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MERDEKA FINANCIAL SERVICES GROUP LIMITED
(萬德金融服務集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

PLACING OF NEW SHARES UNDER GENERAL MANDATE
AMENDMENTS OF TERMS

Placing Agent



Head & Shoulders Securities Limited

Reference is made to the announcement of Merdeka Financial Services Group Limited (the “**Company**”) dated 19 June 2017 (the “**Announcement**”) in relation to, inter alia, the proposed Placing of new Shares under General Mandate. Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

AMENDMENT TO TERMS OF PLACING

The Board of Directors of the Company would like to inform the Shareholders and potential investors that, after arm’s length negotiation, on 7 July 2017 (after trading hours), the Company entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Placing Agent to amend the terms of the Placing Agreement to extend the Long Stop Date of the Placing Agreement from 7 July 2017 to 21 July 2017 to ensure that the Company and the Placing Agent have sufficient time to complete the Placing.

* *For identification purpose only*

Save and except as varied and supplemented as aforesaid, all the terms and conditions of the Placing Agreement shall remain in full force and effect and be binding on the parties thereto in all respects.

Placing Price

The Placing Price will remain at HK\$0.081 per Placing Share. After the deduction of commission and other expenses of the Placing, the net issue price of the Placing Shares will be approximately HK\$0.078 per Placing Share.

The Placing Price represents:

- (i) a discount of approximately 18.18% to the closing price of HK\$0.099 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement; and
- (ii) a discount of approximately 19.64% to the average of the closing prices of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Supplemental Agreement.

Number of Placing Shares

The maximum number of 320,000,000 Placing Shares represents: (i) approximately 19.75% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.49% of the issued share capital of the Company as enlarged by the Placing (assuming the Placing is completed in full and there is no other change in the issued share capital of the Company). The aggregate nominal value of the Placing Shares under the Placing (assuming the Placing is completed in full) will be HK\$320,000.

Condition of the Placing

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before the Long Stop Date.

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the Placing Agent or the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of any antecedent breaches of any obligation thereunder).

Application for Listing

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in financial services business, trading business and information technology business. Financial services business includes the financial leasing business, the securities business and the money lending business.

Assuming all the Placing Shares under the Placing Agreement have been placed, the gross proceeds from the Placing will be approximately HK\$25.90 million and the net proceeds will be approximately HK\$24.90 million (after deduction of commission and other expenses of the Placing). The net issue price of the Placing Shares will be approximately HK\$0.078 per Placing Share.

After arm's length liaison with the holders of the promissory note (the "2014 PN") issued pursuant to the agreement in relation to the acquisition of Ever Hero Group Limited in 2014 with an outstanding principal amount of approximately HK\$23,600,000 as at the date of this announcement and the maturity on 4 July 2017, the Board determined to apply the above disclosed approximately HK\$24.90 million net proceeds of the Placing as to (i) HK\$23,600,000 for the full repayment of the outstanding principal of the 2014 PN; and (ii) the remaining for the strengthening of the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities or any future needs in repaying its outstanding debts.

The Directors are of the view that the Placing, (i) could immediately reduce the Company's debt position and improve the gearing ratio of the Company which is favourable to the Company; and (ii) provides working capital to the Group to meet future developments and investment opportunities and may further improve the gearing ratio and strengthen the financial position of the Group if so needed. The Placing also represents good opportunity to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

The Directors consider that the Supplemental Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned 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	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
8 June 2016	Placing of up to 270,000,000 new Shares at HK\$0.092 per Share under general mandate	HK\$23.90 million	(i) as to not less than HK\$19.14 million for the capital injection into Heng He as its general working capital to facilitate the expansion of the finance lease business, by increasing the budget of funding amounts to the lessees and exploring other regions in the PRC; and (ii) the remaining for the strengthening of the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities or any future needs in repaying its outstanding debt	Approximately HK\$20.00 million has been used for the capital injection into Heng He. The remaining is deposited in bank and will be applied as intended

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the Placing) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of (approx.) Shares</i>		<i>Number of (approx.) Shares</i>	
		%		%
Cheung Wai Yin, Wilson <i>(note 1)</i>	98,995,314	6.11	98,995,314	5.10
Lau Chi Yan, Pierre <i>(note 2)</i>	3,984,375	0.25	3,984,375	0.21
The Placees	—	—	320,000,000	16.49
Other public Shareholders	<u>1,517,114,463</u>	<u>93.64</u>	<u>1,517,114,463</u>	<u>78.20</u>
Total	<u>1,620,094,152</u>	<u>100.00</u>	<u>1,940,094,152</u>	<u>100.00</u>

Notes:

1. The interests disclosed include 98,437,500 Shares held by Ivana Investments Limited, a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiitrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung Wai Yin, Wilson and the discretionary objects of which are family members of Mr. Cheung Wai Yin, Wilson (including Mr. Cheung Wai Yin, Wilson himself). The remaining 557,814 Shares are held by Mr. Cheung Wai Yin, Wilson personally.
2. Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.

GENERAL

The Placing Shares will be issued under the General Mandate which was granted in the EGM with a maximum of 324,018,830 Shares that may be issued. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate, the Company is allowed to issue up to 324,018,830 Shares under the General Mandate.

Accordingly, the Placing and issue of the Placing Shares will not be subject to any Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

By Order of the Board of
MERDEKA FINANCIAL SERVICES GROUP LIMITED
Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 7 July 2017

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Cheung Wai Yin, Wilson (*Chairman and Chief Executive Officer*)

Mr. Lau Chi Yan, Pierre (*Managing Director*)

Independent Non-executive Directors:

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Au-yeung Sei Kwok

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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>.