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MERDEKA

**MERDEKA MOBILE GROUP LIMITED**

**(萬德移動集團有限公司\*)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8163)**

**CONNECTED TRANSACTION:  
AMENDMENTS TO THE TERMS AND CONDITIONS  
OF THE CONVERTIBLE BONDS**

**SECOND SUPPLEMENTAL DEED RELATING TO THE CONVERTIBLE BONDS**

The Board announces that on 9 July 2014 (after trading hours), the Company and the Bondholders entered into the Second Supplemental Deed, pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Convertible Bonds. All other terms of the Convertible Bonds shall remain unchanged and valid.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds amounts to HK\$177,880,000.

\* *for identification purposes only*

## **GEM LISTING RULES IMPLICATIONS**

Pursuant to Rule 22.03 of the GEM Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

As Ivana is a company controlled and owned by Mr. Cheung, Ivana is a connected person of the Company under the GEM Listing Rules. The Proposed Terms to be effected by the Second Supplemental Deed constitute a connected transaction of the Company. Therefore, the Proposed Terms are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM under the GEM Listing Rules. The Company will establish an independent board committee and appoint an independent financial adviser to advise the Independent Shareholders and the independent board committee of the Company in respect of the Proposed Terms. Mr. Cheung and Ivana together with their respective associates will abstain from voting in respect of the resolution(s) approving the Proposed Terms at the EGM. The grant of the Specific Mandate for the issue and allotment of the Conversion Shares will also be considered, and if thought fit, be approved by the Independent Shareholders at the EGM.

## **GENERAL**

Application will be made by the Company to the Stock Exchange for its approval of: (i) the Proposed Term; and (ii) the listing of, and permission to deal in, the Conversion Shares. The issue and allotment of the Conversion Shares, are subject to, inter alia, the approval of the Independent Shareholders at the EGM.

A circular containing, among other things, details of the Convertible Bonds, the Proposed Terms, the letters from the independent board committee and the independent financial adviser and the notice convening the EGM will be despatched to the Shareholders in compliance with the GEM listing Rules as soon as practicable (which is expected to be on or about 30 July 2014).

**If any of the conditions precedent to the completion under the Second Supplemental Deed are not satisfied, the Second Supplemental Deed will lapse and will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.**

## **BACKGROUND**

References are made to the announcements of the Company dated 23 October 2007, 30 May 2011 and 4 July 2011, and the circulars (the “**Circulars**”) of the Company dated 30 May 2008 and 15 June 2011. As disclosed, the Company issued the Convertible Bonds in the aggregate principal amount of HK\$776,880,000 convertible into Shares at the initial conversion price of HK\$0.10 per Conversion Share (subject to adjustment as provided in the terms and conditions of the Convertible Bonds) as part of the consideration for the acquisition of forest concessions in Papua, Indonesia on 12 August 2008.

The Convertible Bonds are unsecured, interest-free and were originally mature on 12 August 2011. Unless converted into the Shares by the Company, the outstanding principal amount of the Convertible Bonds would be redeemed in full on maturity.

By the supplemental deed dated 30 May 2011, the maturity date of the Convertible Bonds has been extended for 3 years from 12 August 2011 to 12 August 2014. Upon becoming effective of the supplemental deed, the Company may at any time during the period commencing from 12 August 2011 to 12 August 2014 to redeem the whole or part of the outstanding Convertible Bonds on a pro rata basis. Also, the Conversion Restriction was removed. Apart from the extension of the maturity date and the conversion period, the early redemption right and the removal of the Conversion Restriction, all other terms of the Convertible Bonds remain unchanged. As a result, all outstanding Convertible Bonds will be mature on 12 August 2014.

The conversion price of HK\$0.10 per Conversion Share was adjusted to HK\$4.00 per Conversion Share as a result of the share consolidation of 40 into 1 effective on 26 March 2013.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds is HK\$177,880,000 which is legally and beneficially owned by four Bondholders.

For further details of the Convertible Bonds, please refer to the Circulars.

## **SECOND SUPPLEMENTAL DEED RELATING TO THE CONVERTIBLE BONDS**

On 9 July 2014 (after trading hours), the Company and the Bondholders entered into the Second Supplemental Deed to (a) extend the maturity date of the Convertible Bonds for a further three years to 12 August 2017; and (b) revise the conversion price of the Convertible Bonds from HK\$4.00 per Share to HK\$0.0462 per Share.

To the best information, knowledge and belief of the Directors after making necessary enquiry, each of Bondholders (other than Ivana) is an independent third party not connected with the Company and its connected persons.

The Second Supplemental Deed is conditional upon the following conditions:

- (a) the Stock Exchange granting its approval for the Proposed Terms;
- (b) the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting to be convened approving the Second Supplemental Deed and the transactions contemplated thereunder;
- (c) the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting to be convened granting the Specific Mandate; and
- (d) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of conversion rights attached to the outstanding Convertible Bonds.

None of the above conditions are waivable. If any of the conditions above are not fulfilled by 30 September 2014, the parties to the Second Supplemental Deed will not be bound to proceed with the transactions contemplated under the Second Supplemental Deed and the Second Supplemental Deed will cease to have any effect.

Apart from the Proposed Terms, all other terms of the Convertible Bonds remain unchanged. A summary of the principal terms of the Convertible Bonds as adjusted by the Proposed Terms is as follows:

Issuer	:	The Company
Outstanding Principal Amount	:	HK\$177,880,000
Interest	:	Zero coupon

- Conversion Period : Subject to the restrictions specified below, Bondholders shall be entitled to convert the Convertible Bonds into the Conversion Shares at any time during the period commencing from the date of issue of the Convertible Bonds until the date that falls on the fifth day immediately before the maturity date.
- Restrictions in conversion : There is no right for any Bondholder(s) to convert any principal amount of the Convertible Bonds held by the Bondholder(s) and the Company shall not issue any Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares, the Company will be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules. There is no Conversion Restriction.
- Conversion Price : Upon the Second Supplemental Deed taking effect, the Conversion Price would be HK\$0.0462 per Conversion Share, subject to customary adjustments, among other things, sub-divisions and consolidations of the Shares, in accordance with the terms and conditions of the Convertible Bonds.

*The Conversion Price represents the higher of:*

- (i) the closing price per Share as quoted on the Stock Exchange of HK\$0.045 on 9 July 2014, being the date of the Second Supplemental Deed; and
- (ii) the average of the closing prices of HK\$0.0462 per Share for the last five trading days immediately preceding and ended on 9 July 2014,

The Conversion Price was determined by reference to the recent trading performance of the Shares on the Stock Exchange.

- Early Redemption : The Company may at any time during the period commencing from the date of issue of the Convertible Bonds to the maturity date of the Convertible Bonds to redeem the whole or part of the outstanding Convertible Bonds of the Bondholder(s) on a pro rata basis.
- Ranking of Conversion Shares : Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.
- Maturity Date : The date falling on the ninth anniversary of the issue date, such date being a business day and if such date not being a business day, the immediately next business day. Unless previously converted or cancelled under the conditions of the Convertible Bonds, each Convertible Bond shall be redeemed at their principal amount on the maturity date. Upon the Second Supplemental Deed taking effect, the maturity date of the Convertible Bonds would be 12 August 2017.
- Voting Rights : The Bondholders shall not have any right to attend or vote in any general meeting of the Company by virtue of their being Bondholders.
- Transferability : The Convertible Bonds are transferable from the date of issue of the Convertible Bonds until the date that falls on the tenth day before the maturity date, subject to the terms and conditions of the Convertible Bonds.
- Status : General, unsecured obligations of the Company ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for the obligations accorded preference by mandatory provisions of applicable laws.
- Listing : No application will be made for the listing of the Convertible Bonds. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Convertible Bonds.

If the outstanding Convertible Bonds are fully converted at the Conversion Price of HK\$0.0462 each, a maximum of 3,850,216,450 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the outstanding Convertible Bonds in full, which represents: (i) approximately 6.28 times the issued share capital of the Company as at the date of this announcement; and (ii) approximately 86.27% of the issued share capital of the Company as to be enlarged by the issue of the 3,850,216,450 Conversion Shares. According to the existing terms of the Convertible Bonds, a Bondholder shall have the right to convert the Convertible Bonds into Shares provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares at any one time in compliance with the GEM Listing Rules.

The Conversion Shares will be issued under the Specific Mandate to be sought at the EGM.

## **REASONS FOR THE SECOND SUPPLEMENTAL DEED**

The Proposed Terms effectively allows the Group to refinance the debts under the Convertible Bonds under the same financial terms for a further three-year period. Since the Convertible Bonds is zero coupon, it will not incur any interest burden for the Group for the next three years. Save for the Proposed Terms, other terms and conditions of the Convertible Bonds remain unchanged.

The Board (excluding Mr. Cheung Wai Yin, Wilson, the ultimate beneficial owner of Ivana who has material interest in the Proposed Terms and has abstained from voting in the Board meeting for approving the Proposed Terms, and the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) considers that the terms and conditions of the Second Supplemental Deed (including the Conversion Price) are fair and reasonable and the Proposed Terms are in the interests of the Company and the Shareholders as a whole. No proceeds will be received by the Company as a result of the Proposed Terms.

## SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the outstanding Convertible Bonds at the Conversion Price is as follows:

	As at the date of this announcement		Immediately after the full conversion of the outstanding Convertible Bonds at the Conversion Price (Note 3)	
	No. of Shares	Approx. %	No. of Shares	Approx. %
<b>Shareholders</b>				
Cheung Wai Yin, Wilson (Note 1)	52,797,500	8.62	3,299,550,747	73.93
Lau Chi Yan, Pierre (Note 2)	<u>2,125,000</u>	<u>0.35</u>	<u>2,125,000</u>	<u>0.05</u>
<b>Total Non-public Shareholders</b>	54,922,500	8.97	3,301,675,747	73.98
Bondholders (other than Ivana)	0	0.00	603,463,203	13.52
Other public Shareholders	<u>557,927,715</u>	<u>91.03</u>	<u>557,927,715</u>	<u>12.50</u>
Total	<u>612,850,215</u>	<u>100.00</u>	<u>4,463,066,665</u>	<u>100.00</u>

*Notes:*

1. The interests disclosed includes 52,500,000 Shares held by Ivana, which is wholly owned by Mr. Cheung. The remaining 297,500 Shares are held by Mr. Cheung personally.
2. Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.
3. There is no right for any Bondholder(s) to convert any principal amount of the Convertible Bonds held by the Bondholder(s) and the Company shall not issue any Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares, the Company will not be able to comply with the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules.

## FUND RAISING ACTIVITY IN PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2013	(i) Placing of new Shares under general mandate	HK\$6.58 million	Approximately HK\$3 million for the expansions of trading business and information technology business; approximately HK\$1.58 million for general working capital and approximately HK\$2 million for financing future investment opportunities	Approximately HK\$3 million has been used for the expansions of trading business and information technology business; approximately HK\$1.58 million has been used for the redemption of the Convertible Bonds; and approximately HK\$2 million has been used for general working capital
	(ii) Placing of new Shares under specific mandate	HK\$22.55 million	Approximately HK\$2.25 million for the expansions of trading business; approximately HK\$6.77 for the information technology business and approximately HK\$13.53 million for general working capital	Approximately HK\$13.50 million has been used for the redemption of the Convertible Bonds; approximately HK\$6.85 million for the expansions of trading business; and approximately HK\$2.2 million for the information technology business

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
21 February 2014	Placing of new Shares under general mandate	HK\$12.56 million	For general working capital to finance its business development and/or to finance any future investment opportunities	Approximately HK\$3 million has been used for the expansions of trading business; and approximately HK\$2 million has been used for general working capital and the remaining is deposited in bank

## **GEM LISTING RULES IMPLICATIONS**

Pursuant to Rule 22.03 of the GEM Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

As at the date of this announcement, Mr. Cheung and Ivana together hold 52,797,500 Shares representing 8.62% of the issued share capital of the Company. As Ivana is a company controlled and owned by Mr. Cheung, Ivana is a connected person of the Company under the GEM Listing Rules. The Proposed Terms to be effected by the Second Supplemental Deed between the Company and Ivana constitute a connected transaction of the Company. Therefore, the Proposed Terms are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM under the GEM Listing Rules. The Company will establish an independent board committee and will appoint an independent financial adviser to advise the Independent Shareholders and the independent board committee of the Company in respect of the Proposed Terms. Mr. Cheung and Ivana together with their respective associates will abstain from voting in respect of the resolution(s) approving the Proposed Terms at the EGM.

The grant of the Specific Mandate for the issue and allotment of the Conversion Shares will also be considered, and if thought fit, be approved by the Independent Shareholders at the EGM.

Application will be made to the Stock Exchange for its approval of: (i) the Proposed Term; and (ii) the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Convertible Bonds.

## INFORMATION ON THE GROUP

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 and information technology business.

## GENERAL

A circular containing, among other things, details of the Convertible Bonds, the Proposed Terms and the letters from the independent board committee and the independent financial adviser and the notice convening the EGM, will be despatched to the Shareholders in compliance with the GEM Listing Rules as soon as practicable (which is expected to be on or about 30 July 2014).

**If any of the conditions precedent to the completion under the Second Supplemental Deed are not satisfied, the Second Supplemental Deed will lapse and will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Company”	Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited), a company incorporated in the Cayman Islands, whose issued Shares are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules

“Conversion Price”	the proposed new conversion price of HK\$0.0462 per Conversion Share under the Proposed Terms, subject to adjustment under the terms and conditions of the Convertible Bonds
“Conversion Restriction”	the original restriction on the conversion of the Convertible Bonds that any Bondholder(s) cannot convert any principal amount of the Convertible Bonds into Conversion Shares if, upon such conversion, any Bondholder and parties acting in concert with it shall be interested in 30% (or such amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion pursuant to the Convertible Bonds
“Conversion Share(s)”	new Shares to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Bonds by the Bondholders thereof
“Convertible Bond(s)”	the convertible bonds due 2014 issued by the Company on 12 August 2008
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Proposed Terms and the Specific Mandate
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Shareholder(s)”	Shareholder(s) other than Mr. Cheung, Ivana and their respective associates
“Ivana”	Ivana Investments Limited, being an investment holding company, the entire issued shares of which are owned by Mr. Cheung
“Mr. Cheung”	Mr. Cheung Wai Yin, Wilson, an executive Director, Chairman and the Chief Executive Officer of the Company
“Proposed Terms”	together (a) the proposed extension of the maturity date of the Convertible Bonds for a further three years to 12 August 2017; and (b) the proposed revision of the conversion price of the Convertible Bonds from HK\$4.00 per Share to HK\$0.0462 per Share
“Second Supplemental Deed”	the supplemental deed dated 9 July 2014 between the Company and the Bondholders in respect of the Proposed Terms
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the mandate to allot and issue the Conversion Shares at the Conversion Price to be sought at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers
“%”	percentage or per centum

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

Hong Kong, 9 July 2014

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*)

*Non-executive Director:*

Mr. Wong Chi Man

*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>.*