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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 THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Financial adviser to the Company



THE SALE AND PURCHASE AGREEMENT

On 13 June 2022 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$14,000,000. The Consideration shall be 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 upon Completion.

The aggregate of 66,666,663 Consideration Shares represents (i) approximately 13.74% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

The Consideration Shares will be allotted and issued under the General Mandate and are not subject to the approval of the Shareholders. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Acquisition may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 13 June 2022 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors in respect of the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$14,000,000. The Consideration shall be 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 upon Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 13 June 2022

Parties : (i) The Purchaser;
(ii) Vendor A;
(iii) Vendor B;
(iv) Vendor C;
(v) Vendor D;
(vi) Vendor E; and
(vii) Vendor F

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, each of the Vendors and Mr. Ann (being the ultimate beneficial owner of Vendor A and Vendor B) is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and each of the Vendors conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

Set out below is a table showing the shareholding structure of the Target Company as at the date of this announcement:

Shareholder(s)	Class of shares	Number of shares	Overall shareholding percentage (taking into account of ordinary shares and preference shares)
Vendor A	Ordinary shares	5,000	8.3%
Vendor B	Ordinary shares	10,000	16.7%
Vendor C	Ordinary shares	6,000	10.0%
	Sub-total of the same class	21,000	35.0%

Shareholder(s)	Class of shares	Number of shares	Overall shareholding percentage (taking into account of ordinary shares and preference shares)
Vendor A	Preference shares (<i>note</i>)	3,000	5.0%
Vendor D	Preference shares (<i>note</i>)	15,000	25.0%
Vendor E	Preference shares (<i>note</i>)	15,000	25.0%
Vendor F	Preference shares (<i>note</i>)	6,000	10.0%
	Sub-total of the same class	39,000	65.0%

Note: Preference shares holders of the Target Company are not entitled to receive notice of, attend and vote at the general meeting(s) of the Target Company other than annual general meeting(s) and general meeting(s) in relation to any voluntary or involuntary liquidation, dissolution or winding up event.

Consideration

The Consideration of HK\$14,000,000 shall be satisfied by the Company by the allotment and issue of an aggregate of 66,666,663 Consideration Shares to the Vendors under the General Mandate at the Issue Price of approximately HK\$0.21 per Consideration Share upon Completion.

The below table sets out the respective number of Consideration Shares to be received by each of the Vendors upon Completion:

Shareholder(s)	Number of Consideration Shares to be received upon Completion
Vendor A	8,886,666
Vendor B	11,113,333
Vendor C	6,666,666
Vendor D	16,666,666
Vendor E	16,666,666
Vendor F	<u>6,666,666</u>
Total	<u><u>66,666,663</u></u>

The Consideration was determined based on arm's length negotiations between the Purchaser and the Vendors with reference to, among others, the following factors:

- (i) the valuation of 100% equity interests of the Target Company in the amount of approximately HK\$18,000,000 as at 30 April 2022 based on asset approach by using adjusted net assets method as prepared by an independent valuer;
- (ii) the prospect and future application of blockchain technology on business transactions management and commercialisation;
- (iii) the Put Option (as described below subsection) mechanism provided by the Vendors, details of which are set out in the subsection headed "Put Option" in this announcement, which the Purchaser shall be entitled to require the Vendors to buy back all the Sale Shares held by the Purchaser subject to the occurrence of the Triggering Event (as defined below); and
- (iv) the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement.

The Consideration Shares

Issue Price

The Consideration Shares will be issued at the Issue Price of approximately HK\$0.21 per Share, which represents:

- (i) a discount of approximately 4.55% to the closing price of HK\$0.220 per Share as quoted on the Stock Exchange as at the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 7.69% over the average closing price of approximately HK\$0.195 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 6.06% over the average closing price of approximately HK\$0.198 per Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined after arm's length negotiation between the Company and the Vendors with reference to, among other things, the recent price performance of the Shares and the prevailing market conditions.

Number of Consideration Shares

The Consideration Shares comprising 66,666,663 Shares represent (i) approximately 13.74% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

Lock-up period of the Consideration Shares

To facilitate the potential exercise of the Put Option (as described in the subsection “Put Option” in this announcement) and pursuant to the terms of the Sale and Purchase Agreement, save for the transactions contemplated under the Sale and Purchase Agreement, the Vendors shall not sell, transfer, create or permit to subsist any encumbrance over, or grant any option or other rights over or dispose of any interest in, all or any of the Consideration Shares or any interest therein from time to time being held by them during the period (the “**Lock-up Period**”) commencing on the Completion Date and ending on the expiry of the Put Option Exercise Period (as defined in the subsection “Put Option” in this announcement). During the Lock-up Period, the Consideration Shares shall be held in escrow by the Escrow Agent pursuant to the terms and conditions of the Escrow Letter. For the avoidance of doubt, the Vendors shall be entitled to exercise their voting rights in respect of the Consideration Shares during the Lock-up Period.

Ranking

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

Mandate to issue the Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares. The maximum number of Shares that can be issued under the General Mandate is 97,012,456 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (1) the Purchaser being satisfied with the results of the due diligence review to be conducted pursuant to the terms and conditions of the Sale and Purchase Agreement;
- (2) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (3) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendors in respect of the Sale and Purchase Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (4) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (5) all warranties provided by the Vendors remaining true and correct in all material respects and not misleading;
- (6) the Purchaser being reasonably satisfied that there has not been any material adverse change on the Target Company or the Purchaser and its subsidiaries or any matter, event or circumstance that may result in such a material adverse change having occurred since the date of the Sale and Purchase Agreement and up to the Completion Date;
- (7) the entering into of the Escrow Letter among the Escrow Agent, the Vendors and the Purchaser; and
- (8) all outstanding amount owed by the Target Company to the Vendors and their respective associates on or at any time prior to Completion (the “**Related Parties Loan**”) having been waived.

The Purchaser and the Vendors shall use its reasonable endeavours to procure that all conditions above are satisfied on or before 11 July 2022 (the “**Long Stop Date**”). The Purchaser may at its sole discretion waive any of the above conditions (1), (5), (6) and (8) by notice in writing to the Vendors.

If the above conditions are not fulfilled or waived before the Long Stop Date (or such other date as the parties may agree in writing), the Sale and Purchase Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof.

Completion

Completion shall take place within three business days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Sale and Purchase Agreement, or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Put Option

Pursuant to the Sale and Purchase Agreement and subject to Completion, each of the Vendors hereby irrevocably and unconditionally grants to the Purchaser (or its nominee(s) or its successor(s)) the put option (the “**Put Option**”), pursuant to which the Purchaser (or its nominee(s) or its successor(s)) shall be entitled to require the Vendors to buy back all the Sale Shares (but not part thereof) held by the Purchaser (or its nominee(s) or its successor(s)) (the “**Repurchase**”).

The consideration for the Repurchase will be the same as the Consideration (the “**Repurchase Consideration**”). The Repurchase Consideration shall be settled by the Vendors (or their respective nominee(s) or their respective successor(s)) by transfer of all the Consideration Shares held by the Vendors (or their respective nominee(s) or their respective successor(s)) to the person(s) or entity(ies) designated by the Purchaser. It is intended that the Purchaser will engage a placing agent for placing to independent third parties with the placing proceeds retained by the Purchaser (or its nominee(s) or its successor(s)).

The Purchaser (or its nominee(s) or its successor(s)) shall not exercise the Put Option unless the Target Company recorded audited consolidated negative cash flows from operating activities as calculated in accordance with Hong Kong Financial Reporting Standards for the year ending 31 December 2023 as shown in the audited consolidated financial statement of the Target Company for the year ending 31 December 2023 (the “**Triggering Event**”), which shall be delivered to the representative of the Vendors and the Purchaser within 3 Business Days once available.

Within one (1) month from the occurrence of the Triggering Event (the “**Put Option Exercise Period**”), the Purchaser may, at its sole discretion, exercise the Put Option by serving a duly signed and completed option notice (the “**Put Option Notice**”) to the Vendors.

Completion of the Put Option shall be conditional upon and subject to:

- (1) all necessary consents, licences and approvals (including without limitation, any approval and/or waiver as required under the GEM Listing Rules) required to be obtained on the part of the Purchaser and the Company in respect of the exercise of the Put Option and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and
- (2) if required, the passing by the Shareholders at an extraordinary general meeting of the Company to be convened and held of an ordinary resolution to approve the exercise of the Put Option and the transactions contemplated thereunder.

The above conditions precedent are incapable of being waived. If the conditions precedent to the Put Option have not been fulfilled within four months from the date of exercise of the Put Option (or such later date as agreed by the parties thereto in writing), the said Put Option Notice served to the Vendors shall lapse and cease to have any effect and the Purchaser shall not be entitled to exercise the Put Option again.

In the event that the Purchaser does not exercise the Put Option during the Put Option Exercise Period, the Put Option shall lapse and cease to have any effect.

The Put Option is granted to the Purchaser (or its nominee(s) or its successor(s)) conferring it as a right but not an obligation to require the Vendors to repurchase the Sale Shares from the Purchaser.

INFORMATION ON THE PARTIES

The Group

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.

The Vendors

Vendor A is a company incorporated in the BVI with limited liability and principally engaged in investment holding.

Vendor B is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding.

Each of Vendor A and Vendor B is beneficially owned by Mr. Ann, being one of the co-founders of the Target Company and the Chief Executive Officer of the Target Company.

Vendor C is a Hong Kong citizen and one of the co-founders of the Target Company.

Vendor D is a Hong Kong citizen and one of the co-founders of the Target Company and the Chief Technology Officer of the Target Company.

Vendor E is a Hong Kong citizen and has over 20 years' experience in marketing and business development and the Chief Operating Officer of the Target Company.

Vendor F is a Hong Kong citizen and has over 34 years' experience in accounting and auditing.

The Target Company

The Target Company is a limited liability company established in Hong Kong.

The Target Company is a Blockchain-as-a-Service (“**BaaS**”) company 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. The Target Company aims to make blockchain technology widely available for every business and to drive blockchain into mass adoption and commercialisation. The Target Company is also committed to empower enterprises to embrace Web 3.0 environmentally.

The Target Company principally engages in (i) provision of a private blockchain as an infrastructure technology and on-going support of all core value transactions and applications for businesses; (ii) design and build realistic Metaverses for enterprises to connect reality and the virtual world; and (iii) creation and issuance of smart contracts for corporate and individual clients on NOIZ Green Chain (as defined below).

The Target Company has developed an environmental-friendly blockchain known as “NOIZChain” (“**NOIZ Green Chain**”), which adopts the proof of capacity (“**PoC**”) consensus mechanism that allows clients in the network to use available hard drive space to decide mining rights and to validate transactions. As compared to other consensus mechanisms such as proof of work, PoC is considered to be energy efficient as participants only temporarily provide storage space on their hard drives rather than needing expensive and specialised hardware that consumes a lot of power for solving computationally intensive encryption. NOIZ Green Chain consumes approximately 2,600 times less energy than conventional proof of work platforms.

With the foundation of NOIZ Green Chain, the Target Company has developed a Metaverse (the “**NOIZ Metaverse**”) and an all-in-one digital wallet (the “**Beam Digital Wallet**”) on the NOIZ Green Chain.

The NOIZ Metaverse was developed by utilising Unreal Engine 5, a powerful software that creates virtual worlds for video game development, film studios and architectural research. Unlike the existing pixelated Metaverse, NOIZ Metaverse further reduces the distinction between the virtual world and reality. The Target Company helps businesses to build their own realistic Metaverse for commercialisation.

The Beam Digital Wallet is a mobile wallet that can be downloaded on the Apple App Store and Google Play Store, with a built-in marketplace that allows users to buy, sell, transfer, and track all smart contracts possessed by the users. The smart contracts traded within the marketplace are transacted via fiat currency, including payments by both MasterCard/Visa cards.

As at the date of this announcement, the Target Company is interested in 20% equity interest of ArticoIn Limited (“**ArticoIn**”), a company incorporated in Hong Kong that has established an innovative green platform that provides a virtual hub where a community of designers, photographers and filmmakers conduct sales of digital artwork and support meaningful causes.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2020 and 2021:

	For the year ended 31 December 2021 (audited)	For the year ended 31 December 2020 (audited)
Revenue	26,251	50,000
Loss before income tax	4,103,097	2,286,007
Loss after income tax	4,103,097	2,286,007

Based on the unaudited management accounts of the Target Company, the net assets value of the Target Company was approximately HK\$13,110,554 as at 31 May 2022.

As at 31 May 2022, the Related Parties Loan is approximately HK\$2,206,062, and assuming the Related Parties Loan having been waived, the adjusted net assets value of the Target Company is approximately HK\$15,316,616 (the “**Adjusted NAV**”).

The Consideration of HK\$14,000,000 represents a discount of approximately 8.60% to the Adjusted NAV.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As of the date of this announcement, the Company has 485,062,283 Shares in issue. The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon Completion and the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion):

Shareholder	As at the date of this announcement		Immediately upon the allotment and issue of Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Team Sunny International Holdings Limited (Note 1)	136,755,500	28.19	136,755,500	24.79
Mr. Cheung Wai Yin, Wilson (Note 2)	5,578	0.01	5,578	0.01
Ms. Tsang Kwai Ping (Note 3)	900,000	0.18	900,000	0.16
Vendor A	—	—	8,886,666	1.61
Vendor B	—	—	11,113,333	2.01
Vendor C	—	—	6,666,666	1.21
Vendor D	—	—	16,666,666	3.02
Vendor E	—	—	16,666,666	3.02
Vendor F	—	—	6,666,666	1.21
Other public Shareholders	<u>347,401,205</u>	<u>71.62</u>	<u>347,401,205</u>	<u>62.96</u>
Total	<u>485,062,283</u>	<u>100</u>	<u>551,728,946</u>	<u>100</u>

Notes:

1. Team Sunny International Holdings Limited is owned as to 100% by Mr. Wong Hin Shek, the Chairman, an executive Director and the chief executive officer of the Company, whose is deemed to be interested in 136,755,500 Shares pursuant to the Part XV of the SFO.
2. Mr. Cheung Wai Yin, Wilson is an executive Director and personally interested in 5,578 Shares.
3. Ms. Tsang Kwai Ping is an executive Director and personally interested in 900,000 Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

Blockchain is a digital distributed ledger of transactions that is duplicated and distributed across the blockchain's whole network of computer systems. It is a method of storing data that makes it difficult or impossible to modify, hack, or cheat the system.

As businesses are increasingly using data to optimise their operations and services, blockchain is ideal for storing, tracking and sharing information as blockchain provides immediate, shared and completely transparent and traceable information stored on an immutable ledger that can be accessed only by authorised network members.

Web 3.0 represents the next iteration or phase of the evolution of the web/internet. Web 3.0 is built upon the core concepts of decentralisation, openness, and greater user utility, by making extensive use of blockchain-based technologies.

Metaverse is an online, three-dimensional (“3D”) universe that combines multiple virtual spaces. Blockchain is an integral part of the Metaverse because the technology enables users to protect their digital assets in virtual reality. Metaverse can be seen as a future version of the internet, yet allowing more overlaps between our physical and digital lives. With Metaverse, users, including businesses and individuals, will be able to do merchandising, advertising, socialising, playing games etc. in these 3D spaces. It is expected that Metaverse has the potential to change how people do business, make advertisement and promotion, socialise, interact with brands and learn etc.

Smart contracts act as proof of ownership of digital assets that can be bought and sold using blockchain technology. Smart contracts are essential in Metaverse for owning the right to control a certain part of the virtual environment, to create exclusive environments and enhance social experiences.

Even though the concept of the Metaverse is innovative, big brands in fashion, food beverage and consumer goods (i.e. Nike, Adidas, Gucci, McDonald’s) have already participated in virtual worlds or already starting to invest in this new frontier for creating virtual stores or platforms for selling their products in the form of functional and diverse digital items. According to Bloomberg Intelligence, the global Metaverse revenue opportunities on things like live events, ads, social commerce and hardware are projected to reach over US\$800 billion by 2024, as compared to US\$478.7 billion in 2020 which represents a compound annual growth rate of 13.1%.

Brands are tempted into Metaverse as they can design their own environments devoted to shopping that will allow consumers to go beyond the simple transaction of searching and filtering, while shoppers will be able to interact with one another and with brands and their products more directly in a virtual space.

In addition, the pandemic accelerated consumer adoption of immersive technologies and Metaverse, as people are now spending a considerable amount of time and placing a high value on their digital self continually reducing the distinction between their physical and digital lives. Metaverse can be viewed as a natural progression of the convergence of people’s physical and digital lives.

Yet, given the inherent technical complexities, lack of domain expertise and the operational overhead costs involved in developing and operating of blockchain and Metaverse, enterprises would incur significant cost and time to blockchainise their business and/or enter into Metaverse.

Hence, the Board believes that the Acquisition will broaden the Group's existing financial and corporate advisory services, by becoming a BaaS provider that helps any business to easily set up their blockchain infrastructure and provide ongoing support with scalable and sustainable business models, while the customers themselves can focus on their core businesses and competition strategies. More specifically, the Target Company can easily help its clients to set up their own Metaverse, marketplace, digital wallet, and their whole blockchain infrastructure on NOIZ Green Chain that consumes less energy than other conventional platforms, allowing business to meet the Environmental, Social and Governance standard.

According to the annual report of the Company for the financial year ended 31 December 2021, it is the business direction of the Company that in coming future, the Group will continue to expand its clients base and establish a strong track record in order to strengthen its businesses and explore new business opportunities in the financial technology industry (“**Fin-tech**”) to capture the potential growth of the booming of Fin-tech to create synergy effect with the Group's existing financial services business.

Given the Group's abovementioned business direction, the Company will also leverage on the blockchain technology possessed by the Target Company and to integrate it with the Group's existing financial services business and corporate consulting business upon Completion.

Having considered that (i) there is an increasing demand for businesses to utilise blockchain technology to manage their business transactions and Metaverse for business commercialisation; (ii) the potential growth in global Metaverse revenue opportunities; (iii) the Acquisition would allow the Group to become a BaaS provider beyond the Group's existing financial services and corporate consulting business segments; (iv) the potential synergies effect that the Group's existing financial services and corporate consulting business can leverage on blockchain technology; and (v) the Acquisition allows the Group to capture the potential growth of the booming of Fin-tech and blockchain technology application, the Board considers that the entering into of the Sale and Purchase Agreement is in line with the Group's strategy and represents a good opportunity for the Group to broaden its sources of revenue and to maximise the returns of the Shareholders.

In addition, (i) the Consideration is satisfied by way of allotment and issue of the Consideration Shares and therefore does not create any cashflow burden on the Group; and (ii) the Put Option has been included to offer protection to the Company's interests in the event the Target Company fails to generate positive operating cash flows specified in the section headed “Put Option” in this announcement.

The Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions, therefore the Acquisition may or may not proceed. Accordingly, the Acquisition may or may not materialise and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors from time to time
“Business Day”	any day (excluding Saturday, Sunday or public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Merdeka Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM (stock code: 8163)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date falling on the third Business Day after the fulfillment (or waiver) of the conditions precedent under the Sale and Purchase Agreement or such other date as the Vendors and the Purchaser may agree in writing

“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$14,000,000 for the Acquisition which will be satisfied by the allotment and issue of the Consideration Shares
“Consideration Share(s)”	an aggregate of 66,666,663 new Shares to be allotted and issued to each of the Vendors, subject to the terms and conditions under the Sale and Purchase Agreement, at the Issue Price credited as fully paid to satisfy the Consideration
“Director(s)”	director(s) of the Company
“Escrow Agent”	Merdeka Securities Limited, or such other escrow agent to be jointly appointed by the Purchaser and the Vendors
“Escrow Letter”	escrow letter (in the agreed form) to be made among the Vendors, the Purchaser and the Escrow Agent in relation to the holding of 66,666,663 Consideration Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s extraordinary general meeting on 17 December 2021 to allot and issue up to 97,012,456 Shares, representing 20% of the then total number of Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries
“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 (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Issue Price”	approximately HK\$0.21 per Consideration Share

“Mr. Ann”	ANN, Yu Chiu Andy, a citizen of Hong Kong and the ultimate beneficial owner of 15,000 ordinary shares and 3,000 preference shares of the Target Company
“Purchaser”	Benefit Palace Limited, a company incorporated in the BVI with limited liability and is directly wholly-owned by the Company
“Sale and Purchase Agreement”	conditional sale and purchase agreement dated 13 June 2022 and entered into between the Vendors and the Purchaser in respect of the Acquisition
“Sale Shares”	being 21,000 ordinary shares and 39,000 preference shares, representing the entire issued share capital of the Target Company, which are legally and beneficially owned by each of the Vendors as at the date of this announcement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	NOIZChain Limited, a company incorporated in Hong Kong with limited liability
“Vendor A”	NDN Ventures Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Ann
“Vendor B”	NDN Group Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Ann
“Vendor C”	LEE William, a citizen of Hong Kong and the beneficial owner of 6,000 ordinary shares of the Target Company
“Vendor D”	CHEUNG, Kelvin Chak Ming, a citizen of Hong Kong and the beneficial owner of 15,000 preference shares of the Target Company
“Vendor E”	AU, Sheung Ying Louise, a citizen of Hong Kong and the beneficial owner of 15,000 preference shares of the Target Company

“Vendor F”	LAM, Hing Lun Alain, a citizen of Hong Kong and the beneficial owner of 6,000 preference shares of the Target Company
“Vendors”	collectively, being Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 June 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, 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 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>.