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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**

#### **Placing Agent**



#### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 12 July 2019 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 408,000,000 Placing Shares at the Placing Price of HK\$0.016 per Placing Share.

The maximum of 408,000,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.016 per Placing Share represents (i) a discount of approximately 11.11% to the closing price of HK\$0.018 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 11.11% to the average of the closing prices per Share of approximately HK\$0.018 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$6.53 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$6.26 million. The net proceeds from the Placing are intended to be used to provide additional general working capital of the Group.

**Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

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### **THE PLACING AGREEMENT**

Date : 12 July 2019 (after trading hours of the Stock Exchange)

Parties : (i) the Company, as the issuer; and  
(ii) Head & Shoulders Securities Limited, as the placing agent.

The Company's wholly-owned subsidiary, Veda Corporate Services Limited, provides company secretarial, compliance and consulting services to the indirect holding company of the Placing Agent.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

### **Placees**

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a Substantial Shareholder. If any of the Placees will become a Substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

### **Placing Shares**

The maximum of 408,000,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 408,000,000 Placing Shares is HK\$408,000.00.

### **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.016 per Placing Share represents (i) a discount of approximately 11.11% to the closing price of HK\$0.018 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 11.11% to the average of the closing prices per Share of approximately HK\$0.018 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and

- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

The Company shall use its reasonable endeavours to procure the fulfillment of the condition referred to in (i) above. The Company and the Placing Agent shall use their respective reasonable endeavours to procure the fulfillment of the condition referred to in (ii) above. In the event any of the conditions pursuant to the Placing Agreement is not fulfilled on or before 31 July 2019 (or such later date as may be agreed between the parties thereto in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

### **Completion**

Completion of the Placing shall take place on the fourth Business Day (the “**Completion Date**”) after the day on which the conditions set out in the Placing Agreement have been fulfilled (or such other date as may be agreed between the parties thereto in writing).

### **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 Placing Shares.

### **General Mandate to issue the Placing Shares**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares refreshed and granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company dated 20 June 2019 subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on that date. Under the General Mandate, the Company is authorised to issue up to 408,018,830 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares are not subject to additional Shareholders’ approval.

### **Termination**

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent’s absolute opinion would adversely affect the success of the Placing; or

- (b) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (e) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (f) any breach of any of the representations and warranties set out in the Placing Agreement to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (g) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under Placing Agreement prior to such termination.

## **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

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

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$6.53 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$6.26 million, representing a net issue price of approximately HK\$0.015 per Placing Share. The net proceeds from the Placing are intended to be used to provide additional general working capital of the Group.

The Directors are of the view that the Placing would strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. Accordingly, the Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) are as follows:

	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	Approximate %	No. of Shares	Approximate %
Team Sunny International Holdings Limited (note 1)	471,640,000	23.12	471,640,000	19.27
Cheung Wai Yin Wilson (note 2)	557,811	0.03	557,811	0.02
Lau Chi Yan Pierre (note 3)	3,984,375	0.20	3,984,375	0.16
The Placees	—	—	408,000,000	16.67
Other public Shareholders	1,563,911,966	76.65	1,563,911,966	63.88
<b>Total</b>	<b>2,040,094,152</b>	<b>100.00</b>	<b>2,448,094,152</b>	<b>100.00</b>

Notes:

- (1) The interest is held by Team Sunny International Holdings Limited, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek.
- (2) Mr. Cheung Wai Yin Wilson is the Chairman, executive Director and chief executive officer of the Company.
- (3) Mr. Lau Chi Yan Pierre is a former executive Director.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

**Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

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

“associate(s)”	has the meaning as ascribed to it under Rules 20.10 to 20.13 of the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Merdeka Financial Services Group Limited (萬德金融服務集團有限公司*), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“connected person(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange



“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 June 2019
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) and its/their ultimate beneficial owner(s) who are independent of and not connected with the Company, its connected persons or their respective associates
“Last Trading Day”	12 July 2019, being the last trading day for the Shares prior to the issue of this announcement and the date of the Placing Agreement
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing of up to a total of 408,000,000 new Shares to be allotted and issued pursuant to the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Head & Shoulders Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 12 July 2019 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.016 per Placing Share
“Placing Shares”	a maximum of 408,000,000 new Shares to be placed under the Placing and pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)



“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“%”	per cent

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

Hong Kong, 12 July 2019

*As at the date of this announcement, Mr. Cheung Wai Yin, Wilson (Chairman and Chief Executive Officer) and Ms. Tsang Kwai Ping are executive Directors; Ms. Yeung Mo Sheung, Ann, Mr. Au-yeung Sei Kwok and Ms. Ng Ka Sim, Casina are independent non-executive Directors.*

*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 will be published and remains on the website of the Company at <http://www.merdeka.com.hk>.*

\* For identification purpose only