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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 TRANSACTION IN RELATION TO
FORMATION OF JOINT VENTURE COMPANY**

THE FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 22 January 2016 (after the trading hours), Heng He (an indirect non-wholly-owned subsidiary of the Company), 坤良 and 上海華皓 signed and executed the Necessary Documents in relation to the formation of 萬德徵信. 萬德徵信 is expected 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.

The registered capital of 萬德徵信 is RMB50 million (equivalent to approximately HK\$60 million). Pursuant to the Necessary Documents, Heng He, 坤良 and 上海華皓 will contribute 70%, 20% and 10% of the registered capital of 萬德徵信 respectively.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios for the transaction contemplated under the formation of 萬德徵信 exceed 5% but are less than 25%, the transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements thereunder.

The Board is pleased to announce that on 22 January 2016, Heng He (an indirect non-wholly-owned subsidiary of the Company), 坤良 and 上海華皓 signed and executed the Necessary Documents in relation to the formation of 萬德徵信, details of which are set out below:

** for identification purposes only*

THE FORMATION OF JOINT VENTURE COMPANY

Date of signing of Necessary Documents

22 January 2016

Parties

- (i) Heng He, an indirect non-wholly-owned subsidiary of the Company;
- (ii) 坤艮; and
- (iii) 上海華皓

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of 坤艮 and 上海華皓 and their respective ultimate beneficial owners is an Independent Third Party.

萬德徵信

Pursuant to the Necessary Documents, 萬德徵信 is expected 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.

Capital contribution

The registered capital of 萬德徵信 is RMB50 million (equivalent to approximately HK\$60 million). Pursuant to the Necessary Documents, Heng He, 坤艮 and 上海華皓 will contribute 70%, 20% and 10% of the registered capital of 萬德徵信 respectively. The Parties shall subscribe for shares of 萬德徵信 in cash upon its establishment as follows:

Shareholder of 萬德徵信	Capital contribution (RMB)	Approximate shareholding in 萬德徵信 (%)
Heng He	35,000,000	70
坤艮	10,000,000	20
上海華皓	5,000,000	10
Total:	50,000,000	100

The amount of capital contribution to be made by the Parties is arrived at after arm's length negotiations among the Parties with reference to, among others, projected capital requirements of 萬德徵信. The Group intends to finance its capital contribution by internal

resources of the Group. Upon its establishment, 萬德徵信 will be accounted for as a subsidiary of the Company and their results will be consolidated into the financial statements of the Group.

Board of directors of 萬德徵信

The board of directors of 萬德徵信 shall comprise of five directors, of which Heng He, the Company, 坤良 and 上海華皓 shall nominate 3, 1 and 1 directors, respectively.

INFORMATION ON THE COMPANY AND THE PARTIES

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

Heng He 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 Heng He (also known as the lessees) are mainly manufacturing companies and governmental authorities.

坤良 is a limited liability company established in the PRC, and is principally engaged in equity investment fund management, investment consulting and investment management.

上海華皓 is a limited liability company established in the PRC, and is principally engaged in consultancy services in finance, commercial, business, investment and management.

REASONS FOR AND BENEFIT OF FORMING 萬德徵信

The Company acts as an investment holding company. The Group is principally engaged in forestry business, plantation business and trading business, including the trading of various brands of milk powder products to customers based in Hong Kong, information technology business and financial services business.

The Company commenced its money lending activities apart from its principal business in the second quarter of 2014. To accommodate and to facilitate this business development, the Group was renewed and granted, a money lenders license in Hong Kong to carry on business as a money lender for a period of twelve (12) months from 2 December 2015. The Group is able to develop the money lending business as one of its principal lines of business by providing loans in a systematic and repetitive nature in its ordinary course of business, subject to compliance with the requirements in the Money Lenders Ordinance. Meanwhile, the Group has been approached by potential borrowers for provision of loans from time to time.

During the nine months ended 30 September 2015, Heng He had concluded nine financial leasing contracts in the aggregate amount of RMB941.2 million. During its business process, Heng He had developed its credit rating system that was compatible to those used by the other financial institutions, including banks, and government organizations. As a results, 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. The Directors considered that it would be in the interests of the Company and its Shareholders as a whole for Heng He to expand into business that is relating to its own financial leasing business, which in turn will be beneficial to the Group by increasing its revenue and profits.

The Directors consider that the establishment of 萬德徵信 will bring to Heng He a new source of income. Taking into account of the benefits of the formation of 萬德徵信 described above, the Directors (including the independent non-executive Directors) believe that the formation of 萬德徵信 is in the interest of the Company and the Memorandum and Articles of Association are drafted on normal commercial as well as legal practice, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Merdeka Financial Services Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of 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
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates
“坤艮”	坤艮股權投資基金管理（上海）有限公司, a company incorporated in the PRC with limited liability
“Memorandum and Articles of Association”	The memorandum and articles of association of 萬德徵信
“Necessary Documents”	the documents necessary for the formation of 萬德徵信, namely, the Memorandum and Articles of Association, the first directors’ meeting minutes and the first shareholders’ meeting minutes
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“上海華皓”	上海華皓財務管理有限公司, a company incorporated in the PRC with limited liability
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“萬德徵信”	萬德徵信有限公司, the joint venture company to be established under the laws of the PRC in accordance with the Memorandum and Articles of Association
“%”	per cent.

By Order of the Board of
MERDEKA FINANCIAL SERVICES GROUP LIMITED
Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 22 January 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>.