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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)**

## **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION IN THE DIGITAL INSURANCE AND RELATED BUSINESS**

The Board announces that on 20 March 2020 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the MOU with the Vendors in relation to the Possible Acquisition.

The Target Company is a company incorporated in Hong Kong with limited liability and is a Hong Kong-based regional insurance technology company.

Pursuant to the MOU, the Vendors and the Purchaser shall negotiate in good faith towards one another in ensuring that the Sale and Purchase Agreement for the Possible Acquisition be entered into as soon as possible and in any event within six (6) months from the date of the MOU (or such later date as the parties thereto may agree in writing).

The MOU does not constitute legally binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to execution and completion of the Sale and Purchase Agreement.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into between the Vendors and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.**

**Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the GEM Listing Rules as and when appropriate.**

This announcement is made by Merdeka Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 20 March 2020 (after trading hours), Joy Sunny Investment Limited, a wholly-owned subsidiary of the Company, as the purchaser (the “**Purchaser**”), entered into a non-legally binding memorandum of understanding (the “**MOU**”) with two independent third parties (collectively, the “**Vendors**”) in relation to the Possible Acquisition (as defined below).

#### **MEMORANDUM OF UNDERSTANDING**

Date: 20 March 2020 (after trading hours)

Parties: the Purchaser; and  
the Vendors.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendors are parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

#### **Subject matter**

Pursuant to the MOU, the Purchaser intends to purchase and the Vendors intend to sell certain shares (the “**Sale Shares**”) of YAS Digital Limited (the “**Target Company**”) legally and beneficially owned by the Vendors (the “**Possible Acquisition**”) at a consideration subject to further negotiation by the parties thereto.

#### **Sale and Purchase Agreement**

Pursuant to the MOU, the Vendors and the Purchaser shall negotiate in good faith towards one another in ensuring that the formal agreement for the sale and purchase of the Sale Shares (the “**Sale and Purchase Agreement**”) be entered into as soon as possible and in any event within six (6) months from the date of the MOU (or such later date as by the parties thereto may agree in writing).

The Sale and Purchase Agreement shall contain, in particular, the following terms: (i) representations, warranties, undertakings and indemnities to be given by the Vendors which are usual for transactions similar to the Possible Acquisition as contemplated by the MOU; (ii) the Purchaser being satisfied with the results of the due diligence review on the Target Company to be conducted; and (iii) any other conditions which may be agreed by the parties thereto and included in the Sale and Purchase Agreement.

### **Consideration**

The consideration for the Possible Acquisition and the payment manner will be determined after arm's length negotiations between the Vendors and the Purchaser and will be set out in the Sale and Purchase Agreement.

### **Exclusivity**

Pursuant to the MOU, the Vendors will not, directly or indirectly, for the period of six (6) months from the date of the MOU (or such later date to be agreed by the parties thereto) (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale or other disposition of the Sale Shares (the "**Exclusivity Period**"). If the Target Company or the Vendors receive any such inquiry or offer, the Vendors will promptly notify the Purchaser.

### **Due Diligence Review**

The Purchaser shall and shall procure that its advisers and agents shall, forthwith upon the signing of the MOU, conduct such review of the assets, indebtedness, operations and other aspect of the Target Company as it may consider appropriate and the Vendors shall provide and procure the Target Company and its agents to provide such assistance as the Purchaser and its advisers and agents may require in connection with such review.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability and the issued share capital of which is owned as to approximately 76.44% by the Vendors, approximately 9.56% by the Purchaser and the remaining approximately 14.00% by several individuals and private fund. The Target Company is a Hong Kong-based regional insurance technology company.

### **REASONS AND BENEFIT OF THE POSSIBLE ACQUISITION**

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; (iii) trading business; and (iv) information technology business.

As noted from the third quarterly report for the nine months ended 30 September 2019 of the Group, the Group has strengthened its corporate consulting business and financial service businesses in 2019 by (i) completing the acquisitions of Merdeka Professional Services Limited (formerly known as Veda Corporate Services Limited) and the remaining 49% share interest in Merdeka Investment Management Limited (formerly known as Heng Asset Management Limited); and (ii) commencing advisory services on corporate finance through Merdeka Corporate Finance Limited.

In addition, on 14 August 2019, the Company invested a minority stake of the Target Company as a stepping stone to dip into the financial technology industry in order to expand the Group's financial services business. The Directors consider that the Possible Acquisition allows the Group to alleviate its existing shareholding in the Target Company for the purpose to capture the potential growth of the financial technology segment.

In consideration of the above, the Directors are of the view that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and shareholders of the Company as a whole.

## **GENERAL**

The MOU does not constitute legally binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to execution and completion of the Sale and Purchase Agreement. The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into between the Vendors and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

**Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the GEM Listing Rules as and when appropriate.**

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

Hong Kong, 20 March 2020

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

*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>.*