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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)

DISCLOSEABLE TRANSACTION PROVISION OF THE LOAN

PROVISION OF THE LOAN

The Board announces that on 22 December 2020, the Lender, a wholly-owned subsidiary of the Company, and the Borrower, an Independent Third Party, entered into the Loan Facility Agreement in relation to the provision of the Loan in the principal amount of not exceeding GBP500,000 (equivalent to approximately HK\$5,204,000) bearing interest at a rate of 15% per annum and for a term of no more than 365 days following the date of the Loan Facility Agreement.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Loan under Rule 19.07 of the GEM Listing Rules exceed 5% but are less than 25%, the Loan Facility Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

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THE LOAN FACILITY AGREEMENT

The principal terms of the Loan Facility Agreement are summarised as follows:

- Date : 22 December 2020
- Lender : Merdeka Financial Services Limited, a wholly-owned subsidiary of the Company
- Borrower : The Borrower
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owner is an Independent Third Party
- Principal amount : Not exceeding the amount of GBP500,000 (equivalent to approximately HK\$5,204,000)
- Availability period : The period from and including the date of the Loan Facility Agreement to and including the date falling 2 (two) weeks after the date of the Loan Facility Agreement
- Purpose of the Loan : The Loan is drawn by the Borrower for financing the Second Borrower for the purpose of the acquisition of the Assigned Asset from the UK Bank (the "**Transaction 1 Acquisition**"). The aggregate amount of loan grant by the Borrower to the Second Borrower represents approximately 27.87% of the total loan received by the Second Borrower ("**Total Second Borrower Loan**"), in which the amount of the Loan contributes approximately 8.20% of the Total Second Borrower Loan
- Upon Transaction 1 Completion (as defined below), the Second Borrower shall enforce the security under the Existing Facility Agreement and to market for sale of the Land ("**Sale of the Land**")
- Repayment date (the "**Repayment Date**") : The earlier of either:
- 1) the date the Existing Borrower repays or prepays (as the case may be) all monies outstanding under or in connection with the Existing Facility Agreement; or

2) the date of completion of the Sale of the Land,
and in any event on or before the date falling 365
days following the date of the Loan Facility
Agreement

- Interest rate : 15% per annum and shall accrued daily and be compounded quarterly beginning with the date of the completion of the acquisition of the Assigned Asset from UK Bank by the Second Borrower (the “**Transaction 1 Completion**”). The Borrower shall not be obliged to pay more in interest to the Lender than the Relevant Proportion of the Borrower’s pro rata share of what the Borrower actually receives from the Second Borrower
- Default Interest : If the Borrower defaults in repayment on the due date of the Loan, interest or other amounts payable under the Loan Facility Agreement, the Borrower shall pay interest on such overdue sums from the due date until payment in full at the rate of 20% per annum (or the rate between 15% to 20% if the Lender so elects). Such interest shall accrue daily and be compounded quarterly until payment is made, whether before or after any judgment
- Repayment : The Borrower shall repay in full (of the aggregate amount of the principal amount, together with accrued but unpaid interest including all compounded interest on the Loan and all other sums payable (if applicable and if any) on the date falling on or before 7 (seven) business days following the Repayment Date. If the Borrower receives a payment from the Second Borrower that is insufficient to discharge all the amounts due and payable by the Borrower to the Lender under the Loan Facility Agreement and other related drawdown or designated documents, the Borrower shall repay to the Lender the Relevant Proportion of such payment

Prepayment : During the term of the Loan, the Borrower may prepay the Loan in full (of the aggregate amount of the principal amount, together with accrued but unpaid interest including all compounded interest on the Loan and all other sums payable (if applicable and if any) provided that the Borrower shall notify the Lender at least 5 (five) business days in advance

Appointment as the security trustee and security agent : The Borrower irrevocably appoints the Lender as its security trustee and security agent for its attributable security interest (the “**Trust Property**”) in approximately 27.87% equity interest of the Second Borrower under the share charge (the “**Charge**”) created in favour of, among others, the Borrower as security for the loan grant by, among others, the Borrower to the Second Borrower. Upon the Transaction 1 Completion, the Second Borrower is entitled to the Assigned Asset, including but not limited to, a fixed charge over the Land. Based on an independent valuation report as of November 2020, the market value of the Land is approximately GBP12,000,000 (equivalent to approximately HK\$124,800,000).

The Lender, as the security trustee and security agent for the Borrower, shall act in accordance with any instructions in relation to:

- 1) receiving, having the benefit of the and dealing with the Trust Property;
- 2) making demand or claim for any monies payable under the Charge;
- 3) exercising rights, powers and remedies against any person under the Charge;
- 4) enforcing or attempting to enforce the Charge or any part of it;
- 5) giving any consents approvals and/or authorizations under the Charge;
- 6) issuing and receiving notices under the Charge or in connection with any Trust Property; and

7) releasing or discharging any Trust Property.

All amounts from time to time received or recovered by the security trustee and security agent pursuant to the terms of the Charge or in connection with the realization or enforcement of all or any part of the Charge in relation to the Trust Property shall be held by the security trustee on trust to apply them towards i) firstly, payment of any costs and expenses associated with obtaining such recovery; and ii) secondly, payment to the Lender and the Borrower in their Relevant Proportion, respectively

Special Event : A fellow subsidiary of the Second Borrower may participate in the purchase of the Land

In the event that a fellow subsidiary of the Second Borrower fails to purchase the Land, the Borrower shall repay a minimum of 6 (six) months interest to the Lender, or otherwise, the Borrower shall repay the accrued but unpaid interest to the Lender and the outstanding principal of the Loan will be applied for a new loan with similar terms in relation to the purchase of the Land. Further announcement(s) shall be made in accordance to the GEM Listing Rules as and when appropriate

The Loan was funded by internal resources of the Group.

INFORMATION ON THE GROUP

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.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding and financing. To the best of the Directors' knowledge and information, the Borrower and its ultimate beneficial owner, are Independent Third Parties.

REASONS FOR ENTERING INTO THE LOAN FACILITY AGREEMENT

The grant of the Loan to the Borrower is in the ordinary and usual course of business of the Group. The terms of the Loan Facility Agreement were negotiated on an arm's length basis between the Company and the Borrower. The grant of the Loan was determined on the basis of the Company's credit assessment made on (i) the market value of the Land; (ii) the financial strength and repayment ability of the Borrower; and (iii) the relatively short term in nature of the Loan. After taking into account the above factors, the Company considers that the risks involved in granting of the Loan are relatively low.

The Directors are of the view that the terms of the Loan Facility Agreement were entered into on normal commercial terms based on the Company's credit policy. Based on the abovementioned basis, the Directors consider that the terms of the Loan Facility Agreement are fair and reasonable and the entering into of the Loan Facility Agreement is in the interests of the Company and its Shareholders as a whole.

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DEFINITIONS

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

“Assigned Asset”	all the legal and beneficial right, title and interest in any present or future liability payable or owning by the Existing Borrower to the UK Bank and the set of documents, including but not limited to, a fixed charge over the Land
“Board”	the board of Directors
“Borrower”	Melrose Park Developments Limited, a company incorporated in the British Virgin Islands and is solely owned by Mr. Ho
“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
“Director(s)”	the director(s) of the Company
“Existing Borrower”	a company incorporated and registered in England and Wales, and to the best of the Directors' knowledge and information, an Independent Third Party

“Existing Facility Agreement”	the development loan facility agreement entered into between by, amongst others, the Existing Borrower and the UK Bank
“GBP”	British Pound(s), the lawful currency of UK
“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
“HK\$”	Hong Kong dollar, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the GEM Listing Rules) of the Company and their respective associates (as defined in the GEM Listing Rules)
“Land”	a land located in Petersfield, Hampshire in UK, with a total area of approximately 3.22 hectares (32,200 square meters)
“Lender”	Merdeka Financial Services Limited, a wholly-owned subsidiary of the Company
“Loan”	a term loan in the principal amount of not exceeding GBP500,000 (equivalent to approximately HK\$5,204,000) for a term of no more than 365 days following the date of the Loan Facility Agreement pursuant to the Loan Facility Agreement
“Loan Facility Agreement”	the loan facility agreement dated 22 December 2020 entered into between the Lender and the Borrower in connection with the Loan
“Mr. Ho”	Mr. HO, Tak Pong Matthew, an Independent Third Party
“Relevant Proportion”	the amount of Loan divided by the aggregate amount of loan grant by the Borrower to the Second Borrower
“Second Borrower”	a company incorporated and registered in the British Virgin Islands and to the best of the Directors’ knowledge and information, an Independent Third Party
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Bank”	the bank located in the UK
“%” or “per cent.”	percentage or per centum

For the purpose of this announcement, unless the context otherwise requires, conversion of GBP into Hong Kong dollars is based on the approximate exchange rate of GBP1.0 to HK\$10.40.

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

Hong Kong, 22 December 2020

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 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>.