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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)

**PROPOSED OPEN OFFER ON THE BASIS OF
TWO (2) OFFER SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE**

UNDERWRITER OF THE OPEN OFFER



太平基業證券有限公司
Pacific Foundation Securities Limited

FINANCIAL ADVISER TO THE COMPANY

VEDA | CAPITAL
智 略 資 本

PROPOSED OPEN OFFER

The Board proposes to raise no less than approximately HK\$68,945,649 and no more than approximately HK\$68,991,816, before expenses, by way of an Open Offer on the basis of two (2) Offer Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.09 per Offer Share.

* For identification purposes only

As at the date of this announcement, the Company has (i) 256,488 outstanding Share Options; (ii) 2017 Convertible Bonds in the principal amount of HK\$124,068,000 which are convertible into a maximum of 335,681,818 Shares; and (iii) 2018 Convertible Bonds in the principal amount of HK\$40,000,000 which are convertible into a maximum of 125,000,000 Shares. Save as disclosed above, the Company does not have any other outstanding warrants or securities in issue which are convertible or exchangeable into Shares.

The Subscription Price for the Offer Shares is HK\$0.09 per Offer Share, payable in full upon acceptance of the relevant provisional allotment of Offer Shares and, where applicable, application for excess Offer Shares under the Open Offer.

The net proceeds of the Open Offer (after deduction of commission and expenses) are expected to amount to approximately HK\$66.22 million (assuming no outstanding Share Options and no rights attaching to the Convertible Bonds are subscribed or exercised on or before the Record Date) will be used (i) as to not less than 80% for the capital injection into 恒河融資租賃(上海)有限公司 (Heng He Financial Lease (Shanghai) Company Limited*) as its general working capital to facilitate the expansion of the financial leasing business; and (ii) the remaining for the general working capital of the Group.

The Open Offer is fully underwritten by the Underwriter and is subject to the terms and conditions of the Underwriting Agreement. If the Underwriter terminate the Underwriting Agreement (details are set out in the paragraph headed “Termination of the Underwriting Agreement” in the section headed “Underwriting Agreement” in this announcement) or the conditions of the Open Offer (details are set out in the paragraph headed “Conditions of the Open Offer” in the section headed “Underwriting Agreement” in this announcement) are not fulfilled, the Open Offer will not proceed. **Accordingly, the Open Offer may or may not proceed and the Shareholders, Options Holders, CB Holders and potential investors are advised to exercise caution when dealing in the securities of the Company and consult their professional advisers if they are in any doubt about their positions.**

* for identification purposes only

IRREVOCABLE UNDERTAKINGS

The Ivana Irrevocable Undertaking

As at the date of this announcement, 32,812,500 Shares, representing approximately 8.57% of the issued share capital of the Company, were owned by Ivana, a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiitrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects of which are family members of Mr. Cheung (including Mr. Cheung himself). Ivana is also the holder of the 2017 Convertible Bonds in the principal amount of HK\$110,000,000 which are convertible into 287,619,048 Shares.

On 8 May 2015, Ivana has granted the Ivana Irrevocable Undertaking in favour of the Company and the Underwriter under which it agreed, among other things:

- (i) to subscribe, or procure its associates to subscribe, for 65,625,000 Offer Shares which comprise the full acceptance of its assured entitlements;
- (ii) that the Shares or the shares (as the case may be) comprising its current shareholding in the Company will remain beneficially owned by it up to and including the Latest Time for Termination;
- (iii) that it will not exercise the 2017 Convertible Bonds in the principal amount of HK\$110,000,000 which are convertible into 287,619,048 Shares beneficially owned by it on or before the Record Date; and
- (iv) to procure that its acceptance of its assured entitlements of 65,625,000 Offer Shares under the Open Offer to be lodged with the Registrar, with payment in full therefor in cash, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the Application Forms.

Other Irrevocable Undertakings

As at the date of this announcement, Mr. Cheung, who personally held 185,938 Shares, representing approximately 0.05% of the existing issued share capital of the Company, has irrevocably undertaken to the Company and the Underwriter that he, among other things, will accept all his assured entitlements of the Offer Shares pursuant to the Open Offer.

Also, the CB Holders have irrevocably undertaken to the Company and the Underwriter that they, among other things, will not (i) exercise the conversion rights attaching to the Convertible Bonds; and (ii) sell or transfer any of the Convertible Bonds, on or prior to the Record Date.

GEM LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rules 10.39, 10.39A and 10.39B of the GEM Listing Rules.

As at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the EGM in respect of the resolution to approve the Open Offer pursuant to Rule 10.39(1) of the GEM Listing Rules. As at the date of this announcement, (i) Mr. Cheung, the chairman and chief executive officer of the Company, is interested in 32,998,438 Shares personally and through Ivana, representing an aggregate of approximately 8.62% of the total issued share capital; and (ii) Mr. Lau Chi Yan, Pierre, an executive Director, is interested in 1,328,125 Shares, representing approximately 0.35% of the total issued share capital. Save as aforesaid, there is no other Directors or chief executive of the Company holding any Share in the Company. Accordingly, Mr. Cheung, Mr. Lau Chi Yan, Pierre and their associates shall abstain from voting at the EGM in favour of the Open Offer. An Independent Board Committee will be established by the Company to give recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders.

GENERAL

The Company will send the Circular containing, among other things, details of the Open Offer, the recommendation from the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, and a notice convening the EGM to Shareholders as soon as practicable in accordance with the GEM Listing Rules.

OPEN OFFER

The Board proposes to raise no less than approximately HK\$68,945,649 and no more than approximately HK\$68,991,816, before expenses, by way of an Open Offer on the basis of two (2) Offer Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.09 per Offer Share.

Issue Statistics

Basis of the Open Offer : Two (2) Offer Shares for every one (1) Share held on the Record Date and payable in full on acceptance

Number of existing Shares in issue : 383,031,384 Shares as at the date of this announcement

Number of Offer Shares to be issued : Not less than 766,062,768 Offer Shares and not more than 766,575,744 Offer Shares

The aggregate nominal value of the Offer Shares is not less than HK\$766,062.77 and not more than HK\$766,575.74

Subscription Price : HK\$0.09 per Offer Share payable in full on application

As at the date of this announcement, the Company has (i) 256,488 outstanding Share Options; (ii) 2017 Convertible Bonds in the principal amount of HK\$124,068,000 which are convertible into a maximum of 335,681,818 Shares; and (iii) 2018 Convertible Bonds in the principal amount of HK\$40,000,000 which are convertible into a maximum of 125,000,000 Shares. Save as disclosed above, the Company does not have any other outstanding warrants or securities in issue which are convertible or exchangeable into Shares.

Assuming that there is no change to the issued share capital of the Company from the date of this announcement up to the Record Date, the number of Offer Shares represent approximately 200% of the Company's issued share capital as at the date of this announcement and approximately 66.67% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

The Subscription Price

The Subscription Price is HK\$0.09 per Offer Share, payable in full upon acceptance of the relevant provisional allotment of Offer Shares and, where applicable, application for excess Offer Shares under the Open Offer.

The Subscription Price of HK\$0.09 represents:

- (a) a discount of approximately 76.62% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 52.13% to the theoretical ex-entitlement price of approximately HK\$0.188 per Share, based on the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 76.80% to the average closing price of approximately HK\$0.388 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 164.71% over the audited total equity attributable to the owners of the Company per Share of approximately HK\$0.034 as at 31 December 2014.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. In view of the recent financial requirements of the Group as mentioned in the section headed "**REASONS FOR AND BENEFITS OF THE OPEN OFFER AND USE OF PROCEEDS**" and taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The net price per Offer Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) will be approximately HK\$0.086.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date, and not being a Prohibited Shareholder.

In order to be registered as members on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrars and transfer office in Hong Kong, Tricor Tengis Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Wednesday, 24 June 2015.

The invitation to apply for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

Closure of register of members

The register of members of the Company in Hong Kong will be closed from Thursday, 25 June 2015 to Thursday, 2 July 2015, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Rights of Prohibited Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will ascertain whether there are any Overseas Shareholders on the Record Date. To determine the identities of the Prohibited Shareholders and in compliance with the relevant GEM Listing Rules, the Company will make necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Company will send the Prospectus to Prohibited Shareholders for their information only but the Company will not send any Application Forms and EAFs to the Prohibited Shareholders.

Status of the Offer Shares

The Offer Shares (when allotted and fully paid) will rank pari passu with the then existing Shares in issue in all respects on the date of allotment and issue of the Offer Shares. Holders of fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares.

Share Certificates for Offer Shares

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” below, certificates for all fully-paid Offer Shares are expected to be posted on or before Monday, 27 July 2015 to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Offer Shares by ordinary post at their own risks.

Application for excess Offer Shares

The Offer Shares to which the Prohibited Shareholders would otherwise have been entitled, any assured allotments of Offer Shares which have not been accepted by the Qualifying Shareholders, and the Offer Shares created by aggregation of fractional Offer Shares (if any), will be available for excess application by the Qualifying Shareholders.

Application may be made only by the Qualifying Shareholders by completing the EAF(s) and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Offer Shares being applied for under each application.

However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares. Any Offer Shares not applied for by the Qualifying Shareholders and not taken by excess application will be taken up by the Underwriter.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Offer Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Wednesday, 24 June 2015.

Fractions of Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Odd lots arrangements

In order to facilitate the trading odd lots (if any) of the Offer Shares, the Company will appoint a securities firm to provide a matching services on a best effort basis, to those Shareholders who wish to acquire odd lots of the Offer Shares to make up a full board lot, or to dispose of their holding of odd lots of the Offer Shares. Details of the odd lot matching arrangements will be set out in the Prospectus to be despatched to the Shareholders.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to continue to be traded in existing board lot of 20,000 Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

THE UNDERWRITING AGREEMENT

Underwriting Agreement

- Date : 8 May 2015 (after trading hours)
- Underwriter : Pacific Foundation Securities Limited (a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities (as defined under the SFO))
- Number of Offer Shares : Not less than 766,062,768 Offer Shares and not more than 766,575,744 Offer Shares
- Number of Underwritten Shares : Not less than 700,065,892 Offer Shares and not more than 700,578,868 Offer Shares
- Commission : an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

The commission rate was determined between the Company and the Underwriter by reference to the market rate. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). Pursuant to the terms and conditions of the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter.

The Ivana Irrevocable Undertaking

As at the date of this announcement, 32,812,500 Shares, representing approximately 8.57% of the issued share capital of the Company, were owned by Ivana, a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiatrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects of which are family members of Mr. Cheung (including Mr. Cheung himself). Ivana is also the holder of the 2017 Convertible Bonds in the principal amount of HK\$110,000,000 which are convertible into 287,619,048 Shares.

On 8 May 2015, Ivana has granted the Ivana Irrevocable Undertaking in favour of the Company and the Underwriter under which it agreed, among other things:

- (i) to subscribe, or procure its associates to subscribe, for 65,625,000 Offer Shares which comprise the full acceptance of its assured entitlements;
- (ii) that the Shares or the shares (as the case may be) comprising its current shareholding in the Company will remain beneficially owned by it up to and including the Latest time for Termination;
- (iii) that it will not exercise the 2017 Convertible Bonds in the principal amount of HK\$110,000,000 which are convertible into 287,619,048 Shares beneficially owned by it on or before the Record Date; and
- (iv) to procure that its acceptance of its assured entitlements of the 65,625,000 Offer Shares under the Open Offer to be lodged with the Registrar, with payment in full therefor in cash, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the Application Forms.

Other Irrevocable Undertakings

As at the date of this announcement, Mr. Cheung, who personally held 185,938 Shares, representing approximately 0.05% of the existing issued share capital of the Company, has irrevocably undertaken to the Company and the Underwriter that he, among other things, will accept all his assured entitlements of the Offer Shares pursuant to the Open Offer.

Also, the CB Holders have irrevocably undertaken to the Company and the Underwriter that they, among other things, will not (i) exercise the conversion rights attaching to the Convertible Bonds; and (ii) sell or transfer any of the Convertible Bonds on or prior to the Record Date.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a Storm Warning is or remains hoisted between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no Storm Warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day):

- (a) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or any material change in existing laws and regulations which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) the occurrence of any local, national or international event or change of a political, military, financial, economic or other nature which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (e) any material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) the Prospectus Documents when published contain information which have not been previously disclosed and may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Offer Shares under the Open Offer; or
- (g) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than 10 consecutive business days, excluding any suspension in connection with the clearance of the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter to the Company prior to the Latest Time for Termination. Upon termination or rescission of the Underwriting Agreement, the Open Offer will not proceed.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve, among others, the Open Offer and the transactions contemplated thereunder;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (d) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (e) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (f) compliance with and performance of all undertakings and obligations of the Company pursuant to the terms and conditions of the Underwriting Agreement; and
- (g) compliance with and performance of all undertakings and obligations of Ivana, Mr. Cheung, and the CB Holders under the respective irrevocable undertaking.

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares or to give effect to the Open Offer and the arrangements contemplated in the Underwriting Agreement.

Neither of the Company nor the Underwriter may waive conditions (a) to (e) and (g) above. The Underwriter may waive the condition (f) above in whole or in part by written notice to the Company. If the conditions precedent above are not satisfied in whole or in part by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders, Options Holders, CB Holders and potential investors should exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 23 June 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be at 4:00 p.m. on Monday, 20 July 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE OPEN OFFER

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Open Offer under various scenarios:

Scenario 1:

Assuming none of the outstanding Share Options are exercised (as the case may be) on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Open Offer and assuming 100% acceptance by Qualifying Shareholders (for illustrative purpose only)		Immediately after completion of the Open Offer and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung, Ivana and their respective associates (for illustrative purpose only)	
	Number of Shares	(approx.) %	Number of Shares	(approx.) %	Number of Shares	(approx.) %
Shareholders						
Mr. Cheung (Note 1)	185,938	0.05	557,814	0.05	557,814	0.05
Mr. Lau Chi Yan, Pierre (Note 2)	1,328,125	0.35	3,984,375	0.35	1,328,125	0.12
Ivana (Note 3)	32,812,500	8.57	98,437,500	8.57	98,437,500	8.57
Options Holders	–	–	–	–	–	–
Underwriter (Note 4)	–	–	–	–	700,065,892	60.92
Other public Shareholders	348,704,821	91.03	1,046,114,463	91.03	348,704,821	30.34
Total	383,031,384	100.00	1,149,094,152	100.00	1,149,094,152	100.00

Scenario 2:

Assuming all the outstanding Share Options are being exercised (as the case may be) on or before the Record Date:

	As at the date of this announcement		Assuming all the outstanding Share Options are being exercised on or before the Record Date		Immediately after completion of the Open Offer and assuming 100% acceptance by Qualifying Shareholders (for illustrative purpose only)		Immediately following completion of the Open Offer and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung, Ivana and their respective associates (for illustrative purpose only)	
	Number of		Number of		Number of		Number of	
	Shares	(approx.) %	Shares	(approx.) %	Shares	(approx.) %	Shares	(approx.) %
Shareholders								
Mr. Cheung (Note 1)	185,938	0.05	185,938	0.05	557,814	0.05	557,814	0.05
Mr. Lau Chi Yan, Pierre (Note 2)	1,328,125	0.35	1,328,125	0.35	3,984,375	0.35	1,328,125	0.12
Ivana (Note 3)	32,812,500	8.57	32,812,500	8.56	98,437,500	8.56	98,437,500	8.56
Options Holders	-	-	256,488	0.07	769,464	0.07	256,488	0.02
Underwriter (Note 4)	-	-	-	-	-	-	700,578,868	60.93
Other public Shareholders	348,704,821	91.03	348,704,821	90.97	1,046,114,463	90.97	348,704,821	30.32
Total	383,031,384	100.00	383,287,872	100.00	1,149,863,616	100.00	1,149,863,616	100.00

Notes:

- As at the date of this announcement, Mr. Cheung holds an aggregate of 32,998,438 Shares, which 32,812,500 Shares are held by Ivana and the remaining 185,938 Shares are held by Mr. Cheung personally.
- Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.
- As at the date of this announcement, 32,812,500 Shares were owned by Ivana, a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiastrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects of which are family members of Mr. Cheung (including Mr. Cheung himself). Accordingly, Mr. Cheung is deemed to be interested in the relevant Shares for the purpose of the SFO.
- The Underwriter (i) shall not subscribe, for its own account, for such number of Offer Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and (ii) shall procure that each subscriber or purchaser procured by it, together with parties acting in concert with each of them, will not own 10% or more of the issued share capital of the Company immediately upon the completion of the Open Offer. The Underwriter shall use its reasonable endeavours to ensure that each of the subscriber or purchaser of the Offer Shares not taken up shall be third party independent of, not acting in concert with and not connected with the Company, any of connected person of the Company or their respective associates.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE OPEN OFFER AND USE OF PROCEEDS

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 the money lending business and the financial leasing business.

The net proceeds of the Open Offer (after deduction of commission and expenses) are expected to amount to approximately HK\$66.22 million (assuming no outstanding Share Options and no rights attaching to the Convertible Bonds are subscribed or exercised on or before the Record Date) will be used (i) as to not less than 80% for the capital injection into 恒河融資租賃(上海)有限公司 (Heng He Financial Lease (Shanghai) Company Limited*) as its general working capital to facilitate the expansion of the financial leasing business; and (ii) the remaining for the general working capital of the Group.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Despatch of the Circular, notice of EGM and form of proxy of the EGM	Monday, 1 June 2015
Latest time for lodging of form of proxy for the EGM	11:00 a.m. on Wednesday, 17 June 2015
EGM	11:00 a.m. on Friday, 19 June 2015
Announcement of results of the EGM	Friday, 19 June 2015
Last day of dealings in the Shares on a cum-entitlement basis	Monday, 22 June 2015
First day of dealings in the Shares on an ex-entitlement basis	Tuesday, 23 June 2015

* *for identification purposes only*

Latest time for lodging transfer of the Shares in order to be qualified for the Open Offer	4:30 p.m. on Wednesday, 24 June 2015
Register of members closes (both days inclusive)	Thursday, 25 June 2015 to Thursday, 2 July 2015
Record Date for the Open Offer	Thursday, 2 July 2015
Register of members re-opens	Friday, 3 July 2015
Prospectus Documents expected to be despatched	Friday, 3 July 2015
Latest time for acceptance of and payment for the Offer Shares and application for excess Offer Shares	4:00 p.m. on Friday, 17 July 2015
Latest time for the termination of the Underwriting Agreement	Monday, 20 July 2015
Announcement of allotment results	Friday, 24 July 2015
Certificates for the Offer Shares expected to be despatched on or before	Monday, 27 July 2015
Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares expected to be posted on or before	Monday, 27 July 2015
Dealings in Offer Shares commence	9:00 a.m. on Tuesday, 28 July 2015

All times and dates specified in this announcement refer to Hong Kong local times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate in accordance with the GEM Listing Rules.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS, THE 2017 CONVERTIBLE BONDS AND THE 2018 CONVERTIBLE BONDS

Pursuant to the terms of the Share Option Scheme, the 2017 Convertible Bonds and the 2018 Convertible Bonds, the exercise prices and conversion price of the respective Share Options, the 2017 Convertible Bonds and the 2018 Convertible Bonds will be adjusted in accordance with the Share Option Scheme and the deed poll of the 2017 Convertible Bonds and the 2018 Convertible Bonds upon the Open Offer becoming unconditional. Such adjustments will be verified by the auditors of the Company and the Company will notify the holders of the Share Options, the 2017 Convertible Bonds and the 2018 Convertible Bonds the respective adjustments upon the Open Offer becoming unconditional. The Company will notify the holders of the Share Options, the 2017 Convertible Bonds and the 2018 Convertible Bonds the required adjustment(s) as soon as practicable and details of adjustments will be provided in the Prospectus in respect of the Open Offer to be despatched to the Shareholders.

GEM LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rules 10.39, 10.39A and 10.39B of the GEM Listing Rules.

As at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the EGM in respect of the resolution to approve the Open Offer pursuant to Rule 10.39(1) of the GEM Listing Rules. As at the date of this announcement, (i) Mr. Cheung, the chairman and chief executive officer of the Company, is interested in 32,998,438 Shares personally and through Ivana representing an aggregate of approximately 8.62 % of the total issued share capital; and (ii) Mr. Lau Chi Yan, Pierre, an executive Director, is interested in 1,328,125 Shares, representing approximately 0.35 % of the total issued share capital. Save as aforesaid, there is no other Directors or chief executive of the Company holding any Share in the Company. Accordingly, Mr. Cheung, Mr. Lau Chi Yan, Pierre and their associates shall abstain from voting at the EGM in favour of the Open Offer. An Independent Board Committee will be established by the Company to give recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders.

GENERAL

The Company will send the Circular containing, among other things, details of the Open Offer, the recommendation from the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and a notice convening the EGM to Shareholders as soon as practicable in accordance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2017 Convertible Bonds”	the zero coupon convertible bond(s) due in 2017 with an outstanding principal amount of HK\$124,068,000 conferring rights to convert to a total of 335,681,818 Shares at conversion price of HK\$0.3696 per Share (subject to adjustment)
“2018 Convertible Bonds”	the zero coupon convertible bond(s) due in 2018 with an outstanding principal amount of HK\$ 40,000,000 conferring rights to convert to a total of 125,000,000 Shares at conversion price of HK\$0.32 per Share (subject to adjustment)
“Application Form(s)”	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Holders”	the holders of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Circular”	the circular to the Shareholders containing, among other things, further information of the Open Offer, and proposed to be despatched to the Shareholders on or about 1 June 2015

“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Merdeka Mobile 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 thereto under the GEM Listing Rules
“Convertible Bonds”	the 2017 Convertible Bonds and the 2018 Convertible Bonds
“Director(s)”	directors of the Company
“EAF(s)”	the excess application form(s) for the application of the excess Offer Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held on or about Friday, 19 June 2015 to consider and approve, among other things, the Open Offer, the Underwriting Agreement and the transactions contemplated hereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board, comprising all independent non-executive Directors, to be set up to advise the Independent Shareholders on the Open Offer and the Underwriting Agreement

“Independent Shareholders”	the Shareholders not required under the GEM Listing Rules to abstain from voting on the resolution(s) approving the Open Offer at the EGM
“Ivana”	Ivana Investments Limited, a substantial shareholder of the Company
“Ivana Irrevocable Undertaking”	an irrevocable undertaking dated 8 May 2015 granted by Ivana in favour of the Company as described in the section headed “The Ivana Irrevocable Undertaking” in this announcement
“Last Trading Day”	8 May 2015, being the last trading day of the Shares on the Stock Exchange prior to the issue of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 17 July 2015 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the next business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate this Agreement
“Mr. Cheung”	Mr. Cheung Wai Yin, Wilson, an executive Director and substantial Shareholder of the Company
“Offer Shares”	not less than 766,062,768 new Shares and not more than 766,575,744 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Options Holders”	holders of the Share Options

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Prohibited Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares
“Prospectus”	the Open Offer prospectus in the agreed form expected to be dated the Prospectus Posting Date
“Prospectus Documents”	the Prospectus and the Application Form and the application form for excess Offer Shares
“Prospectus Posting Date”	Friday, 3 July 2015 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and are not the Prohibited Shareholders
“Record Date”	Thursday, 2 July 2015 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.001 each in the share capital of the Company
“Share Options”	the share options granted pursuant to the Share Option Scheme

“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2012
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.09 per Offer Share
“Takeovers Code”	The Codes on Takeovers and Mergers of Hong Kong
“Underwriter”	Pacific Foundation Securities Limited
“Underwriting Agreement”	the underwriting agreement amongst the Company and the Underwriter dated 8 May 2015 in relation to the Open Offer
“Underwritten Shares”	not less than 700,065,892 Offer Shares and not more than 700,578,868 Offer Shares, being all Offer Shares
“%”	per cent.

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

Hong Kong, 8 May 2015

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>.