



MERDEKA

MERDEKA MOBILE GROUP LIMITED  
萬德移動集團有限公司\*

STOCK CODE 股份代號：8163

\* for identification purposes only

\* 僅供識別

FIRST QUARTERLY REPORT 2014  
二零一四年第一季度報告

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, for which the directors of Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited) (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report 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 report misleading.*

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)的特色

創業板的定位，乃為相比起其他在聯交所上市的公司帶有較高投資風險之公司提供一個上市的市場。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他資深投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

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本報告乃遵照《聯交所創業板證券上市規則》(「《創業板上市規則》」)的規定而刊載，旨在提供有關Merdeka Mobile Group Limited(萬德移動集團有限公司\*)(前稱Merdeka Resources Holdings Limited(萬德資源集團有限公司\*)) (「本公司」)之資料；本公司各董事願共同及個別對此承擔全部責任。本公司各董事經作出一切合理查詢後，確認就彼等所深知及確信，本報告所載資料在一切重大方面均屬準確及完整，且無誤導或欺詐成分，且無遺漏任何其他事實，致使本報告或其所載任何陳述產生誤導。

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the three months ended 31 March 2014, the principal businesses of Merdeka Mobile Group Limited (the “Company”) and its subsidiaries (the “Group”) continued to be forestry, plantation, trading business, and information technology business. There were no significant changes in the macro environment for the Group’s business. Our production and operation remained challenging.

### OPERATION REVIEW

During the period under review, there was no meaningful turnaround in the unfavourable worldwide economy towards the Group’s business. There were some new variables in the business environment introduced. The Group had kept its operation scale related to the forestry project downsized to preserve its financial resources before the resumption of the forestry project while liaising and negotiating with the government departments in Papua, Indonesia on the land use right registration. According to the updated legal opinion and legal confirmation letter from Indonesian lawyers, the Company is legally permitted to carry out land clearing activities and to develop oil palm plantation business within the Mimika Concessions Areas. The application for land use right registration is merely a procedural matter and it is expected that there will not be any legal impediment.

Regarding the trading project of tailings in the Papua Province of Indonesia, during the period under review, the management continued working with the supply side and potential buyers. The contract stipulates that all deliveries be taken by August 2014.

The growing trading business still provides a stable source of revenue to the Group; however, the Group strives to increase the variety of products for trading business during the period under review, thus commenced expanding into beauty products since this period.

Quasicom Systems Limited contributes to the Group by deriving incomes from distributorship of information technology products with technical support services during the period.

The Group is looking forward to the exploding mobile game market, value of which is growing tremendously with relatively low barriers to entry. As a result, on 17 February 2014, the Company through its indirect wholly-owned subsidiary entered into a non-binding memorandum of understanding with Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司), a company incorporated in the PRC, pursuant to which the Company intended to subscribe for the 60% of the enlarged share capital of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司). As Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) is developing its mobile games and the cloud-based city Wi-Fi application software, such possible investment in it is in line with the Group’s business development plans.

## FINANCIAL RESULTS

Revenue of the Group for the three months ended 31 March 2014 was generated from the trading of dairy products and beauty products and distributorship of information technology products with technical support services, whereas for the same period in 2013 was solely from trading of agricultural-related products. The revenue increased by approximately HK\$13,657,000 to approximately HK\$15,169,000, in which trading business of dairy products and beauty products amounted approximately to HK\$11,325,000 and information technology business amounted approximately to HK\$3,844,000, in this period as compared to the same period in 2013. Gross profit margin for this period increased to approximately 6% from approximately 2% of the same period in 2013. The increase was mainly contributed by relatively higher gross profit margin derived from the trading business and information technology business. The loss attributable to the owners of the company recorded approximately HK\$5,773,000 for this period. The loss was reduced by approximately HK\$6,993,000 compared to that of 2013, which was mainly contributed by gain of approximately HK\$2,754,000 on early partial redemption of convertible bonds of HK\$20,000,000, recorded in other income and other net gains, and did not recognize any share option expense in this period, whereas 595,000,000 share options were granted under the share option scheme of the Company and therefore charged share option expense of approximately HK\$3,322,000 in the same period in 2013.

## FOREST CONCESSIONS

The Group carries out annual review of the recoverable amount of the forest concessions. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

The Group engaged Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group, to value the fair value of the forest concessions. The fair value of the forest concessions as at 31 December 2013 was approximately HK\$205,000,000 (2012: HK\$278,000,000) based on the income based approach. Under the Income-Based Approach, the discounted cash flow ("DCF") method was adopted to calculate the present value of all the future cashflows. The discount rate adopted was 20.42% as at 31 December 2013 (2012: 20.47%).

The review led to the recognition of an impairment loss on forest concessions approximately HK\$70,000,000 (2012: HK\$560,000,000) in the statement of profit or loss for the year ended 31 December 2013.

## PLACING UNDER A SPECIFIC MANDATE

On 30 January 2014, the conditions set out in the SM Placing Agreement dated 6 December 2013 have been fulfilled and completion of the placing under a specific mandate took place on 30 January 2014 in accordance with the terms and conditions of the SM Placing Agreement. An aggregate of 150,000,000 SM Placing Shares, representing approximately 28.00% of the issued share capital of the Company as at 30 January 2014 taking into account the issue of such placing shares, have been successfully placed to not less than six Placees at the Placing Price of HK\$0.156 per placing share. The net proceeds from the SM Placing are approximately HK\$22.55 million.

## PLACING UNDER A GENERAL MANDATE

On 3 March 2014, the condition set out in the Placing Agreement dated 21 February 2014 has been fulfilled and completion of the Placing took place on 3 March 2014 in accordance with the terms and conditions of the Placing Agreement. An aggregate of 77,000,000 placing shares, representing approximately 12.56% of the issued share capital of the Company as at 3 March 2014, have been successfully placed to not less than six Placees at the placing price of HK\$0.171 per placing share. The net proceeds from the Placing are approximately HK\$12.56 million.

## EARLY REDEMPTION OF CONVERTIBLE BONDS

Pursuant to the announcement dated 10 February 2014, the Company agreed with the bondholders to exercise its redemption right to early redeem partially the existing outstanding convertible bonds and served a redemption notice pursuant to the supplemental deed for redeeming an outstanding principal amount of HK\$20,000,000 of the convertible bonds, which was settled in cash of HK\$19,000,000, representing a discount of approximately 5% of the principal sum of the early redeemed convertible bonds. Following and as a result of the redemption in the aforesaid amount of HK\$20,000,000 convertible bonds, the outstanding amount due by the Company to the convertible bondholders under the convertible bonds is HK\$177,880,000.

## FUND RAISING ACTIVITIES OF THE COMPANY

During the period and up to the date of this report, the Company has carried out the following fund raising activities:

Date of Announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2013	Placing of new Shares under specific mandate	HK\$22.55 million	Approximately HK\$2.25 million for the expansions of the 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 Company's existing convertible bonds and the remaining is deposited in bank
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\$12.56 million is deposited in bank


## OUTLOOK

As the forestry and plantation businesses did not progress as scheduled, the Group will endeavour to optimize its operations in the Papua to preserve our financial resources before the resumption of the forestry project. In the meantime, the management will strive to grow the trading business which could provide a stable source of revenue. We will also actively look for any suitable business opportunities to further broaden the sources of revenues and cash inflows of the Group, taking into account the funding requirement and associated business risk.

The acquisition of Quasicom Systems Limited provided the Group with an opportunity to diversify into information technology business and to generate income from such business. In order to enjoy complimentary benefits, the Group on 4 April 2014 completed the acquisition of Ever Hero Group and leveraging on its reputation and experiences in online games as a new business opportunity.

The Group is looking forward to the exploding mobile game market, value of which is growing tremendously with relatively low barriers to entry. Leveraging on the reputation and experience of Ever Hero Group in online and mobile game industry and with the Company's capabilities in relation to the provision of virtualization solutions such as cloud computing and server management by its indirect wholly owned subsidiary, Quasicom Systems Limited, the Company feels that mobile game industry would be a possible business opportunity for the Company to explore.

Further to the memorandum of understanding dated 17 February 2014, on 1 April 2014, the Company through its indirect wholly owned subsidiary entered into a shareholders' agreement with Mian Yang Heng Da Investments Limited (綿陽恒達投資有限公司), the existing shareholder of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司), pursuant to which Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) will increase its registered capital to RMB5,000,000 from RMB500,000 by increasing RMB4,500,000, in which the Company agreed to subscribe for registered capital of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) in the amount of RMB3,000,000 and agreed to pay RMB1,000,000 to Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) credited as the subscription by Mian Yang Heng Da Investments Limited (綿陽恒達投資有限公司).

As the Group's activities now include information technology business and in order to better reflect the future expansion and diversifications of the Company's business into the information technology based mobile games and application software business and provide the Company with a fresh corporate identity and image, the Company changed the English name of the Company from "Merdeka Resources Holdings Limited" to "Merdeka Mobile Group Limited" and upon the English name change becoming effective, to adopt the Chinese name "萬德移動集團有限公司" to replace "萬德資源集團有限公司" for identification purposes only with effect from 8 May 2014. The English and Chinese stock short names for trading in the Shares on the Stock Exchange was changed from "MERDEKA RES" to "MERDEKAMOBILE" and from "萬德資源" to "萬德移動" respectively with effect from 8 May 2014. The logo of the Company has also been changed from  to  with effect from 8 May 2014.

The Company on 11 April 2014 (after trading hours), entered into an underwriting agreement with CNI Securities Group Limited in relation to the underwriting and certain other arrangements in respect of the rights issue on the basis of 4 rights shares for every 1 share in issue and held on the record date at the subscription price of HK\$0.040 each. The estimated net proceeds from the rights issue will be approximately HK\$93.67 million (assuming no further issue of new Shares or repurchase of Shares on or before the record date) to approximately HK\$100.80 million (assuming no repurchase of Shares and the maximum number of the outstanding share options and convertible bonds are exercised in full). The Company intends to apply the net proceeds from the rights issue for the redemption of the Company's existing convertible bonds, strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

## UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

The board of directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2014, together with the comparative unaudited figures for the corresponding period in 2013, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2014

	Note	Three months ended 31 March 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
REVENUE	2	15,169	1,512
Cost of sales		(14,139)	(1,479)
Gross profit		1,030	33
Other income and other net gains		2,754	37
Operating and administrative expenses		(4,398)	(4,149)
Equity-settled share option expenses		–	(3,322)
Finance costs	3	(5,159)	(5,506)
LOSS BEFORE TAX		(5,773)	(12,907)
Income tax	4	–	–
LOSS FOR THE PERIOD		(5,773)	(12,907)
Loss attributable to:			
Owners of the Company		(5,773)	(12,766)
Non-controlling interests		–	(141)
		(5,773)	(12,907)
		HK\$	HK\$ (Restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	6	(0.01)	(0.04)

Details of the dividends payable and proposed for the periods are disclosed in Note 5.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2014

	Three months ended	
	31 March 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(5,773)	(12,907)
Other comprehensive loss, after tax:		
Exchange difference on translating of financial statements of overseas subsidiaries	–	–
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(5,773)</b>	<b>(12,907)</b>
Total comprehensive loss attributable to:		
Owners of the Company	(5,773)	(12,766)
Non-controlling interests	–	(141)
	<b>(5,773)</b>	<b>(12,907)</b>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the three months ended 31 March 2014*

	Attributable to owners of the Company										
	Equity component										Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Convertible bonds (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Capital reduction reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2013	85,786	703,864	66,710	28,733	974	-	22	(770,287)	115,802	4,336	120,138
Changes in equity for 2013:											
Loss for the period	-	-	-	-	-	-	-	(12,766)	(12,766)	(141)	(12,907)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	(12,766)	(12,766)	(141)	(12,907)
Forfeiture of share options	-	-	-	-	(47)	-	-	47	-	-	-
Equity-settled share option arrangements	-	-	-	-	3,322	-	-	-	3,322	-	3,322
Issue of new shares upon exercise of share options	5,885	3,286	-	-	(3,286)	-	-	-	5,885	-	5,885
At 31 March 2013	91,671	707,150	66,710	28,733	963	-	22	(783,006)	112,243	4,195	116,438
At 1 January 2014	3,859	708,125	66,710	25,283	963	132,931	(54)	(879,454)	58,363	(1,650)	56,713
Changes in equity for 2014:											
Loss for the period	-	-	-	-	-	-	-	(5,773)	(5,773)	-	(5,773)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	(5,773)	(5,773)	-	(5,773)
Partial redemption of convertible bonds	-	-	-	(2,555)	-	-	-	-	(2,555)	-	(2,555)
Issue of new shares upon placing	2,270	33,261	-	-	-	-	-	-	35,531	-	35,531
At 31 March 2014	6,129	741,386	66,710	22,728	963	132,931	(54)	(885,227)	85,566	(1,650)	83,916

Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) (which also include the Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost convention. These unaudited condensed consolidated quarterly results are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except where otherwise indicated.

The unaudited condensed consolidated quarterly results should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2013 (“2013 Annual Report”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group’s 2013 Annual Report.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting period beginning on 1 January 2014. The adoption of such standards, amendments and interpretations does not have material financial effect on this quarterly results.

The unaudited condensed consolidated quarterly results of the Group for the three months ended 31 March 2014 have been reviewed by the Company’s audit committee (the “Audit Committee”).

## 2. REVENUE

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the three-month period under review.

An analysis of revenue is as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$’000</b>	HK\$’000
Revenue from trading of agricultural-related products	–	1,512
Revenue from trading of diary products	<b>11,042</b>	–
Revenue from trading of beauty products	<b>283</b>	–
Revenue from distributorship of information technology products with technical support services	<b>3,844</b>	–
	<b>15,169</b>	1,512

### 3. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest charge on convertible bonds ( <i>Note</i> )	5,144	5,506
Interest charge on bank borrowings	15	–
	<b>5,159</b>	5,506

*Note:* The charge represents the imputed interest on the liability component of the convertible bonds for the 3 months ended 31 March 2014 and 2013.

### 4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2013: Nil). Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period (2013: Nil).

There was no income tax relating to the other comprehensive income during the period (2013: Nil).

### 5. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the three months ended 31 March 2014 (2013: Nil).

### 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the three months ended 31 March 2014 attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of basic and diluted loss per share is based on:

	Three months ended 31 March	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<u>Loss for the period</u>		
Loss attributable to owners of the Company:	<b>(5,773)</b>	(12,766)

	Number of shares (thousands)	
		(Restated)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<b>517,417</b>	314,265

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share has been retrospectively adjusted for the share consolidation of 40 into 1 effective in March 2013 and rights issue of 2 rights shares for every 5 shares in July 2013.

No adjustment has been made to the basic loss per share presented for the three months ended 31 March 2014 and 2013 in respect of a dilution as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share.

## 7. COMPARATIVE FIGURES

As detailed in Note 6, the comparative figures of loss per share have been restated to conform with the current period's presentation.

## 8. EVENTS AFTER THE REPORTING PERIOD

On 1 April 2014, the Company through its indirect wholly owned subsidiary entered into a shareholders' agreement with Mian Yang Heng Da Investments Limited (綿陽恒達投資有限公司), the existing shareholder of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司), pursuant to which Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) will increase its registered capital to RMB5,000,000 from RMB500,000 by increasing RMB4,500,000, in which the Company agreed to subscribe for registered capital of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) in the amount of RMB3,000,000 and agreed to pay RMB1,000,000 to Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) credited as the subscription by Mian Yang Heng Da Investments Limited (綿陽恒達投資有限公司).

On 4 April 2014, all conditions precedent to the acquisition of 100% issued share capital of Ever Hero Group Limited were fulfilled and its relevant completion took place on 4 April 2014. In accordance with the terms of the relevant sale and purchase agreement, the promissory note that formed part of the consideration has been issued to the vendor pursuant to the terms of the promissory note instrument. Upon completion, the Company is interested in 1 ordinary share of the Ever Hero Group Limited, representing 100% of its issued share capital. Ever Hero Group Limited thus became an indirect wholly-owned subsidiary of the Company.

On 11 April 2014 (after trading hours), the Company entered into an underwriting agreement with CNI Securities Group Limited in relation to the underwriting and certain other arrangements in respect of the rights issue on the basis of 4 rights shares for every 1 share in issue and held on the record date at the subscription price of HK\$0.040 each. The estimated net proceeds from the rights issue will be approximately HK\$93.67 million (assuming no further issue of new Shares or repurchase of Shares on or before the record date) to approximately HK\$100.80 million (assuming no repurchase of Shares and the maximum number of the outstanding share options and convertible bonds are exercised in full). The Company intends to apply the net proceeds from the rights issue for the redemption of the Company's existing convertible bonds, strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

The Company changed the English name of the Company from "Merdeka Resources Holdings Limited" to "Merdeka Mobile Group Limited" and upon the English name change becoming effective, to adopt the Chinese name "萬德移動集團有限公司" to replace "萬德資源集團有限公司" for identification purposes only with effect from 8 May 2014. The English and Chinese stock short names for trading in the Shares on the Stock Exchange was changed from "MERDEKA RES" to "MERDEKAMOBILE" and from "萬德資源" to "萬德移動" respectively with effect from 8 May 2014. The logo of the Company has also been changed from **MERDEKA** to  with effect from 8 May 2014.

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## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, the directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

### Interests and short positions in the shares and the underlying shares of the share options and the convertible bonds of the Company as at 31 March 2014

(i) *Long positions in the shares of the Company:*

Name of directors	Number of the shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company (%)
	Personal	Corporate	Total	
Cheung Wai Yin, Wilson ( <i>Note</i> )	297,500	52,500,000	52,797,500	8.62
Lau Chi Yan, Pierre	2,125,000	–	2,125,000	0.35

*Note:* The interests disclosed includes 52,500,000 Shares of the Company beneficially held by Ivana Investments Limited ("Ivana"), which is wholly owned by Mr. Cheung Wai Yin, Wilson. The remaining 297,500 Shares of the Company are beneficially held by Mr. Cheung Wai Yin, Wilson in person.

**DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES** *(continued)***Interests and short positions in the shares and the underlying shares of the share options and the convertible bonds of the Company as at 31 March 2014** *(continued)*

(ii) *Long positions in the underlying shares of the share options granted under the share option scheme of the Company:*

Name of directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share HK\$	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage
						of the total issued share capital of the Company (%)
Wong Chi Man	17/1/2013	17/1/2013– 16/1/2023	0.51	59,230	59,230	0.01
Yeung Mo Sheung, Ann	17/1/2013	17/1/2013– 16/1/2023	0.51	69,103	69,103	0.01

**DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES** (continued)**Interests and short positions in the shares and the underlying shares of the share options and the convertible bonds of the Company as at 31 March 2014** (continued)

(iii) Long positions in the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Principal amount of the convertible bonds HK\$	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (%)
Cheung Wai Yin, Wilson (Note)	150,000,000	37,500,000	6.12

*Note:* These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2014) were issued by the Company on 12 August 2008 as part of the consideration to acquire the forestry business. They are unlisted, interest-free and convertible into the shares of the Company at the conversion price of HK\$4.00 per share of the Company (subject to adjustment according to the terms of the convertible bonds). Mr. Cheung Wai Yin, Wilson is deemed to be interested in such underlying shares of the Company under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Ivana through his controlling interest in the shareholding of Ivana as at 31 March 2014.

Save as disclosed above, as at 31 March 2014, none of the directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the sections headed "Directors' Interests in Shares and Underlying Shares" above and "Share Option Scheme" below, at no time during the period for the three months ended 31 March 2014 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2014, the following persons (not being the directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

(i) *Long positions in the shares of the Company:*

Name of shareholders	Capacity and nature of interest	Notes	Number of the shares interested	Approximate percentage of the total issued share capital of the Company (%)
Ivana	Directly beneficially owned	1	52,500,000	8.57
CLC Finance Limited ("CLC")	Directly beneficially owned	1	37,500,000	6.12
CL Group (Holdings) Limited	Through a controlled corporation	1	37,500,000	6.12
Au Suet Ming, Clarea	Through a controlled corporation	1	37,500,000	6.12

*Notes:*

- Ivana has financial arrangement with CLC over these 37,500,000 shares, in which CLC has security interest over the same block of 37,500,000 shares. Ms. Au Suet Ming, Clarea is deemed to be interested in such shares of the Company under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CLC through her controlling interest in the shareholding of CLC as at the date of this report. CLC is a wholly owned subsidiary of CL Group (Holdings) Limited.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

(ii) Long positions in the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Principal amount of the convertible bonds HK\$	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (%)
Ivana	150,000,000	37,500,000	6.12

*Note:* These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2014) were issued by the Company on 12 August 2008 as part of the consideration to acquire the forestry business. They are unlisted, interest-free and convertible into the shares of the Company at the conversion price of HK\$4.00 per share of the Company (subject to adjustment according to the terms of the convertible bonds). Ivana has financial arrangement with CLC over the convertible bonds amounted to HK\$150,000,000, in which CLC has security interest over such amount of the convertible bonds. Ms. Au Suet Ming, Clarea is deemed to be interested in such convertible bonds of the Company under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CLC through her controlling interest in the shareholding of CLC as at the date of this report. CLC is a wholly owned subsidiary of CL Group (Holdings) Limited.

Save as disclosed above, the directors and chief executive of the Company are not aware that there is any party who, as at 31 March 2014, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the shareholders of the Company and was effective on 3 May 2012. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 31 March 2014, there were 1,697,948 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of shares available for issue is 1,697,948, which represents approximately 0.28% and 0.28% of the total issued share capital of the Company as at 31 March 2014 and the date of this report respectively.

## SHARE OPTION SCHEME (continued)

Details of the movements of the share options under the Share Option Scheme during the period were as follows:

Name or category of the participants	Number of share options				Outstanding as at 31 March 2014	Date of grant of the share options	Exercise period of the share options	Price of the shares before the date of grant (Note 2) HK\$ per share	Original exercise price of the share options (Note 1) HK\$ per share	Adjusted exercise price of the share options after share consolidation and rights issue (Note 1) HK\$ per share
	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period						
Non-executive director Wong Chi Man	59,230	-	-	-	59,230	17/1/2013	17/1/2013- 16/1/2023	HK\$0.01	HK\$0.01	HK\$0.51
Independent non-executive directors Yeung Mo Sheung, Ann	69,103	-	-	-	69,103	17/1/2013	17/1/2013- 16/1/2023	HK\$0.01	HK\$0.01	HK\$0.51
Employees and other eligible participants										
Employees	177,692	-	-	-	177,692	30/5/2012	30/5/2012- 29/5/2022	HK\$0.017	HK\$0.017	HK\$0.86
Other eligible participants	1,391,923	-	-	-	1,391,923	30/5/2012	30/5/2012- 29/5/2022	HK\$0.017	HK\$0.017	HK\$0.86
	1,697,948	-	-	-	1,697,948					

### Notes:

- The exercise price of the share options is subject to adjustment in the case of capitalisation issue, rights issue, subdivision or consolidation of the shares of the Company, or other similar changes in the Company's share capital. As a result of the share consolidation of 40 into 1 effective on 26 March 2013 and the rights issue completed on 17 July 2013, pursuant to the terms and conditions of the Share Option Scheme, the number and the exercise price of share options have been adjusted accordingly.
- The price of the shares of the Company before the date of the grant of the share options is the closing price of the shares of the Company as quoted on the Stock Exchange on the trading day immediately before the date on which the share options were granted.

Save as disclosed above, at the date of approval of these unaudited condensed consolidated first quarterly financial statements, no other share options were exercised subsequent to the end of the period under review.

During the period for the three months ended 31 March 2014, no share options were granted by the Company.

The fair value of the share options granted during the period for the three months ended 31 March 2014 was Nil (31 March 2013: HK\$3,322,000) of which the Group recognised a share option expense of approximately Nil (31 March 2013: HK\$3,322,000) during the period.

No other feature of the share options granted was incorporated into the measurement of fair value.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the period for the three months ended 31 March 2014.

## AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

The Audit Committee consists of three members comprising three independent non-executive directors, namely Mr. Ng Kay Kwok, Ms. Yeung Mo Sheung, Ann and Mr. Yip Kat Kong, Kenneth, one of whom is a qualified accountant and has extensive experience in accounting and financial matters. The chairman of the Audit Committee is elected by the members who are present at the meeting. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2014.

## BOARD OF DIRECTORS

As at the date of this report, the directors of the Company 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

By Order of the Board of  
**MERDEKA MOBILE GROUP LIMITED**  
*(formerly known as Merdeka Resources Holdings Limited)*  
**Cheung Wai Yin, Wilson**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 May 2014

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