung, Ann.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange 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.

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