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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)**

### **DISCLOSEABLE AND EXEMPTED**

### **CONNECTED TRANSACTION**

### **ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 18 February 2019 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at a Consideration of HK\$8,000,000, which shall be settled by way of issue of the Promissory Notes by the Company to the Vendor (or its nominee(s) as the Vendor may direct in writing) upon Completion.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

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

\* *For identification purpose only*

As at the date of this announcement, the Vendor is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

As the relevant applicable percentage ratios for the Acquisition are less than 25% and the total consideration in respect thereof is less than HK\$10,000,000 and the Acquisition is on normal commercial terms, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

The Board is pleased to announce that on 18 February 2019 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at a Consideration of HK\$8,000,000, which shall be settled by way of issue of the Promissory Notes by the Company to the Vendor (or its nominee(s) as the Vendor may direct in writing) upon Completion.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 18 February 2019 (after trading hours)

Parties : (1) Vendor: Veda Corporation Limited  
(2) Purchaser: Earning Action Limited (a direct wholly-owned subsidiary of the Company)

As of the date of this announcement, the Vendor is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

## **Asset to be acquired**

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company. The Sale Shares will be sold free from all encumbrances together with all rights attaching thereto including but not limited to all dividends paid, declared or made in respect thereof at any time on or after the date of the Sale and Purchase Agreement save and except for the Pre-Completion Dividends. As at the date of this announcement, the Target Company has declared an unpaid dividend to the Vendor of an amount of approximately HK\$2,969,731.

## **Consideration**

The Consideration for the Sale Shares shall be HK\$8,000,000, which shall be settled by the Promissory Notes to be issued by the Company to the Vendor (or its nominee(s) as the Vendor may direct in writing) upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account of (i) the historical financial performance of the Target Group; and (ii) the business prospects of the Target Group as detailed in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION".

## **Promissory Notes**

The following are the principal terms of the Promissory Notes:

Issuer	: The Company
Principal amount	: HK\$8,000,000
Maturity date	: The date falling on the first anniversary from the date of issue of the Promissory Notes (or such later date as the payee of the Promissory Note and the Company may mutually agree in writing) (the " <b>Maturity Date</b> ")
Interest	: 2% per annum payable in arrears
Transferability	: The Promissory Note may, with five (5) Business Days' prior notice in writing to the Company of the payee's intention to transfer or assign the Promissory Note, be freely transferable and assignable by the payee of the Promissory Notes to any other person and any subsequent holder of the Promissory Note will (except as otherwise required by law) be treated as the absolute owner of the Promissory Note for all purposes

Early redemption : Provided that the Company has given to the payee of the Promissory Notes not less than ten (10) Business Days' prior notice in writing, the Company may at any time from the date of issue of the Promissory Note up to the date immediately prior to the Maturity Date redeem any part of the outstanding principal amount of the Promissory Note in whole or in part (in multiples of HK\$1,000,000)

### **Conditions precedent**

The completion of the Acquisition is conditional upon the following conditions precedent being fulfilled or waived (as the case may be):

- (A) the Purchaser being satisfied with the results of the due diligence review of the Target Company;
- (B) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remained in full force and effect;
- (C) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remained in full force and effect;
- (D) all representations, warranties and undertakings provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects; and
- (E) the Purchaser having reasonably satisfied that there has not been any material adverse change on the Target Group since the date of the Sale and Purchase Agreement and the Purchaser having obtained a confirmation from the Vendor confirming that there has not been any material adverse change on the Target Group since the date of the Sale and Purchase Agreement.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions set out in paragraphs (A), (D) and (E) above. The other conditions set out above are incapable of being waived. As at the date of this announcement, none of the above conditions has been fulfilled.

If the above conditions have not been satisfied (or as the case may be, waived by the Purchaser) on or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate (save and except clauses stated in the Sale and Purchase Agreement which shall continue to have full force and effect), and thereafter neither party shall have any obligations and liabilities towards the others save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

## **Completion**

Subject to all the conditions precedent as stated in the section headed “Conditions precedent” being fulfilled (or waived by the Purchaser), Completion shall take place on the Completion Date.

Upon the Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

### **Information on the Target Group**

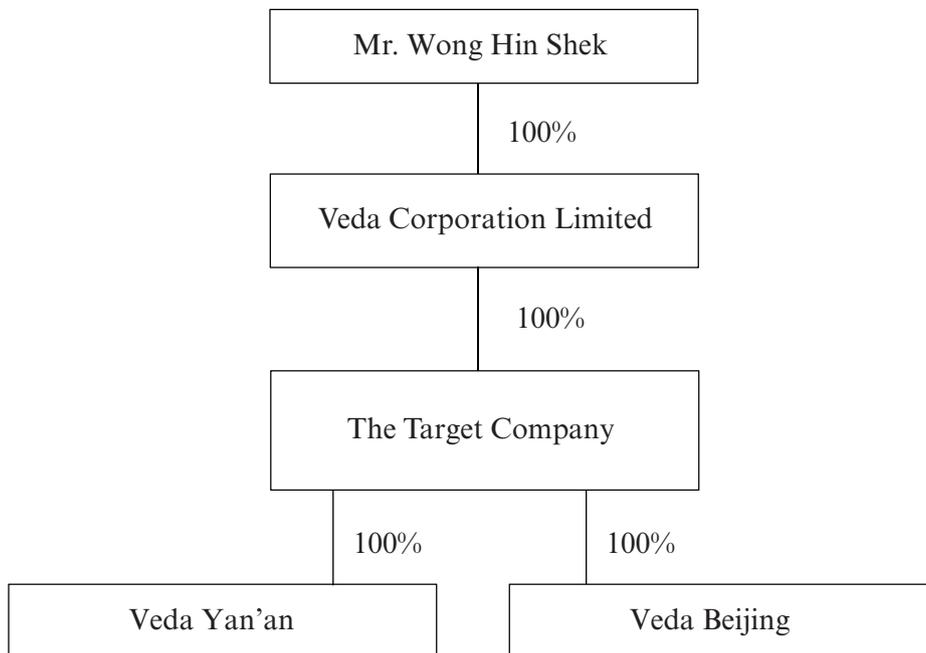
The Target Company is a company incorporated in Hong Kong on 27 June 2011 with limited liability. The Target Company is principally engaged in the provision of company secretarial services and is a holder of the Trust or Company Service Provider Licence registered with the Companies Registry of Hong Kong.

As at the date of this announcement, the Target Company directly holds 100% of the equity interest in Veda Yan’an. Veda Yan’an is a company established in the PRC on 9 December 2016 with limited liability and is principally engaged in the provision of consultancy services in relation to enterprise finance, communicate and management. Veda Yan’an is currently inactive.

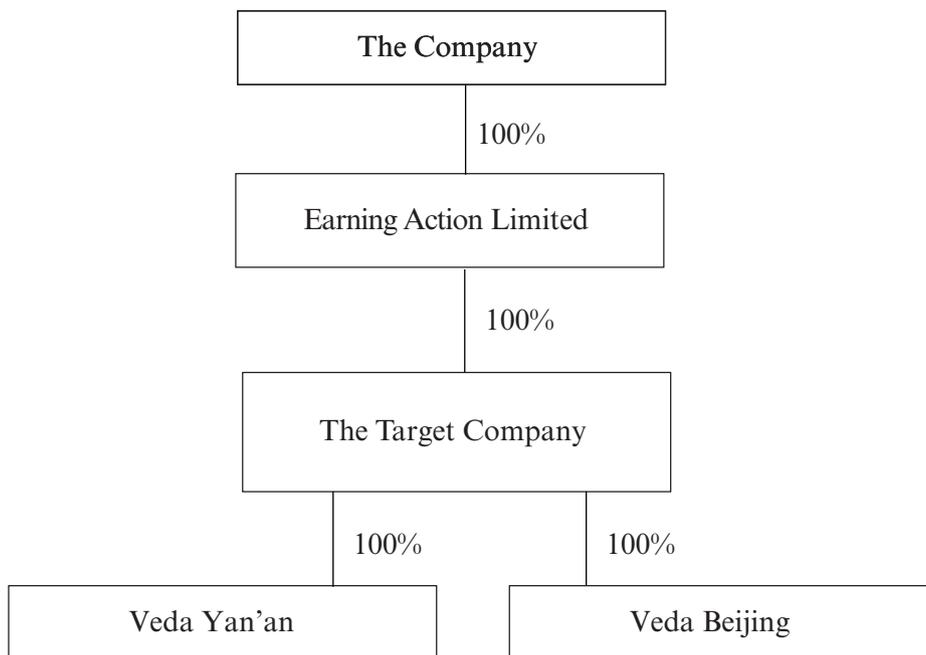
As at the date of this announcement, the Target Company also directly holds 100% of the equity interest in Veda Beijing. Veda Beijing is a company established in the PRC on 3 January 2019 with limited liability and is principally engaged in the provision of consultancy services in relation to economic information, corporate image planning, business information, business management and financial. Veda Beijing has no business operation since its incorporation and up to the date of this announcement.

As of the date of this announcement, the Vendor is a company incorporated in Hong Kong on 27 November 2007 with limited liability and is principally engaged in investment holding. The Vendor is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company.

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group upon Completion:



## Financial information on the Target Group

Set out below is a summary of financial information of the Target Group as extracted from the audited financial statement for the year ended 31 December 2017 and the unaudited consolidated management accounts for the year ended 31 December 2018:

	<b>For the year ended 31 December 2017 HK\$ <i>approximately</i> (audited)</b>	<b>For the year ended 31 December 2018 HK\$ <i>approximately</i> (unaudited)</b>
Revenue	7,930,000	9,639,000
Net profit before taxation	2,952,000	1,511,000
Net profit after taxation	2,461,000	1,316,000

The unaudited net assets value of the Target Group is approximately HK\$2,243,000 as at 31 December 2018.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in financial services business, trading business and information technology business. Financial services business includes the financial leasing business, the securities business and the money lending business.

In order to expand the Group's existing operations and income base to maximise the interests of the Group and the Shareholders as a whole, the Group has been reviewing its operations and actively exploring investment opportunities. Benefiting from the unique position of Hong Kong as an international financial hub and gateway to China, over the years, Hong Kong's stock market has experienced remarkable growth. The total number of listed companies on the Stock Exchange shows an increasing trend continuously for the past five years, from 1,643 as at end of 2013 to 2,315 as at the end of 2018, representing a compound annual growth rate of approximately 7.10%. According to the information available on the website of the Stock Exchange, there were 218 newly listed companies in 2018, the total number of listed companies on the Stock Exchange reached 2,315 as at 31 December 2018, representing a growth of approximately 9.30% as compared to the year end of 2017.

Given the steady increment of the listed companies in Hong Kong, the Board anticipates the demand from Hong Kong listed issuers requesting for professional services in relation to corporate governance matters and compliance with the appropriate local rules governing the listed companies in Hong Kong and other relevant legal and regulatory requirements will persist. Therefore, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition, which allows the Group to participate in the provision of corporate secretarial services in Hong Kong, is in the interests of the Company and the Shareholders as a whole. None of the Directors have a material interest in the Acquisition which required any of the Directors to abstain from voting on the Board resolutions in relation to the Acquisition.

## **GEM LISTING RULES IMPLICATIONS**

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

As of the date of this announcement, the Vendor is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

As the relevant applicable percentage ratios for the Acquisition are less than 25% and the total consideration in respect thereof is less than HK\$10,000,000 and the Acquisition is on normal commercial terms, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks are generally open for business in Hong Kong 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
“Completion”	completion of the Acquisition
“Completion Date”	the date within the five Business Days after the fulfillment (or waiver as the case may be) of all the conditions set out in the Sale and Purchase Agreement
“connected person(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition, being HK\$8,000,000
“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)
“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
“Long Stop Date”	31 May 2019 or such later date as the Vendor and the Purchaser may agree in writing
“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
“Pre-Completion Dividend”	the dividends that may be declared and paid by the Target Company to the Vendor of an aggregate amount no greater than the amount of its retained earnings as at 31 December 2018 prior to Completion

\* *For identification purpose only*

“Promissory Notes”	the promissory notes in the principal amount of HK\$8,000,000 to be issued by the Company in favour of the Vendor (or its nominee(s) as the Vendor may direct in writing) as the Consideration
“Purchaser”	Earning Action Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 February 2019 entered into between the Purchaser and the Vendor pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the Sale Shares
“Sale Shares”	1,500,000 shares of the Target Company, representing the entire issued share capital of the Target Company
“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
“Target Company”	Veda Corporate Services Limited, a company incorporated in Hong Kong on 27 June 2011 with limited liability
“Target Group”	the Target Company, Veda Yan’an and Veda Beijing
“Veda Beijing”	Veda Merdeka (Beijing) Consulting Limited* (智略萬德（北京）諮詢有限公司)
“Veda Yan’an”	Veda (Yan’an) Corporate Services Limited* (智略（延安）企業服務有限公司)

\* For identification purpose only

“Vendor” Veda Corporation Limited, a company incorporated in Hong Kong on 27 November 2007 with limited liability and is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company

“%” per cent

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

Hong Kong, 18 February 2019

As at the date of this announcement, the Directors are:

*Executive Directors:*

Mr. Cheung Wai Yin, Wilson (*Chairman and Chief Executive Officer*)

Mr. Lau Chi Yan, Pierre (*Managing Director*)

*Independent Non-executive Directors:*

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Au-yeung Sei Kwok

*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>.*