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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)

SECOND SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF DISCLOSEABLE TRANSACTION PROVISION OF THE LOAN

References are made to the announcements (the “**Announcements**”) of Merdeka Financial Group Limited (the “**Company**”) dated 22 December 2020 and 5 February 2021 respectively in relation to the provision of loan. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board is pleased to announce that, Harrier Way Property Limited, being a company owned by the ultimate beneficial shareholders of the Second Borrower (the “**Land Purchaser**”) has successfully won the bidding of the Land from the receiver at the consideration of GBP6,300,000 (equivalent to approximately HK\$67,788,000) and the completion of the Sale of the Land took place on 10 March 2021 (the “**Land Acquisition Completion**”).

Pursuant to the Loan Facility Agreement, if either a fellow subsidiary of the Second Borrower or a company owned by the ultimate beneficial shareholders of the Second Borrower has successfully purchased the Land, the accrued but unpaid interest up to the date of the Land Acquisition Completion shall be repaid to the Lender, and the outstanding principal of the Loan (i.e. being approximately GBP500,000 (equivalent to approximately HK\$5,380,000)) will then be utilized to part fund the syndicate loan to the New Second Borrower (as defined below) for the purpose to facilitate the Land Purchaser for the Land Acquisition Completion (the “**RollOver Arrangement**”).

The interest accrued in relation to the Loan Facility Agreement is approximately GBP16,507 (equivalent to approximately HK\$177,615) (the “**Repaid Interest**”) and is expected to be repaid to the Lender within 7 business days upon the Land Acquisition Completion.

On 10 March 2021, the Lender and the Borrower entered into a loan facility agreement (the “**Second Loan Facility Agreement**”) to reflect the RollOver Arrangement.

The principal terms of the Second Loan Facility Agreement are summarized below:

Date : 10 March 2021

Lender : Merdeka Financial Services Limited, a wholly-owned subsidiary of the Company

Borrower : Melrose Park Developments Limited

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\$5,380,000)

Repayment date : the date falling 365 days following the date of the Loan Facility Agreement (i.e. 22 December 2020) (the “**Repayment Date**”)

Interest rate : 15% per annum and shall accrued daily and be compounded quarterly beginning with the date of the Land Acquisition Completion.

The minimum amount of interest that is payable to the Lender shall be an amount equal to 6 (six) months’ interest less the Repaid Interest.

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 New Second Borrower (as defined below).

Purpose of the Loan : The Borrower shall use the Loan to part fund the Borrower's obligations under the syndicate loan agreement (the "**New Second Borrower Loan Agreement**") entered into between, amongst others, the Borrower and a fellow subsidiary of the Second Borrower (the "**New Second Borrower**").

The aggregate amount of loan grant by the Borrower to the New Second Borrower represents approximately 27.87% of the total loan received by the New Second Borrower ("**Total New Second Borrower Loan**"), in which the amount of the Loan contributes approximately 8.20% of the Total New Second Borrower Loan.

Given that it is a RollOver Arrangement mechanism under the Loan Facility Agreement and other related drawdown or designated documents, the contribution proportion of the Total New Second Borrower Loan and the identity of the remaining two borrowers remain unchanged under the New Second Borrower Loan Agreement.

The New Second Borrower will utilize the Total New Second Borrower Loan to facilitate the Land Purchaser in respect of the Land Acquisition Completion.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the New Second Borrower and the Land Purchaser is an Independent Third Party.

Default Interest : If the Borrower defaults in repayment on the due date of the Loan, interest or other amounts payable under the Second 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 New Second Borrower that is insufficient to discharge all the amounts due and payable by the Borrower to the Lender under the Second 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 : Pursuant to the Second Loan Facility Agreement, the Borrower irrevocably appoints the Lender as its security trustee and security agent for the Trust Property representing approximately 27.87% equity interest of the New Second Borrower under the Charge created in favour of, the Borrower and two other Independent Third Parties, as security under the New Second Borrower Loan Agreement.

The Lender shall be entitled to enforce the Charge in the event of default by the Land Purchaser or the New Second Borrower. Under the security trustee arrangement, including but not limited to, (i) the Borrower authorises the Lender to perform the duties, obligations and responsibilities and/or to exercise the rights, powers, authorities and discretions specifically given to the Lender under or in connection with the Charge, together with any other incidental rights, powers, authorities and discretions; and (ii) the Borrower shall not have any independent power to enforce, or have recourse to, the Charge or to exercise any right, power, authority or discretion arising under the Charge except through the Lender.

In the event of default by the Land Purchaser or the New Second Borrower, the Lender, as the security trustee of the Trust Property under the Charge, can realise or enforce the Charge, and all amounts from time to time received or recovered by the Lender as security trustee from the realisation of the Trust Property, upon settling any costs and expenses associated with obtaining such recoveries, shall be applied by the Lender to the settlement of the entitlements of each of the Lender and the Borrower in accordance to the Relevant Proportion (the “**Recovered Amounts**”). The Recovered Amounts will be retained and distributed by the Lender and will not be paid to the Borrower before the Lender retains its entitlements in the Relevant Proportion.

The Loan was funded by internal resources of the Group in accordance to the Loan Facility Agreement dated 22 December 2020, and pursuant to the RollOver Arrangement, entering into the Second Loan Facility Agreement will not involve any additional cash outflow by 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 and is solely owned by Mr. Ho, Tak Pong Matthew 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 AND BENEFITS FOR ENTERING INTO THE SECOND 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 Second Loan Facility Agreement were negotiated on an arm's length basis between the Company and the Borrower.

Given that (i) the Second Loan Facility Agreement does not involve any additional cash outflow of the Group on top of the Loan provided to the Borrower under the Loan Facility Agreement; (ii) the effect of the Loan will allow the Lender continue to participate in the New Second Borrower Loan Agreement and receive equivalent economic benefits similar to other parties under the New Second Borrower Loan Agreement; (iii) the Borrower irrevocably appoints the Lender as its security trustee for the Trust Property under the Charge created in favour of, among others, the Borrower; (iv) the market value of the Land; (v) the Recovered Amounts will be retained and distributed by the Lender and will not be paid to the Borrower before the Lender retains its entitlements in the Relevant Proportion; (vi) the accrued interest up to the date of the Land Acquisition Completion will be repaid to the Lender within 7 business days from 10 March 2021; and (vii) the minimum amount of interest of an amount equal to 6 (six) months' interest less the Repaid Interest, the Directors are of the view that the terms of the Second Loan Facility Agreement are fair and reasonable and the entering into of the Second Loan Facility Agreement is in the interests of the Company and its Shareholders as a whole.

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 Second Loan Facility Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

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

Hong Kong, 11 March 2021

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\$10.76.

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>.