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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser to the Company



The Board is pleased to announce that on 17 June 2022 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.21 per Subscription Share.

The Subscription Shares represent (i) approximately 3.09% of the existing issued shares of the Company as at the date of this announcement; (ii) approximately 2.72% of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 2.65% of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares and Subscription Shares, assuming that there is no other change in the number of issued shares of the Company from the date of the Subscription Agreement to the date of Completion. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries the Subscriber is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The gross proceeds from the Subscription will be HK\$3,150,000 and the net proceeds after deducting relevant expenses are expected to be approximately HK\$3,000,000.

Completion is subject to the satisfaction of the condition to the Subscription as stated in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarized as follows:

Date

17 June 2022 (after trading hours)

Parties

- (i) The Company as the issuer of the Subscription Shares; and
- (ii) The Subscriber as the subscriber for the Subscription Shares.

The Subscriber is Oriental Watch Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 0398). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.21 per Subscription Share. The aggregate nominal value of the Subscription Shares is HK\$1,500,000.

Save for the 66,666,663 Consideration Shares to be issued upon completion of the Acquisition and assuming that there is no other change in the number of issued shares of the Company from the date of the Subscription Agreement to the date of Completion, the Subscription Shares represent:

- (i) approximately 3.09% of the existing issued shares of the Company as at the date of this announcement;

- (ii) approximately 2.72% of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares; and
- (iii) approximately 2.65% of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares and Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.21 per Subscription Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 4.55% to the average closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreement.

The gross proceeds from the Subscription will be HK\$3,150,000. The net proceeds, after deduction of relevant expenses, are expected to be approximately HK\$3,000,000. The net Subscription Price per Subscription Share based on the estimated net proceeds is HK\$0.20.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber with reference to, among other things, the issue price of the Consideration Shares, the recent price performance of the Shares and the prevailing market conditions.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscriber irrevocably undertakes that it 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 Subscription Shares or any interest therein from time to time being held by the Subscriber during the period of six months following the date of Completion.

Conditions to completion of Subscription

The Subscription is conditional upon (i) the GEM Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and (ii) the completion of the Acquisition, which are incapable of being waived under the Subscription Agreement.

In the event the conditions of the Subscription are not fulfilled on or before 18 July 2022 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall lapse and neither the Subscriber nor the Company shall have any claim against each other, save for any prior breach of the Subscription Agreement.

Completion

Completion shall take place on the third Business Day (or such later date as may be agreed between the Company and the Subscriber) after the fulfilment of the conditions precedent to the Subscription Agreement as stated above.

Issuance pursuant to General Mandate

The Subscription 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.

On 13 June 2022, the Company announced the Acquisition which involved the issue of 66,666,663 Consideration Shares. Save for the Consideration Shares, the Company has not allotted and issued any Shares pursuant to the General Mandate. Taking into account of the Consideration Shares, the remaining number of Shares that can be issued under the General Mandate is 30,345,793 Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

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 Subscription Shares.

INFORMATION OF THE SUBSCRIBER

The Subscriber is Oriental Watch Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 0398), and is principally engaged in the trading business of luxury watches.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

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 Company has entered into a conditional sale and purchase agreement dated 13 June 2022 with the Vendors in relation to the acquisition of the entire issued share capital of NOIZChain Limited (“NOIZ”). NOIZ 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. NOIZ aims to make blockchain technology widely available for every business and to drive blockchain into mass adoption and commercialisation. NOIZ is also committed to empower enterprises to embrace Web 3.0 environmentally.

The Board is of the view 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. Further details of the Acquisition are set out in the announcement of the Company dated 13 June 2022.

The gross proceeds from the Subscription will be HK\$3,150,000 and net proceeds after deducting relevant expenses are expected to be approximately HK\$3,000,000. The Company intends to apply the net proceeds as the general working capital of NOIZ.

The Board is of the view that the Subscription will enlarge the shareholder base, including the involvement of the Subscriber as strategic investor, and the capital base of the Company. In addition, the net proceeds of the Subscription will be utilized on the general working capital of NOIZ which allows the Group to accelerate the business development of NOIZ and to capture the potential growth of the booming of Fin-tech and blockchain technology application. Accordingly, the Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole.

In addition, the Directors consider that the terms of the Subscription Agreement are on normal commercial terms which were arrived at after arm’s length negotiations between the Company and the Subscriber, and are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12-MONTH PERIOD

Apart from the equity fund raising activities set out below, the Company had not conducted any other equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement/ circular/ prospectus	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
12 April 2021, 25 May 2021 and 29 June 2021	Rights issue	HK\$49.79 million	(i) approximately HK\$28.89 million for repayment of the promissory notes issued by the Company on 21 April 2015; (ii) approximately HK\$7.93 million for repayment of the loan indebted to Mr. Lau Chung Yan by the Company; and (iii) remaining amount of approximately HK\$12.97 million for general working capital and future investment	all the proceeds have been fully utilised as intended

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 485,062,283 Shares in issue. Set out below is a table illustrating the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following completion of the Acquisition; and (iii) immediately following completion of the Acquisition and Subscription, assuming there is no change in the number of Shares of the Company (apart from the issue of the Consideration Shares) from the date of this announcement up to the date of Completion:

Shareholder	As at the date of this announcement		Immediately upon the allotment and issue of Consideration Shares		Immediately upon the allotment and issue of Consideration Shares and Subscription Shares	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Team Sunny International Holdings Limited (<i>Note 1</i>)	136,755,500	28.19	136,755,500	24.79	136,755,500	24.13
Mr. Cheung Wai Yin, Wilson (<i>Note 2</i>)	5,578	0.01	5,578	0.01	5,578	0.01
Ms. Tsang Kwai Ping (<i>Note 3</i>)	900,000	0.18	900,000	0.16	900,000	0.16
The Vendors	—	—	66,666,663	12.08	66,666,663	11.76
The Subscriber	—	—	—	—	15,000,000	2.65
Other public Shareholders	347,401,205	71.62	347,401,205	62.96	347,401,205	61.29
Total	485,062,283	100	551,728,946	100	566,728,946	100

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.

Completion is subject to the satisfaction of the condition to the Subscription as stated above in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of NOIZChain Limited by the Company, details of which are set out in the announcement of the Company dated 13 June 2022
“Board”	board of Directors from time to time
“Business Day”	a day (other than a Saturday and Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Subscription pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration Shares”	an aggregate of 66,666,663 new Share(s) to be issued and allotted by the Company to each of the Vendors as the settlement of the consideration of the Acquisition
“Director(s)”	director(s) of the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Oriental Watch Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 0398)
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	conditional subscription agreement dated 17 June 2022 (after trading hours) entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	subscription price of HK\$0.21 per Subscription Share
“Subscription Share(s)”	an aggregate of 15,000,000 new Share(s) to be issued and allotted by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Vendors”	the vendors of the Acquisition
“%”	per cent.

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

Hong Kong, 19 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>.