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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018
AND
DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION
RELATING TO THE PROVISION OF THE LOAN**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS
ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2018**

References are made to the Announcement and the Annual Report.

In addition to the information provided in the Announcement and the Annual Report, the Board would like to provide the following further information in relation to (i) the Prepayments and Receivables; and (ii) the Impairments.

Prepayments and Receivables and impairment loss on the Prepayments and Receivables

The breakdown of the prepayments, deposits and other receivables of HK\$112.7 million and the provisions for impairment loss on prepayments, deposits and other receivables of HK\$64.4 million are listed below:

	Prepayment, deposits and other receivables as at 31 December 2018	Provision for impairment loss	<i>Notes</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	
The Borrower	77,987	1,123	a, n
Party A	6,902	552	b, n
Party B	4,554	365	c, n
Party C	4,554	364	d, n
Party D	2,252	180	e, n
Party E	4,153	4,153	f, m
Party F	2,967	2,967	g, m
Party G	2,277	2,277	h, m
Party H	3,441	3,441	i, m
Trade deposits paid for wholesale and retail business	6,416	—	
Judgment sum paid to the court for a litigation	4,400	—	j
Due from a minority shareholder of a subsidiary	3,027	—	k
Rental and utility deposit	2,495	—	
Advance to staffs for business trips	1,937	—	l
Tax recoverable	23	—	
Balance from Merdeka Credit	49,842	49,842	o
Others	<u>768</u>		
	177,995		
Less: Expected credit loss	<u>(65,264)</u>		
	112,731		
Impairments as at 31 December 2018		<u>65,264</u>	
Less: Impairments as at 31 December 2017		<u>(842)</u>	
Impairments recognized in the consolidated statement of profit or loss for the year ended 31 December 2018		<u><u>64,422</u></u>	

The Borrower, Party A to Party H were not related to one another.

Notes:

- (a) It represented the Loan in the principal amount of RMB68,500,000 granted by the Lenders to the Borrower pursuant to the terms of the Loan Agreement, details of which are disclosed in the paragraph headed “Discloseable and exempted connected transaction relating to the provision of the loan” below. The Group recorded the whole amount of the Loan as receivable and recorded the amount of the loan of RMB56,170,000 provided by the Minority Shareholder as payable.
- (b) It represented the balance from a short term loan granted to Party A, an Independent Third Party, on 19 October 2018 in the principal amount of RMB6,062,148 carrying interest of 9% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (c) It represented the balance from short term loan granted to Party B, an Independent Third Party, on 15 November 2018 in the principal amount of RMB4,000,000 carrying interest of 8% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (d) It represented the balance from a short term loan granted to Party C, an Independent Third Party, on 20 December 2018 in the principal amount of RMB4,000,000 carrying interest of 5% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (e) It represented the balance from a short term loan granted to Party D, an Independent Third Party, on 5 December 2018 in the principal amount of RMB1,978,041 carrying interest of 9% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (f) It represented the balance from a short term loan granted to Party E, an Independent Third Party, on 2 March 2016 in the principal amount of RMB3,648,000 carrying interest of 9% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (g) It represented the balance from a short term loan granted to Party F, an Independent Third Party, on 15 January 2016 in the principal amount of RMB2,606,000 carrying interest of 8% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (h) It represented the balance from a short term loan granted to Party G, an Independent Third Party, on 23 September 2016 in the principal amount of RMB2,000,000 carrying interest of 8% per annum and repayable in 6 months. The loan did not constitute a discloseable transaction.
- (i) It represented the balance from a short term loan granted to Party H, an Independent Third Party, on 1 November 2016 in the principal amount of RMB3,028,500 carrying interest of 8% per annum and repayable in 1 year. The loan did not constitute a discloseable transaction.
- (j) Application for the return of HK\$4.4 million together with the interest accrued to the Company has been submitted to the High Court. On the hearing of the High Court on 18 December 2019, the High Court ordered that such application be adjourned sine die and costs be reserved. It was ordered by the High Court that the case be placed before a judge of the Court of Appeal for direction or determination. The case is currently pending the direction or determination of the Court of Appeal.

- (k) It represented the balance due from B-Innovare Limited, a minority shareholder of a subsidiary of the Company. The balance was brought forward from the acquisition of Heng Asset Management Limited in August 2017. Such balance was subsequently settled in October 2019. Having discussed with the auditors during the preparation of the annual report 2018, the management was of the view that the probability of default of such balance was low under the forward-looking approach considering the default risk.
- (l) It represented the advance to the PRC staff for business trip, the amount has been settled during the year ended 31 December 2019.
- (m) They represented loan receivables granted to Independent Third Parties in 2016 carrying interest of 8% to 9% per annum for a period of 6 to 12 months. The management has been chasing for the repayment. Having considered the probability of default and the loss given on default, full provision was made on these balances.

The repayment due date of each of the loan receivables mentioned in note (m) above are as follows:

Loan receivables	Repayment due date
— Party E	1 March 2017
— Party F	14 January 2017
— Party G	22 March 2017
— Party H	31 October 2017

Notes:

1. No impairment was made on the above loan receivables in 2017. The management considered that there were no material recoverability issues existed for the year ended 31 December 2017 as the borrowers had settled the loan interest and the management had been liaising with the borrowers for the settlement of the principal amount of the loans.
 2. The loan receivables balance did not include any interest. The borrowers had settled all the loan interest as at 31 December 2018 while the principals of the loans were still past due as at 31 December 2018.
- (n) They represented loan receivables granted to Independent Third Parties in 2018 carrying interest of 5% to 10% per annum for a period of 12 to 18 months. With the effective of HKFRS 9 for the financial statements beginning on 1 January 2018, the assessment and recognition of impairment of loan receivables were based on a forward-looking model in assessing the expected credit loss. The management, having considered the historical settlement records, the probability of default and the loss given on default, the rate of expected credit loss of 8% was made on these balances. The loan receivables balance did not include any interest. The borrowers had settled the loan interest as at 31 December 2018.

- (o) The balance represented the prepayments (the “**Merdeka Credit Prepayments**”) paid to the suppliers of Merdeka Credit in 2016 and 2017 for the development of credit information business, including but not limited to, the costs of system design and database and the cloud technology solutions. However, due to the rapid changes of business environment and regulations in the PRC, Merdeka Credit had not been granted the credit licence and was unable to commence such business. The management considered that the prospect of credit information business was pessimistic and dim and decided not to further proceed the development of credit information business. Those prepayments for the platform, database and cloud technology solutions were written off for the year ended 31 December 2018.

Formation of Merdeka Credit and the credit information business

Starting from the second quarter of 2014, the Group commenced its money lending business and developed as one of its principal lines of business. During its business process, the Subsidiary had developed its credit rating system that was compatible to those used by the other financial institutions, including banks, and government organisations. As a result, it is sensible for it to invest and explore and diverse into a business to be principally engaged in the provision of various kinds of credit information services to local and overseas institutional investors, financial institutions, regulatory authorities, government departments and economic research houses. Therefore, on 22 January 2016, the Company together with Kungen and Shanghai Huahao, who are Independent Third Parties, agreed to form a joint venture company, Merdeka Credit. In April 2016, Merdeka Credit was formed and the registered capital was injected by all three shareholders. The formation of Merdeka Credit was disclosed in the announcement of the Company dated 22 January 2016.

Merdeka Credit purchased 1) the credit investigation platform in Beijing, Shanghai and Hangzhou for the customers to retrieve the relevant information from the credit investigation platform; 2) the litigation and background searches database including business information, court judgment information, legal proceedings, information on trustworthiness, information on enforced persons, etc. for providing litigation and background search service to its customers; 3) the cloud technology solutions including but not limited to content delivery network, whole site accelerator, mobile application accelerator, content and traffic management, rapid cloud transmission, website security etc. for provision of credit information services to its customers.

Before entering into various agreements with the suppliers for the acquisition of the aforementioned services/products and the formation of Merdeka Credit, the management had reviewed the business research report and held several meetings with the suppliers to discuss the development of credit information services in the PRC, the procedures and requirements for applying the credit licence, the basic facilities for operating the business of credit information services, etc. The management also had site visit of the suppliers’ office and verified the information retrieved from the database. The management also reviewed the then regulatory requirements for entering into the credit information business in the PRC. According to the Regulation on the Administration of Credit Investigation Industry (the “**Regulation**”), in order to form a credit investigation institution engaged in corporate credit investigation, it is required to satisfy the conditions set forth in the Company Law of the PRC for the formation of companies, and handle filing formalities at the supervisory and administrative department of credit investigation under the State Council (i.e. the People’s Bank of China) within 30 days after its registration is approved by the company registration authority which the following materials shall be submitted:

1. business license;
2. statement of shareholding and organisational structure;

3. basic information on the business scope, operation policies and systems; and
4. measures on data security and risk prevention.

The management considered those requirements under the Regulation can be met. Based on the information obtained, discussion with the PRC management and with reference to the information and performance of credit information industry in the United States of America and Hong Kong, the management considered that credit information business should have extensive room for development.

The management had engaged advisors to assist the development of the credit information services, including but not limited to, the application for the credit licence to be granted by the relevant PRC authority, sourcing the relevant database providers and technology supports. Merdeka Credit had been building up the facilities in order to fulfill the requirements for the application for the credit licence and submitted the application for the credit licence. However, there was no reply on the approval status of the credit licence from the People's Bank of China after the submission of the application despite numerous follow-ups from time to time.

In June 2017, the China Internet Security Law was implemented with increased data protection and cybersecurity requirements. On the other hand, the People's Bank of China tightened the issuance of credit licences and had revoked a number of credit licences due to different reasons. Despite the resources Merdeka Credit had contributed, the credit licence had not been granted by the relevant PRC authority in 2018.

As the relevant PRC authority did not grant the credit licence to Merdeka Credit, Merdeka Credit is unable to commence any business. The Company conducted an internet search in 2019 which shows that the relevant PRC authority had not granted any credit licence since second half of 2016 till 2018 and the current requirements for application for the credit licence is more stringent than the past. In 2018, after having spent substantial financial resources on the system development and licence application, the other two shareholders refused to commit further resources as they had no confidence in obtaining the licence successfully. The management had re-assessed the viability of continuing the development of the credit information services and decided to cease the development of the credit information services.

The management had considered disposing the database, platform and cloud technology solutions to other parties. However, due to the outdated information and backward technology, there was no market for such disposal. Also, as the platform and cloud technology solutions were tailor-made for the development of this business, it would be costly to transfer or transform to other uses. As such, the management of the Company considered that such assets were not up to date and such assets had been discarded.

Impairment loss on trade receivables

The breakdown of provision for impairment loss on trade receivables of HK\$5.2 million are listed below:

Subsidiaries	Trade receivables as at 31 December 2018 (HK\$'000)	Provision for impairment loss on trade receivables (HK\$'000)	<i>Notes</i>
Source Easy Limited	4,378	1,918	i
Source Easy Limited	245	245	ii
Netgenii Technology Limited	<u>3,054</u>	<u>3,054</u>	iii
	<u>7,677</u>	<u>5,217</u>	

Notes:

- (i) The provision for impairment loss represented the balance from a single independent wholesale customer of Source Easy due over 120 days. Source Easy ceased trading with that customer in March 2018 and the management engaged a lawyer for application for arbitration against that customer in late 2018. Having considered the past default history, the probability of default and the loss given on default, the management made a provision on the balance for the year ended 31 December 2018.
- (ii) The provision for impairment loss represented the balance from a customer who purchased and placed our products in a showroom owned by that customer located in Chengdu, the PRC. The showroom was closed in 2018 due to lack of sales. The management had been contacting such customer and chasing for the outstanding balance for a period to time but in vain. Having considered the probability of default and the loss given on default, the management decided to provide full provision on the balance for the year ended 31 December 2018.
- (iii) The accounts receivable represented the sums payable by the customers of Netgenii Technology Limited, a wholly owned subsidiary of the Company which is principally engaged in the provision of technology solutions, were overdue since 2012. The management assessed the possibility of taking legal proceeding towards the customers and considered the probability of monetary return and material cost and time incurred should Netgenii Technology Limited decided to take the legal proceeding against its customers. Given the probability of default and the loss given on default, the management made a provision on the balances for the year ended 31 December 2018.

The above additional information does not affect other information contained in the Announcement and the Annual Report. Save as disclosed in this announcement, the remaining contents of the Announcement the Annual Report remain unchanged.

DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION RELATING TO THE PROVISION OF THE LOAN

The Board announces that on 20 June 2018, the Minority Shareholder and the Subsidiary, an indirect subsidiary of the Company as lenders, entered into the Loan Agreement with the Borrower, pursuant to which the Minority Shareholder and the Subsidiary agreed to lend the Loan in the principal amount of RMB68,500,000 for a term of 18 months from the date of drawdown (which was 21 June 2018) to 20 December 2019 at an interest rate of 8% per annum.

THE LOAN AGREEMENT

Date: 20 June 2018

Lenders: (i) the Minority Shareholder, the minority shareholder of the Subsidiary who holds approximately 35.29% of the issued share capital of the Subsidiary as at the date of this announcement; and

(ii) the Subsidiary, an indirect subsidiary of the Company

The Minority Shareholder is beneficially owned by Su Zhong Hua (蘇忠華), a merchant and is principally engaged in investment management and investment advisory. Save for the relationship as business partners of the Subsidiary, the Minority Shareholder has no other relationship with the Company.

Borrower: The Borrower and its ultimate beneficial owner, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are Independent Third Parties.

The Borrower is wholly and beneficially owned by Shi Kui (施葵), a merchant and is principally engaged in manufacturing and trading of clothes.

Principal terms of the Loan Agreement

Principal amount of the Loan:	RMB68,500,000, of which RMB56,170,000 of the Loan should be provided by the Minority Shareholder and RMB12,330,000 of the Loan should be provided by the Subsidiary. The Subsidiary, as one of the lenders, was responsible for the management of the Loan, including but not limited to the collection of interest and principal.
Term:	18 months from the date of drawdown (which was 21 June 2018) to 20 December 2019
Interest:	8% per annum
Default interest:	If the Borrower defaults in repayment on the due date of the Loan, interest or other amounts payable under the Loan Agreement, the Borrower shall pay interest on such overdue sums from the due date until payment in full at the rate of 0.5% per month in addition to the interest of 8% per annum.
Repayment:	<p>The Borrower should repay the then outstanding interest accrued on the Loan on the sixth and twelfth month from the date of drawdown and the entire principal amount of the Loan together with all the then outstanding interest accrued on the Loan on the eighteenth month from the date of drawdown.</p> <p>The principal amount of the Loan together with all the then outstanding interest accrued on the Loan would be repaid from the Borrower to the Minority Shareholder and the Subsidiary in accordance with their respective commitment to their provision of the Loan.</p>
Prepayment:	The Loan may be prepaid in whole or in part together with the accrued interest up to and including the date of prepayment on the outstanding balance of the Loan to be prepaid after 12 months of the date of the Loan Agreement with the consent of the Lenders in amounts not less than a whole multiple of RMB1,000,000 by giving one-month prior written notice to the Subsidiary.
Security:	The Loan was unsecured.
Intended use of the Loan:	The Loan should only be used by the Borrower for its operation and management within the business scope as set out in its business licence.

The Borrower has repaid the principal amount of the Loan and the accrued interest to the Subsidiary and the Minority Shareholder as at the date of this announcement.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Lenders and the Borrower with reference to the prevailing commercial practice and the repayment ability of the Borrower. Part of the Loan in the principal amount of RMB12,330,000 provided by the Subsidiary was funded from internal resources of the Subsidiary. The other part of the Loan of RMB56,170,000 was paid to the Borrower by the Minority Shareholder.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

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.

The loan portion from the Minority Shareholder contributed to 82% of the total principal amount of the Loan. Without the Minority Shareholder's contribution, the Subsidiary would not be able to lend the amount to the Borrower due to limited financial resources. This loan arrangement was in the interest of the Company and its Shareholders as the provision of the Loan would provide reasonable interest income to the Subsidiary and the Loan was recorded as loan receivable of the Group and the portion of the Loan provided by the Minority Shareholder of RMB56,170,000 was recorded as payable. In addition, having considered that (i) each of the Subsidiary and the Minority Shareholder funded their own portion of Loan; and (ii) the principal amount of the Loan together with all the then outstanding interest accrued on the Loan would be repaid from the Borrower to the Minority Shareholder and the Subsidiary in accordance with their respective commitment to their provision of the Loan, the Directors (including the independent non-executive Directors) considered that the loan arrangement and the transactions contemplated under the Loan Agreement were in ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Loan Agreement were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Pursuant to the Loan Agreement, the Subsidiary was responsible for the management of the Loan, including but not limited to the collection of interest and principal. When the Subsidiary received any interest and/or principal from the Borrower, the Subsidiary had to pay to the Minority Shareholder according to the proportion of the Loan granted. Therefore, the portion of the Loan provided by the Minority Shareholder of RMB56,170,000 was recorded as payable. No risk or benefit of RMB56,170,000 of the Loan provided by the Minority Shareholder would be borne or enjoyed by the Subsidiary. The actual capital commitment and the risk exposure of the Subsidiary was RMB12,330,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the provision of the Loan exceeded 5% but was less than 25%, the provision of the Loan should constitute a discloseable transaction for the Company and was subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Minority Shareholder is a substantial shareholder of the Subsidiary, the Minority Shareholder is a connected person at the subsidiary level. Since the Minority Shareholder was a party to the Loan Agreement, the Borrower was deemed to be a connected person at the subsidiary level pursuant to Rule 20.18(1) of the GEM Listing Rules. The entering into the Loan Agreement also constituted a connected transaction at the subsidiary level of the Company and was subject to the reporting and announcement requirements but were exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

Pursuant to Rules 19.34 and 20.33 of the GEM Listing Rules, as soon as possible after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. As such, the failure by the Company to comply with the above requirement constituted non-compliance with Rules 19.34 and 20.33 of the GEM Listing Rules.

As the then management of the Subsidiary did not inform the then management of the Company of the entering into of the Loan Agreement, no board meeting of the Company was held to approve the Loan Agreement. The entering into of the Loan Agreement did not fulfill the requirements under Rule 20.99 of the GEM Listing Rules. Despite the non-fulfilment of Rule 20.99 of the GEM Listing Rules, no circular in relation to the Loan Agreement will be issued by the Company given that the Loan and the interests accrued thereon were fully repaid by the Borrower.

REMEDIAL MEASURES

The non-compliance with the relevant requirements under Chapter 19 and Chapter 20 of the GEM Listing Rules was not committed intentionally and was an inadvertent mistake that the then management of the Subsidiary overlooked the consideration test and did not realise that the syndicated loan provided together with the Minority Shareholder would constitute a connected transaction at the subsidiary level. The Company has maintained a list of connected persons and the list is updated from time to time in the headquarter. The list was not provided to the personnel who was responsible for the syndicated loan provided together with the Minority Shareholder. In order to avoid any similar non-compliance, the management of the Company has circulated the list of connected persons to the personnel responsible for the transactions of the Group including the personnel who is responsible for handling the relevant loan agreement and will notify the responsible personnel for any update of the list of connected person from time to time. For the avoidance of future occurrence of similar non-compliance of the GEM Listing Rules, in addition to maintain a list of connected persons, the Company will implement the following actions and procedures:

- (i) the management of the Subsidiary will report details of all proposed loans, including but not limited to the identity of the borrower and its beneficial owner (for corporate borrower), principal amount of loan, and details of security/collateral in future to Mr. Cheung Wai Yin, Wilson, the chairman, the chief executive officer and executive director of the Company, in order to assess the implication under the GEM Listing Rules before entering into the relevant loan agreement;
- (ii) the Company will work more closely with its legal advisers/financial advisers on the compliance issues; and
- (iii) relevant training will be provided from time to time to the management of the Subsidiary on the compliance with the relevant requirements for notifiable transactions and connected transactions under the GEM Listing Rules and the Company will notify the management of the Subsidiary for any update of the transactions requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Announcement”	annual results announcement of the Company for the year ended 31 December 2018 dated 26 March 2019
“Annual Report”	annual report of the Company for the year ended 31 December 2018
“Board”	board of Directors
“Borrower”	上海佳弘服飾有限公司 (Shanghai Jaihong Clothing and Accessories Company Limited*), a company established in the PRC who is an Independent Third Party
“Company”	Merdeka Financial Group Limited (領智金融集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“connected person”	has the meaning 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
“Group”	the Company and its subsidiaries (from time to time)
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Impairments”	the impairment loss on trade receivables of HK\$5.2 million and the impairment loss on prepayments, deposits and other receivables of HK\$64.4 million for the year ended 31 December 2018
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Group and its connected persons in accordance with the GEM Listing Rules
“Kungen”	坤良股權投資基金管理(上海)有限公司 (Kungen Equity Investment Funds Management (Shanghai) Company Limited*), a company established in the PRC with limited liability

“Lenders”	the Minority Shareholder and the Subsidiary
“Loan”	the term loan in the amount of RMB68,500,000 granted by the Lenders to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 20 June 2018 entered into between the Lenders and the Borrower relating to the granting of the Loan
“Merdeka Credit”	萬德徵信有限公司 (Merdeka Credit Information Limited), a joint venture company established in the PRC, the registered capital of which are owned as to 70% by the Subsidiary, 20% by Kungen and 10% by Shanghai Huahao respectively
“Minority Shareholder”	上海市巽離股權投資管理有限公司 (Shanghaishi Xunli Equity Investment Management Company Limited*), a company established in the PRC who holds approximately 35.29% of the issued share capital of the Subsidiary as at the date of this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prepayments and Receivables”	prepayments, deposits and other receivables of HK\$112.7 million as at 31 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shanghai Huahao”	上海華皓財務管理有限公司 (Shanghai Huahao Financial Management Company Limited*), a company established in the PRC with limited liability
“Source Easy”	Source Easy Limited, a wholly owned subsidiary of the Company which is principally engaged in the wholesale and retail of confectionaries and pharmaceutical products with a retail store located in Sheung Shui
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary” 恒河融資租賃(上海)有限公司 (Henghe Financing Lease (Shanghai) Company Limited*), a company established in the PRC of which approximately 64.71% and 35.29% of its issued share capital are owned by the Company indirectly and the Minority Shareholder respectively

“%” per cent

* for identification purpose only

Yours faithfully
For and on behalf of the Board of
MERDEKA FINANCIAL GROUP LIMITED
Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 9 April 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 Listed 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>.