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MERDEKA

**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)**

**MAJOR TRANSACTION  
IN RELATION TO THE DEED OF TRANSFER**

**Financial Adviser to the Company**



**DEED OF TRANSFER**

On 18 August 2016, Heng He, an indirect non-wholly owned subsidiary of the Company, entered into the Deed of Transfer with the Lessor, pursuant to which all the corresponding rights, benefits and obligations of the Lessor in respect of the Sub-leased Assets under the Sale and Purchase Agreement and the Finance Lease Agreement would be transferred to Heng He at a total consideration of RMB65 million (approximately HK\$76 million).

**GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated under the GEM Listing Rules in respect of the Deed of Transfer exceed 25%, the transaction contemplated under the Deed of Transfer constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

\* For identification purpose only

## **EGM**

The EGM will be convened to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Deed of Transfer and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has material interest in the Deed of Transfer. As such, no Shareholder will be required to abstain from voting at the EGM in respect of the Deed of Transfer and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Deed of Transfer and a notice of the EGM, will be despatched to the Shareholders within 15 business days of this announcement in accordance with the GEM Listing Rules.

## **INTRODUCTION**

On 18 August 2016, Heng He, an indirect non-wholly owned subsidiary of the Company, entered into the Deed of Transfer with the Lessor, pursuant to which all the corresponding rights, benefits and obligations of the Lessor in respect of the Sub-leased Assets under the Sale and Purchase Agreement and the Finance Lease Agreement would be transferred to Heng He at a total consideration of RMB65 million (approximately HK\$76 million).

### **Background information regarding the Sale and Purchase Agreement and the Finance Lease Agreement**

The Lessor is a company incorporated in the PRC and is principally engaged in financial leasing business in the PRC. On 10 June 2016, the Lessor entered into the Sale and Purchase Agreement, pursuant to which the Lessor purchased the Leased Assets from the Lessee for a total consideration of RMB150 million (approximately HK\$176 million), which shall be leased back to the Lessee in accordance with the Finance Lease Agreement. On 10 June 2016, the Lessor also entered into the Finance Lease Agreement, pursuant to which the Lessor agreed to lease the Leased Assets to the Lessee for a term of five years commencing from the date of the Lessor makes the first payment to the Lessee in accordance with the Sale and Purchase Agreement. Subsequent to the entering into of the Sale and Purchase Agreement and the Finance Lease Agreement, the Lessor entered into the Deed of Transfer with Heng He on 18 August 2016.

## **DEED OF TRANSFER**

The principal terms of the Deed of Transfer are set out below.

### **Date**

18 August 2016

### **Parties**

- (1) Heng He; and
- (2) the Lessor

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Lessor, the Lessee and their respective ultimate beneficial owners are independent third parties of the Company and its connected persons.

### **Subject matter**

The Sub-leased Assets consist of certain network servers, Ethernet switches and high-end routers, and are wholly-owned by the Lessor as at the date of this announcement.

### **Sale and purchase of the Sub-leased Assets**

Pursuant to the Deed of Transfer, the Lessor conditionally agreed to sell, and Heng He conditionally agreed to purchase, the Sub-leased Assets owned by the Lessor, at an aggregate consideration of RMB65 million (approximately HK\$76 million). The carrying value of the Sub-leased Assets was approximately RMB84.36 million (approximately HK\$99 million) as at 10 June 2016, which is the date of the Sale and Purchase Agreement and the Finance Lease Agreement. The consideration was determined after arm's length negotiations between Heng He and the Lessor with reference to the carrying values and/or prevailing market price of the Sub-leased Assets as at 15 June 2016. Such consideration shall be paid by Heng He to the Lessor after the following conditions, among others, are fulfilled:

- (i) the Sale and Purchase Agreement and the Finance Lease Agreement remains valid and effective; and

- (ii) by means of a transfer notice, which would be signed by the Lessor and the Lessee for confirmation, to approve the registration of ownership and the formalities of transfer (if any) regarding the Sub-leased Assets having been duly completed and submitted to Heng He.

The consideration for the Sub-leased Assets will be financed by the internal resources of the Group.

### **Leaseback of the Sub-leased Assets**

Pursuant to the Deed of Transfer, the Sub-leased Assets shall then be leased back to the Lessor at the aggregate lease payment for a term of three years. The aggregate lease payment shall be approximately RMB77.04 million (approximately HK\$90 million), being the principal lease cost of RMB65 million (approximately HK\$76 million) plus the aggregate interest of approximately RMB12.04 million (approximately HK\$14 million), which shall be payable by the Lessor to Heng He in 12 installments on quarterly basis.

The aforesaid aggregate lease payment is calculated at the interest rate of 6.175% per annum during the Lease Period, which was determined with reference to the principal amount of the Sub-leased Assets and the prevailing market rate charged by certain financial leasing companies in the PRC in respect of loans with similar principal amount, tenure and leased assets.

### **Ownership of the Sub-leased Assets**

The ownership of the Sub-leased Assets under the Deed of Transfer will be vested in Heng He throughout the Lease Period. At the end of the Lease Period and subject to payment by the Lessor of all amounts due under the Deed of Transfer, the ownership of the Sub-leased Assets will be vested in the Lessor.

## **Default**

If default is committed on the part of the Lessor, Heng He shall be entitled to, among others, (i) demand repayment of the aggregate lease consideration which are due and payable, default interest and the termination fee thereto; (ii) take possession of the Sub-leased Assets by commencing applicable PRC legal action and seek enforcement of the obligation of the Lessor under the Deed of Transfer; and (iii) claim for compensation for any losses or costs incurred against the Lessor.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DEED OF TRANSFER**

The Group is principally engaged in financial services business, trading business, including the trading of various brands of milk powder products to customers based in Hong Kong and information technology business.

Heng He is a sino-foreign joint venture company with limited liability and is a non-wholly owned subsidiary of the Group. It is principally engaged in the financial leasing business, which specialises in organising and providing direct financial leasing services and sale-and-leaseback services to customers in the PRC, the customers of which are mainly manufacturing companies and governmental authorities.

The Lessor intends to save some of its internal resources for other sale-and-leaseback services and the transfer of financial leasing business to Heng He can provide the Lessor with working capital to further optimise its operation efficiency. The entering into of the Deed of Transfer is in the ordinary and usual course of business of the Group and can obtain stable revenue and cashflow stream from the interest to be received.

The Directors consider that the entering into of the Deed of Transfer is on normal commercial terms which are made on an arm's length basis and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated under the GEM Listing Rules in respect of the Deed of Transfer exceed 25%, the transaction contemplated under the Deed of Transfer constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **EGM**

The EGM will be convened to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Deed of Transfer and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has material interest in the Deed of Transfer. As such, no Shareholder will be required to abstain from voting at the EGM in respect of the Deed of Transfer and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Deed of Transfer and a notice of the EGM, will be despatched to the Shareholders within 15 business days of this announcement in accordance with the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

“Board”	the board of Directors
“Company”	Merdeka Financial Services Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Transfer”	the deed of transfer dated 18 August 2016 and entered into between Heng He and the Lessor in relation to the transfer of all the corresponding rights, benefits and obligations of the Lessor in respect of the Sub-leased Assets under the Sale and Purchase Agreement and the Finance Lease Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Deed of Transfer the transactions contemplated thereunder

“Finance Lease Agreement”	the finance lease agreement dated 10 June 2016 and entered into between the Lessor and the Lessee
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of the Securities on GEM
“Group”	the Company and its subsidiaries
“Heng He”	恒河融資租賃(上海)有限公司 (Heng He Financial Lease (Shanghai) Company Limited*), a sino-foreign joint venture company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Period”	a three-year period commencing from the date of payment made by Heng He to the Lessor for the purchase of the Sub-leased Assets under the Deed of Transfer
“Leased Assets”	the fixed assets purchased by the Lessor in accordance with the Sale and Purchase Agreement, which shall be leased back to the Lessee
“Lessee”	上海名海科技發展有限公司 (Shanghai Ming Hai Technology Development Limited*), a company incorporated in the PRC with limited liability
“Lessor”	華富融資租賃(上海)有限公司 (Hua Fu Finance Leasing (Shanghai) Company Limited*), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 June 2016 and entered into between the Lessor and the Lessee
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company

\* For identification purpose only

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-leased Assets”	certain assets consist of network servers, Ethernet switches and high-end routers, and are owned by Lessor as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For illustration purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.17.*

By order of the Board of  
**Merdeka Financial Services Group Limited**  
**Cheung Wai Yin, Wilson**  
*Chairman and Chief Executive Officer*

Hong Kong, 18 August 2016

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. Yip Kat Kong, Kenneth



*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>.*