

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your shares in Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited, you should at once hand this Circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular is not an offer of, nor is it intended to invite offers for, securities of the Company.

This Circular, 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 Circular 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 Circular misleading.



MERDEKA

MERDEKA MOBILE GROUP LIMITED

(萬德移動集團有限公司*)

(formerly known as Merdeka Resources Holdings Limited (萬德資源集團有限公司))*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE;
PROPOSED CHANGE IN BOARD LOT SIZE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriter to the Rights Issue



Independent Financial Adviser



Capitalized terms used in this cover page have the same meanings as those defined in this Circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 19 June 2014. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 30 June 2014 to Wednesday, 9 July 2014 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any persons dealing in the nil-paid Rights Shares during the period from Monday, 30 June 2014 to Wednesday, 9 July 2014 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 49 of this Circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 29 of this Circular.

A letter from the Board is set out on pages 7 to 28 of this Circular.

A notice convening the EGM to be held on Tuesday, 17 June 2014 at 11:00 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong is set out on pages 72 to 73 of this Circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to Latest Time For Termination to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on page 6 of this Circular. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 14 to 15 of this Circular being fulfilled. In the event that such conditions have not been satisfied and/or waived in whole or in part by the Underwriter on or before Tuesday, 15 July 2014, all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

This Circular will remain on the GEM website at <http://www.hkex.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>.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable of the proposed Rights Issue is as follows:

(Hong Kong time)

Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 12 June 2014
Register of members closes (both days inclusive)	Friday, 13 June 2014 to Tuesday, 17 June 2014
Latest time for lodging of form of proxy for the EGM (not less than 48 hours)	11:00 a.m. on Sunday, 15 June 2014
Record date for attendance and voting at the EGM	Tuesday, 17 June 2014
EGM	11:00 a.m. on Tuesday, 17 June 2014
Announcement of results of the EGM	Tuesday, 17 June 2014
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 18 June 2014
First day of dealings in the Shares on an ex-rights basis	Thursday, 19 June 2014
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 20 June 2014
Register of members closes (both days inclusive)	Monday, 23 June 2014 to Wednesday, 25 June 2014
Record Date	Wednesday, 25 June 2014
Register of members re-opens	Thursday, 26 June 2014
Rights Issue Documents expected to be despatch	Thursday, 26 June 2014
First day of dealings in nil-paid Rights Shares	Monday, 30 June 2014

EXPECTED TIMETABLE

Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 4 July 2014
Last day of dealings in nil-paid Rights Shares	Wednesday, 9 July 2014
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 14 July 2014
Rights Issue expected to become unconditional	Tuesday, 15 July 2014
Last day of trading of Shares in board lot of 10,000 Shares	Friday, 18 July 2014
Effective date of change in board lot size	Monday, 21 July 2014
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Monday, 21 July 2014
First day for free exchange of existing share certificates in board lot of 10,000 Shares each for new share certificates in board lot of 40,000 Shares each	Monday, 21 July 2014
Announcement of results of the Rights Issue	Tuesday, 22 July 2014
Certificates for the Rights expected to be despatched on or before	Wednesday, 23 July 2014
Refund cheques in respect of the payment for the Rights Shares if the Rights Issue cannot become unconditional are expected to be posted on or before	Wednesday, 23 July 2014
Dealings in fully-paid Rights Shares commence	Thursday, 24 July 2014
The last day for the designated broker to provide matching services for odd lots of Shares	Monday, 11 August 2014
Last day for free exchange of existing share certificates in board lot of 10,000 Shares each for new share certificates in board lot of 40,000 Shares each	Thursday, 14 August 2014

Note: All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE ACCEPTANCE DATE

The Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead, the Acceptance Date will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this Circular may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this Circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Acceptance Date”	14 July 2014 or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares
“Announcements”	the announcements of the Company dated 11 April 2014 and 13 May 2014 in relation to the Rights Issue and the proposed change in board lot size
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CB Holders”	holders of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	this circular to the Shareholders containing, among other things, further information of the Rights Issue
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited) (Stock Code: 8163), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules

DEFINITIONS

“Convertible Bonds”	the zero coupon convertible bonds due 2014 issued by the Company with total outstanding principal amount of HK\$177,880,000 as at the date of this Circular which are convertible into 44,470,000 Shares (subject to adjustment)
“Director(s)”	director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to approve, among other things, the Rights Issue
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	existing shares of HK\$0.01 each in the share capital of the Company in issue
“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 dollar(s), the currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, all being independent non-executive Directors, established to advise the Independent Shareholders on the fairness and reasonableness of the Rights Issue

DEFINITIONS

“Independent Financial Adviser”	Goldin Financial Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue
“Independent Shareholders”	the Shareholders not required under the GEM Listing Rules to abstain from voting on the resolution(s) approving the Rights Issue at the EGM
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Ivana”	Ivana Investments Limited
“Last Trading Day”	11 April 2014, being the date of the Underwriting Agreement
“Latest Practicable Date”	27 May 2014, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on the next Business day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“Listing Committee”	has the meaning ascribed to this term under the GEM Listing Rules
“Mr. Cheung”	Mr. Cheung Wai Yin, Wilson, executive Director, Chairman and Chief Executive Officer of the Company
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme
“Outstanding Option(s)”	as at the date of this Circular, the 1,697,948 outstanding Options granted under the Share Option Scheme
“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

DEFINITIONS

“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriter
“Posting Date”	26 June 2014, being the next Business Day after the Record Date or such other date as the Underwriter may agree in writing with the Company, as the expected date of despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders for information only (as the case may be)
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	25 June 2014 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the proposed issue by way of rights on the basis of 4 Rights Shares for every 1 Existing Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents
“Rights Issue Documents”	the Prospectus and PAL
“Rights Shares”	Shares to be issued and allotted under the Rights Issue on the basis of 4 Rights Shares for every 1 Existing Share in issue on the Record Date, being 2,451,400,860 Shares based on the Company’s issued share capital as at the date of this Circular, or if the maximum number of the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date, an aggregate of 2,636,072,652 Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	existing ordinary share(s) of HK\$0.010 each in the Share capital of the Company
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.040 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	CNI Securities Group Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) and type 2 regulated activity (dealing in futures contracts) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 11 April 2014 (as supplemented) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	Not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652 Rights Shares
“%” or “per cent.”	percentage or per centum

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the GEM Listing Rules);
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.



MERDEKA

MERDEKA MOBILE GROUP LIMITED

(萬德移動集團有限公司*)

(formerly known as Merdeka Resources Holdings Limited (萬德資源集團有限公司))*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

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

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

British West Indies

Head office and Principal Place

of business in Hong Kong:

Room 1502

Chinachem Century Tower

178 Gloucester Road

Wanchai, Hong Kong

28 May 2014

To the Shareholders,

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE
AND
PROPOSED CHANGE IN BOARD LOT SIZE**

INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the proposed Rights Issue.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Rights Issue, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this Circular is to provide you, among other things, (i) further details of the proposed Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Underwriting Agreement, the Rights Issues and the transactions contemplated thereunder.

PROPOSED RIGHTS ISSUE

ISSUE STATISTICS

Basis of the Rights Issue	:	4 Rights Shares for every 1 Existing Share held on the Record Date
Number of Shares in issue as at the date of this Circular	:	612,850,215 Shares
Number of Rights Shares	:	not less than 2,451,400,860 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 2,636,072,652 Rights Shares (assuming no repurchase of Shares and the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date) (Note)
Subscription Price	:	HK\$0.040 per Rights Share
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Mr. Cheung and his associates and the CB Holders, being not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652 Rights Shares
Enlarged issued share capital upon completion of the Rights Issue	:	not less than 3,064,251,075 Shares and not more than 3,248,922,867 Shares

Note: Assuming further issue of new Shares upon full exercise of the subscription or conversion rights attaching to the Outstanding Options and Convertible Bonds on or before the Record Date, a total of 46,167,948 new Shares would fall to be issued. Accordingly, an additional 184,671,792 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will be 2,636,072,652.

LETTER FROM THE BOARD

As at the date of this Circular:

- (i) there were 1,697,948 Outstanding Options granted under the Share Option Scheme entitling the holders thereof to subscribe for 1,697,948 Shares;
- (ii) there are Convertible Bonds convertible into a maximum of 44,470,000 Shares (subject to adjustment). The CB Holders have irrevocably undertaken to the Company and the Underwriter not to transfer any Convertible Bonds to any third party on or prior to the Record Date and if any CB Holder shall convert any Convertible Bonds into Shares on or prior to the Record Date, such CB Holder shall not transfer any such conversion shares to any third party and shall accept all the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue in respect of the Shares held by it as at the Record Date.

Save as disclosed above, as at the date of this Circular, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,451,400,860 nil-paid Rights Shares proposed to be provisionally allotted represent 400% of the Company's issued share capital as at the date of this Circular and approximately 80% of the Company's issued share capital as enlarged by the issue of the 2,451,400,860 Rights Shares. The aggregate nominal value of the 2,451,400,860 Rights Shares will be HK\$24,514,008.60.

QUALIFYING SHAREHOLDERS

The Company will send the Rights Issue Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders.

The Company will send the Rights Issue Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

LETTER FROM THE BOARD

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 20 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 June 2014 to 25 June 2014, both days inclusive. No transfer of Shares will be registered during this period.

RIGHTS OF OVERSEAS SHAREHOLDERS

The Rights Issue Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders.

As at the Latest Practicable Date and according to the register of members of the Company, there were five Overseas Shareholders with registered address located in the United States. Having made enquiries regarding the legal restrictions under the laws of the United States and the requirements of the relevant regulatory bodies or stock exchanges, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholders in the United States and such Overseas Shareholders will be regarded as Excluded Shareholders pursuant to Rule 17.41(1) of the GEM Listing Rules because of the time and costs that may need to be involved in complying with the relevant legal and regulatory requirements if the Rights Shares are to be offered to the Overseas Shareholders in the United States.

The Company will continue to ascertain whether there are any other Overseas Shareholder on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders on the Record Date and make relevant disclosures in the Prospectus. Further information in this connection will be set out in the Rights Issue Document containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL to them on the Posting Date.

LETTER FROM THE BOARD

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Excluded Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be undertaken by the Underwriter.

The Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquires made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

SUBSCRIPTION PRICE

The Subscription Price is HK\$0.040 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 75.16% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 75.79% to the average of the closing prices of HK\$0.165 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;
- (c) a discount of approximately 38.46% to the theoretical ex-rights price of HK\$0.065 per Share based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 39.39% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a discount of approximately 11.11% to the theoretical ex-rights price of approximately HK\$0.045 per Share based on the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions and the par value of the Shares. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.0382.

As part of the Company's analyses, the Company has identified rights issue transactions conducted from January 2014 to April 2014 by 9 companies listed on the Main Board and the GEM of the Stock Exchange (the "**Listed Companies**") for references, including China Primary Resources Holdings Limited (Stock Code: 8117), Fosun International Limited (Stock Code: 656), CMMB Vision Holdings Limited (Stock Code: 471), Dah Sing Banking Group Limited (Stock Code: 440), Dah Sing Banking Group Limited (Stock Code: 2356), Computech Holdings Limited (Stock Code: 8081), New World Development Company Limited (Stock Code: 17), Sincere Watch (Hong Kong) Limited (Stock Code: 444); Oriental Unicorn Agricultural Group Limited (Stock Code: 8120), and analyzed and reviewed the information in those rights issues conducted.

As revealed in such analysis, the discount represented by the subscription price of the selected rights issue exercises to the respective closing price of the shares ranged from approximately 0% to approximately 67.91% with a mean and a median of approximately 38.12% and approximately 34.20% respectively. The Directors also noted from the letter from the Independent Financial Adviser to this Circular that the LTD Discount (as defined in the letter from the Independent Financial Adviser) falls outside of the range of that of the selected rights issue exercises while the TERP Discount (as defined in the letter from the Independent Financial Adviser) falls within the range and is slightly above the mean and the median of that of the selected rights issue exercises identified by the Independent Financial Adviser, however, having taken into account the latest financial status of the Company as further elaborated in this Circular, including but not limited to the emphasis in respect of the Convertible Bonds as raised by the auditors of the Company on the existence of uncertainty which may cast significant doubt about Groups' ability to continue as a going concern as stated in the annual report of the Company for the year ended 31 December 2013 and the reasons for the Rights Issue, the Directors consider that the LTD Discount and the TERP Discount are acceptable. Having considered all the foregoing, the Directors consider that the Subscription Price, though set at a deep discount to the latest trading price of the Shares, is fair and reasonable so far as the Independent Shareholders are concerned.

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BASIS OF PROVISIONAL ALLOTMENT

The basis of the provisional allotment shall be 4 Rights Shares for every 1 Existing Share in issue and held at the close of business on the Record Date, being not less than 2,451,400,860 Rights Shares and not more than 2,636,072,652 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

FRACTIONS OF RIGHTS SHARES (IF ANY)

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market, and, if a net premium can be obtained the proceeds will be retained by the Company for its own benefit. Any unsold aggregate of fractions of the Rights Shares will be undertaken by the Underwriter.

CERTIFICATES OF RIGHTS SHARES

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares to those Qualifying Shareholders are expected to be posted in accordance with the timetable at their own risk.

STATUS OF THE RIGHTS SHARES

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

NO APPLICATION FOR EXCESS RIGHTS SHARES

After arm's length negotiation with the Underwriter, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Rights Issue, the Board considers that it will put in additional effort and costs to administer the excess application procedures. Any Rights Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements

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of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the subscription of, or holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Excluded Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of any person resulting from the subscription, purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the following conditions being fulfilled:

1. the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong one duly certified copy of each of the Rights Issue Documents (and all other documents required to be attached thereto) not later than the Posting Date and in compliance with the GEM Listing Rules and the Companies Ordinance;
2. the posting of the Rights Issue Documents to the Qualifying Shareholders;
3. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms;
4. compliance by the Company and Mr. Cheung of their respective obligations under the Underwriting Agreement;
5. compliance by the CB Holders of their obligations under the CB Undertaking;
6. the passing by no later than the Posting Date by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Rights Issue;

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7. the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms; and
8. all requirements and conditions imposed by the Stock Exchange or under the GEM Listing Rules or otherwise in connection with the transactions contemplated by this Agreement having been fulfilled or complied with by no later than the Latest Time for Termination.

None of the above conditions are capable of being waived. In the event that the above conditions have not been satisfied on or before the Latest Time for Termination (or such later date as the Underwriter and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENTS

THE UNDERWRITING AGREEMENT

The principal terms and conditions of the Underwriting Agreement are summarised as below:

Date	:	11 April 2014 (as supplemented on 27 May 2014)
Underwriter	:	CNI Securities Group Limited
Underwriting commitment of the Underwriter	:	All the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Mr. Cheung and CB Holders, being not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652
Commission	:	3.5% of the aggregate Subscription Price of the Underwritten Shares actually issued as determined on the Record Date
Undertakings	:	The Company shall not from 11 April 2014 until after the Record Date issue any new Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares save and except for purpose of issuing Shares to the grantee of the Outstanding Options or Convertible Bonds

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Mr. Cheung and his associates and the CB Holders.

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The Underwriter will not and shall procure that the sub-underwriters and placees procured by them, 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 after the Rights Issue. The Underwriter shall and shall cause the sub-underwriters to procure placees independent of the Company and its connected persons to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules are complied with. The Underwriter shall use its reasonable endeavours to ensure that each of the sub-underwriters and their placees (and their respective ultimate beneficial owners) is independent of and not connected with the Company and its connected persons and is not a party acting in concert with each other. As at the Latest Practicable Date, the Underwriter has entered into sub-underwriting arrangement on 15 May 2014 with Cheong Lee Securities Limited, its sub-underwriter (“**Sub-underwriter**”) in respect of the sub-underwriting of approximately 13.39% of the Underwritten Shares (representing approximately 9.79% of the entire issued share capital of the Company as enlarged by the Rights Issue). The Sub-underwriter is independent third party not connected with the Company and its connected persons. Moreover, in light of the undertaking given in favour of the Company mentioned in the paragraph headed “Undertakings given by the Underwriter” below, the Underwriter will place down its Underwritten Shares to not less than six placees who will be independent professional, institutional or other investors and are Independent Third Parties, so that the Underwriter will not become a substantial Shareholder of the Company. Save as aforesaid, as at the Latest Practicable Date, there is no other sub-underwriter procured by the Underwriter.

The underwriting commission was determined after arm’s length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner and its associates are Independent Third Parties.

UNDERTAKINGS GIVEN BY THE UNDERWRITER

The Underwriter undertakes to the Company that, in any event, when the Underwriter exercise its obligation under the Underwriting Agreement to subscribe for or to procure subscription of the Underwritten Shares, the number of shares to be held by the Underwriter and each of the subscribers procured by the Underwriter (when aggregated with the Shares (if any) already held by each of them) together with their respective concert parties shall not exceed 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the enlarged issue share capital of the Company immediately after completion of the Rights Issue; and the Underwriter or each of the subscribers procured by the Underwriter (when aggregated with the Shares (if any) already held by each of them) together with their respective concert parties shall not be interested in Shares exceeding 10% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue, by placing down its Underwritten Shares to not less than six placees who will be independent professional, institutional or other investors and are Independent Third Parties.

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UNDERWRITING COMMISSION

The Company will pay the Underwriter an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the Underwritten Shares actually issued on the Record Date and all legal fees and other out-of-pocket expenses of the Underwriter in respect of the Right Issue. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter. The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) are of the view that the commission is fair and reasonable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the GEM Listing Rules);
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

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which is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The last day of dealing in the Shares on a cum-rights basis is Wednesday, 18 June 2014. The Shares will be dealt in on an ex-rights basis commencing from Thursday, 19 June 2014. Dealings in the Rights Shares in the nil-paid form are expected to take place from Monday, 30 June 2014 to Wednesday, 9 July 2014 (both days inclusive). Shareholders and potential investors should note that dealing in the Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this Circular and up to 4:00 p.m. on Tuesday, 15 July 2014, being the time and date by which all the conditions of the Rights Issue are to be fulfilled and when the right of the Underwriter to terminate the Underwriting Agreement is to lapse, and any dealings in the Rights Shares in their nil-paid form between Monday, 30 June 2014 and Wednesday, 9 July 2014 (both days inclusive), are accordingly subject to the risk that the Rights Issue may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form and, if they are in any doubt about their position, they should consult their professional adviser(s).

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IRREVOCABLE UNDERTAKINGS

Mr. Cheung, who is interested in 52,797,500 Shares as at the Latest Practicable Date representing approximately 8.62% of the existing issued Shares, has irrevocably undertaken to the Company and the Underwriter that he will accept and will procure his associates to accept all the Rights Shares to be provisionally allotted to him and his associates pursuant to the Rights Issue in respect of the Shares held by him and his associates as at the Record Date. The CB Holders have irrevocably undertaken to the Company and the Underwriter not to transfer any Convertible Bonds to any third party on or prior to the Record Date and if any CB Holder shall convert any Convertible Bonds into Shares on or prior to the Record Date, such CB Holder shall not transfer any such conversion shares to any third party and shall accept all the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue in respect of the Shares held by it as at the Record Date.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

Scenario 1

Assuming none of the Outstanding Options and Convertible Bonds are exercised or converted (as the case may be) on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of Rights Issue and assuming 100% acceptance by Qualifying Shareholders <i>(for illustrative purpose only)</i>		Immediately after completion of Rights Issue and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung and his associates <i>(for illustrative purpose only)</i>	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Cheung Wai Yin, Wilson <i>(Note 1)</i>	52,797,500	8.62	263,987,500	8.62	263,987,500	8.62
Lau Chi Yan, Pierre <i>(Note 2)</i>	2,125,000	0.35	10,625,000	0.35	2,125,000	0.07
Option holders	0	0.00	0	0.00	0	0.00
CB Holders	0	0.00	0	0.00	0	0.00
Underwriter <i>(Note 3)</i>	0	0.00	0	0.00	2,240,210,860	73.10
Other public Shareholders	557,927,715	91.03	2,789,638,575	91.03	557,927,715	18.21
Total	612,850,215	100.00	3,064,251,075	100.00	3,064,251,075	100.00

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Scenario 2

Assuming the Outstanding Options and the Convertible Bonds are exercised or converted (as the case may be) in full on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of Rights Issue and assuming 100% acceptance by Qualifying Shareholders (for illustrative purpose only)		Immediately after completion of Rights Issue and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung and his associates and CB Holders (for illustrative purpose only)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Cheung Wai Yin, Wilson (Note 1)	52,797,500	8.62	263,987,500	8.01	263,987,500	8.01
Lau Chi Yan, Pierre (Note 2)	2,125,000	0.35	10,625,000	0.32	2,125,000	0.07
Option holders	1,697,948	0.26	8,489,740	0.26	1,697,948	0.05
CB Holders	44,470,000	6.75	222,350,000	6.75	44,470,000	1.35
Underwriter (Note 3)	0	0.00	0	0.00	2,424,882,652	73.59
Other public Shareholders	557,927,715	84.66	2,789,638,575	84.66	557,927,715	16.93
						(Note 4)
Total	612,850,215	100.00	3,295,090,815	100.00	3,295,090,815	100.00

Notes:

- 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.
- Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.
- The Underwriter will not and shall procure that the sub-underwriters and placees procured by them, 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 after the Rights Issue. The Underwriter shall and shall cause the sub-underwriters to procure placees independent of the Company and its connected persons to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules are complied with. The Underwriter shall use its reasonable endeavours to ensure that each of the sub-underwriters and their placees (and their respective ultimate beneficial owners) is independent of and not connected with the Company and its connected persons and is not a party acting in concert with each other. As at the Latest Practicable Date, the Underwriter has entered into sub-underwriting arrangement on 15 May 2014 with Cheong Lee Securities Limited, its Sub-underwriter in respect of the sub-underwriting of approximately 13.39% of the Underwritten Shares. The Sub-underwriter is independent third party not connected with the Company and its connected persons. Save as aforesaid, as at the Latest Practicable Date, there is no other sub-underwriter procured by the Underwriter.
- This is for illustrative purpose only since the Underwriter has entered into the sub-underwriting arrangement as disclosed in note 3 above and none of the Underwriter and sub-underwriters is expected to become a substantial Shareholder (as defined in the GEM Listing Rules) upon completion of the Rights Issue and hence their respective shareholdings will be regarded as held by public.

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REASON FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

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.

The gross proceeds from the Rights Issue will be approximately HK\$98.06 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$105.44 million (assuming no repurchase of Shares and the maximum number of the Outstanding Options and Convertible Bonds are exercised in full). 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\$100.85 million (assuming no repurchase of Shares and the maximum number of the Outstanding Options and Convertible Bonds are exercised in full). In order to provide incentive to the holders of the Convertible Bonds to agree to the extension of the maturity of the Convertible Bonds as well as to reduce the total liabilities of the Company, the Company intends to apply at least half of the net proceeds from the Rights Issue for the partial redemption of the Company's Convertible Bonds from each of the CB Holders on a pro rata basis. The remaining net proceeds from the Rights Issue will be applied for strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

The outstanding principal amount of the Convertible Bonds of approximately HK\$177,880,000 will be matured on 12 August 2014. As of the Latest Practicable Date, the CB Holders have not given any undertaking or entered into any agreements with the Company for the extension of the maturity of the Convertible Bonds, but the Company had obtained written confirmation from all of the CB Holders that they will not call for repayment within twelve months from March 2014. As explained above, the Company is intended to redeem part of outstanding Convertible Bonds, and the Company is negotiating with the bondholders regarding the extension of the maturity of the Convertible Bonds with regard to the outstanding amount. In the event that such extension did not materialise, the CB Holders could only request for redemption of the outstanding amount upon the expiry of the 12-month period from March 2014 under the written confirmation, i.e. in March 2015. The Company will make relevant announcement(s) when and where appropriate in due course.

The Company has no any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any acquisition or investment opportunity as at the Latest Practicable Date. Having considered that; (i) the Company has been actively seeking for investments/acquisition opportunities to expand and diversify the information technology and trading business of the Group to bring in returns to the Shareholders; (ii) the current cash balance of the Group of approximately 14 million as at the Latest Practicable Date; (iii) the substantial time required for conducting fund raising activities which may make the Company difficult to repay the outstanding liabilities on time when they become mature and extension thereto could not be secured; and (iv) there is only approximately HK\$14 million left as the proceeds raised from the previous placings, we consider that there is no certainty that the existing cash and credit resources

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(including the fund to be raised under the Rights Issue after deducting the amounts to be utilised for the early redemption of the Convertible Bonds) will be adequate for business development and acquisition of appropriate investments that may be arisen in near future. In the event that the Group identifies suitable business or investment opportunities and does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment. On the other hand, in the event that no appropriate investment opportunities are identified, the remaining proceeds will be applied as general working capital. The Board also wishes to clarify that the Group still has sufficient working capital as disclosed on page 33 of the circular of the Company dated 29 January 2014 for at least 12 months from the date of that circular (i.e. from 29 January 2014) even without the Rights Issue, provided that if the extension of the maturity dates of the Convertible Bonds is materialised; on the other hand, the proceeds to be raised under the Rights Issues are for the preparation of the negotiation for extension of the maturity date of the Convertible Bonds, and for potential investment opportunities as explained above, and only if such suitable investment opportunities could not be identified will the remaining proceeds from the Rights Issue be used as general working capital.

Furthermore, the Board considers that it is prudent to finance the Group by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

Risks which are relevant to the Group

The revenue of the Group in 2013 was approximately HK\$40,762,000 which was relatively small in terms of revenue base. There are certain liquidity risks in light of the loss attributable to owners of the Company for 2013 of approximately HK\$109,167,000. Although the Group does not have indebtedness and contingent liabilities other than outstanding principal of Convertible Bonds of HK\$177,880,000, such Convertible Bonds represent certain liquidity risks when they become mature in the year 2014.

The postponement of the forestry project in the Papua and the lower market prices for timber products had also led to the further impairment of approximately HK\$70,000,000 to the forest concessions. There may be a risk in a potential further impairment on the forest concessions which is the core asset of the Group.

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Risks which are relevant to the Group's business

The Group's forestry business is dampened by certain newly imposed regulatory pressure that monitors de-forestation. Forestry itself is limited by natural disasters such as earthquake in the geographical locality of the forest concessions and prolonged adverse weather conditions. Demand for wood and timber products in Indonesia and in other major markets such as China is not as stable as expected because of the worldwide slow economy.

The Group's trading business has a lower profit margin than the forestry business and the growth is limited in terms of variety of products. As the Group trades milk powder only, customers and suppliers bases are concentrated that impose certain risks if there is a loss in customer or supplier.

The Group lacks experience in engaging in the information technology industry which is subject to intense market competition and strong human resources competition. This business is also subject to a number of risks beyond its control, including insufficient growth in demand for information technology products because of changes in customer spending habits and other shifts in market demands. The success of such business depends on a number of factors, both within and outside the control of the Group, including the successful employment of the Group's experience from the provision of information technology solution, web content development, and enterprise system maintenance services. In order to minimise the risk of the lack of experience in the information technology industry, the Group has invited Mr. Lau Chi Yan, being the Managing Director of the Group who has accumulated over 13 years in the field of information system and operational system, joined the Group in August 2012. The acquisitions of Quasicom Systems Limited and Ever Hero Group Limited strengthened the Group's capabilities in developing and expanding this business, and thus increases the competitiveness of the Group in the information technology industry.

Geopolitical risk in respect of the country of Indonesia and the political risk specific to the Province of Papua

The current Government of the Republic of Indonesia has introduced laws and policies aimed at reducing corrupt practices and enhancing Indonesia as a destination for foreign investment. The long-term success of these actions remains unknown. The Province of Papua of Indonesia is vulnerable to political unrest due to the independence movement of the indigenous people. The forestry and plantation businesses of the Group are entirely located in the Province of Papua of Indonesia and its financial and business conditions and prospects may be materially and adversely affected if political instability were to occur.

Currency risk

Indonesia Rupiah is relatively stable but weak and as it was one of the least valued currency units in the world, it is still regarded as a risky currency to hold. Indonesia's Central Bank has announced that the rupiah would be redenominated by removing three zeros starting 2014. If this happens, it may have an adverse effect on the currency and the Group is exposed to certain currency risk.

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FUND RAISING ACTIVITIES OF THE COMPANY IN THE 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 the Circular:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
11 June 2013	Rights issue on the basis of 2 rights shares for every 5 existing shares held by Shareholders	HK\$34.87 million	For general working capital, including but not limited to development of information technology business and the expansion of the Company's existing trading business	Approximately HK\$28.57 million has been used for the redemption of the Company's existing convertible bonds; approximately HK\$2 million has been used for the development of information technology business; and approximately HK\$4.3 million has been used for general working capital
6 December 2013	(i) Placing of new Shares under general mandate	HK\$6.58 million	Approximately HK\$3 million for the expansions of the Company's existing 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 the Company's existing trading business and information technology business; approximately HK\$1.58 million has been used for the redemption of the Company's existing convertible bonds; and approximately HK\$2 million has been used for general working capital

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Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
	(ii) 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; approximately HK\$4.4 million for the expansions of the trading business; approximately HK\$2.2 million for the information technology business; 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

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE BONDS AND THE OPTIONS

As at the date of this Circular, there are (i) Convertible Bonds with outstanding principal amount of HK\$177,880,000 convertible into 44,470,000 Shares and (ii) Outstanding Options to subscribe for 1,697,948 new Shares.

Pursuant to the instrument creating the Convertible Bonds, the conversion price of Shares which fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds will be adjusted in the event of any share consolidation or sub-division, capitalization issue or capital distribution. Therefore the Rights Issue will not affect the conversion price of the Convertible Bonds and no adjustment thereof will be made as a result of the Rights Issue.

Pursuant to the Share Option Scheme, in the events of any alteration in the share capital of the Company by way of capitalization of profits or reserves, rights issue, consolidation, subdivision, or reduction of capital, the exercise price per Share at which the holders of the Outstanding Options may subscribe for Shares upon the exercise of the

LETTER FROM THE BOARD

Options and the number of their Outstanding Options shall be adjusted. Therefore after the Rights Issue becoming effective, the exercise price and number of the Outstanding Options will be affected. The Company will engage the auditors of the Company or a financial adviser in accordance with the terms of the Share Option Scheme and the supplementary guidance on adjustments to the exercise price and number of share options under the Listing Rule requirements issued by the Stock Exchange on 5 September 2005 to certify in writing as to the adjustments (if any) required to be made in respect of the Outstanding Options as a result of the Rights Issue. Further announcement will be made in relation thereto.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding this Circular, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

As at the date of this Circular, there is no controlling Shareholder as defined under the GEM Listing Rules, however, Mr. Cheung, being the Chairman, Chief Executive Officer and an Executive Director of the Company (holds 52,797,500 Shares representing 8.62% of the issued share capital of the Company) and Mr. Lau Chi Yan, Pierre, being the Managing Director and an Executive Director of the Company (holds 2,125,000 Shares representing 0.35% of the issued share capital of the Company) or their respective associates are interested in the Shares and is required to abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder at the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this Circular, the Shares are traded on the Stock Exchange in board lot of 10,000 Shares. Based on the closing price of HK\$0.161 per Share (equivalent to a theoretical ex-right price of approximately HK\$0.065 per Share) as at 11 April 2014, upon the allotment and issue of the Rights Shares, the value of each board lot of 10,000 Shares is estimated to be approximately HK\$650. It is proposed that after the Rights Issue becoming effective, the board lot size of the Shares shall be changed from 10,000 to 40,000 so that the estimated market value per board lot of the Shares will be approximately HK\$2,600 (based on the theoretical ex-right price of approximately HK\$0.065 per Share as at the date of this Circular). The Board considers that the change in board lot size will increase the value of each board lot of the shares of the Company, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company.

LETTER FROM THE BOARD

In order to facilitate the trading of odd lots (if any) of Shares arising from the change in board lot size, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 21 July 2014 to 11 August 2014 (both dates inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular.

GENERAL

The Independent Board Committee comprising Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth has been formed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The notice convening the EGM is set out on pages 72 to 73 of this Circular. The EGM will be convened on Tuesday, 17 June 2014 at 11:00 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong for the purpose of, considering and, if thought fit, approving the Rights Issue and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on page 29 and pages 30 to 49 respectively of this Circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

LETTER FROM THE BOARD

Accordingly, the Directors believe that the terms of the Rights Issue are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this Circular. In case of any inconsistency between the English and Chinese versions of this Circular, the English version will prevail.

By the Order of the Board
Merdeka Mobile Group Limited
(formerly known as Merdeka Resources Holdings Limited)
Mr. Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this Circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



MERDEKA

MERDEKA MOBILE GROUP LIMITED

(萬德移動集團有限公司*)

(formerly known as Merdeka Resources Holdings Limited (萬德資源集團有限公司))*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

28 May 2014

To the Independent Shareholders,

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY ONE EXISTING SHARES HELD ON THE RECORD DATE

We refer to the circular of the Company dated 28 May 2014 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Company as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and the Independent Board Committee in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 30 to 49 of the Circular, we are of the opinion that the Rights Issue are in the interests of the Company and the Shareholders as a whole and the terms of the Rights Issue are fair and reasonable insofar as the Company and the Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Independent Non-executive Directors

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Yip Kat Kong, Kenneth

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Goldin Financial Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue which has been prepared for the purpose of inclusion in this circular.



高銀融資有限公司

GOLDIN FINANCIAL LIMITED

Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

28 May 2014

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the proposed Rights Issue, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in this circular dated 28 May 2014 issued by the Company (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 11 April 2014, the Company announced that, among other things, the Board proposed to raise not less than approximately HK\$98.06 million but not more than approximately HK\$105.44 million before expenses by issuing not less than 2,451,400,860 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 2,636,072,652 Rights Shares (assuming no repurchase of Shares and the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date) to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.040 per Rights Share on the basis of 4 Rights Shares for every 1 Existing Share held on the Record Date.

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the Circular, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, has been established to make recommendations to the Independent Shareholders as to whether the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in relation to the Rights Issue.

We, Goldin Financial Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, and to make a recommendation as to, among others, whether the Rights Issue is fair and reasonable and as to voting in respect of the resolution relating to the Rights Issue at the EGM.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the announcements, the agreements and the undertakings in relation to the Rights Issue and the annual report (the “**2013 Annual Report**”) of the Company for the year ended 31 December 2013. We have also reviewed certain information provided by the management of the Company relating to the operation, financial condition and prospect of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the financials, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes as soon as possible.

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 and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular 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 in the Circular or the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for, the Rights Issue and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Reasons for and use of proceeds of the Rights Issue

As mentioned in the Letter from the Board, the Board proposed to raise not less than approximately HK\$98.06 million but not more than approximately HK\$105.44 million before expenses by issuing not less than 2,451,400,860 Rights Shares and not more than 2,636,072,652 Rights Shares to the Qualifying shareholders by way of the Rights Issue at the Subscription Price of HK\$0.040 per Rights Share on the basis of 4 Rights Shares for every 1 Existing Share held on the Record Date.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$93.67 million and not more than approximately HK\$100.85 million. In order to provide incentive to the CB Holders to agree to the extension of the maturity of the Convertible Bonds as well as to reduce the total liabilities of the Company, the Company intends to apply at least half of the net proceeds from the Rights Issue for the partial redemption of the Company's Convertible Bonds from each of the CB Holders on a pro rata basis. The remaining net proceeds from the Rights Issue will be applied for strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

Background 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. Set out below is the audited financial information of the Group for the year ended 31 December 2012 and 31 December 2013 as extracted from the 2013 Annual Report:

Table 1: Financial highlights of the Group

	For the year ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Revenue	40,762	7,909
Loss for the year	<u>(115,153)</u>	<u>(644,073)</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	207,397	282,917
Current assets	39,363	31,483
(Current liabilities)	(190,047)	(4,557)
Net current assets/(liabilities)	(150,684)	26,926
Total equity	56,713	120,138

For the year ended 31 December 2013, the audited revenue of the Group increased to approximately HK\$40.76 million from approximately HK\$7.9 million of the prior year, while the audited loss for the year narrowed to approximately HK\$115.15 million, compared to a loss of approximately HK\$644.07 million of the prior year. According to the 2013 Annual Report, the increase in revenue was mainly attributable to the increasing contribution from the trading business with revenue rising to approximately HK\$38.04 million from approximately HK\$7.91 million of the prior year, while the information technology business, which was newly acquired by the Group in July 2013 (details of which are contained in the announcement of the Company dated 2 May 2013), also contributed revenue of HK\$2.72 million. The increased revenue from the trading business and information technology business, coupled with the lower impairment in relation to the forestry business in 2013 as compared with that in 2012, resulted in the narrowing of loss for the year to approximately HK\$115.15 million.

As at 31 December 2013, the audited net current liabilities amounted to approximately HK\$150.68 million, in contrast to audited net current assets of approximately HK\$26.9 million a year ago, while total equity of the Group decreased to approximately HK\$56.71 million, down from approximately HK\$120.14 million.

According to the 2013 Annual Report, notwithstanding to the fund raising activities carried out by the Group during 2013, the decreased liquidity of the Group as reflected by its net current liability position was due to the classification of the Convertible Bonds under current liabilities in the year from non-current liabilities in 2012. As at 31 December 2013, the liability component of the Convertible Bonds, which accounted as current liabilities of the Group, stood at approximately HK\$187.47 million. The Convertible Bonds were issued on 12 August 2008 as part of the consideration for the acquisition of forest concessions in Papua, Indonesia. The Convertible Bonds are unsecured, interest-free and shall mature on 12 August 2014 (initially 12 August 2011, which was extended by a supplemental deed dated 30 May 2011). Pursuant to the same supplemental deed, the Company is entitled to redeem the whole or part of the outstanding Convertible Bonds at any time up to the its maturity. During the year ended 31 December 2013, the Company entered into redemption agreements to redeem the Convertible Bonds with principal amount of HK\$27 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As for the decrease in equity, it was mainly due to the fall in non-current assets as a result of impairment to forest concessions, notwithstanding that the total liabilities remained steady at approximately HK\$190.05 million, compared with that of approximately HK\$194.26 million a year ago.

During the financial year, on 16 July 2013, the Company completed the rights issue on the basis of two rights share for every five shares held on the record date, raising a net proceeds of approximately HK\$34.87 million, of which approximately HK\$28.57 million has been used for the redemption of the Convertible Bonds; approximately HK\$2 million has been used for the development of information technology business; and approximately HK\$4.3 million has been used for general working capital. Further details of the aforesaid rights issue are contained in the announcements of the Company dated 11 June 2013 and 16 July 2013 and the prospectus of the Company dated 25 June 2013.

On 18 December 2013, an aggregate of 45,000,000 Shares, representing approximately 11.66% of the then issued share capital of the Company as at the even date were placed under the general mandate granted during the annual general meeting of the Company held on 28 June 2013. The Company received net proceeds of approximately HK\$6.58 million from such placing, of which approximately HK\$3 million has been used for the expansions of the Company's existing 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.

Developments of the Group after the reporting period

We noted the following events of the Company that took place after the reporting period of the year ended 31 December 2013:

Placing under specific mandate

On 30 January 2014, an aggregate of 150,000,000 shares of the Company, representing approximately 28.00% of the then issued share capital of the Company as at the even date taking into account the issue of such shares, were placed under specific mandate (the "**SM Placing**") granted during an extraordinary general meeting of the Company held on 29 January 2014. The Company raised net proceeds of approximately HK\$22.55 million from the SM Placing, of which approximately HK\$13.5 million has been applied for the redemption of the Convertible Bonds on 10 February 2014 as mentioned in the following paragraph; approximately HK\$4.4 million for the expansion of the trading business; approximately HK\$2.2 million for the information technology business; and the remaining balance deposited in bank as at the Latest Practicable Date. Further details of the SM Placing are contained in the announcement and the circular of the Company dated 6 December 2013 and 13 January 2014 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Partial redemption of the Convertible Bonds

On 10 February 2014, the Company agreed with the bondholders to exercise its redemption right to early redeem the Convertible Bonds and served a redemption notice pursuant to the supplemental deed dated 30 May 2011 for redeeming an outstanding principal amount of HK\$20,000,000 of the Convertible Bonds, which were settled in cash of HK\$19,000,000 by the Company. Further details of the redemption are contained in the announcement of the Company dated 10 February 2014.

Placing under general mandate

On 3 March 2014, an aggregate of 77,000,000 shares of the Company, 12.56% of the issued share capital of the Company as at the even date were placed under general mandate (the “**GM Placing**”) refreshed and granted during an extraordinary general meeting of the Company held on 29 January 2014. The Company received net proceeds of approximately HK\$12.56 million from the GM Placing which was deposited in bank as at the Latest Practicable Date. Further details of the GM Placing are contained in the announcement of the Company dated 21 February 2014.

Subscription of shares in Mian Yang Heng Da

On 1 April 2014, the Group entered into an agreement to subscribe (the “**Subscription**”) for 60% of the enlarged share capital of Mian Yang Heng Da Information Technology Limited (“**Mian Yang Heng Da**”) for a total consideration of RMB4 million (equivalent to approximately HK\$5.03 million). The consideration for the Subscription will be satisfied by the Group’s internal resources. Mian Yang Heng Da is principally engaged in the development, transfer and services for worldwide web products in information technology; manufacturing and sales of electronic products and accessories; corporate information management consulting services; computer network engineering and sales, installation and maintenance of computer based equipment. Further details of the Subscription are contained in the announcement of the Company dated 1 April 2014.

Completion of the acquisition of Ever Hero

On 4 April 2014, completion of the acquisition (the “**Acquisition**”) of 100% of the issued share capital of Ever Hero Group Limited (“**Ever Hero**”), which constituted a very substantial acquisition of the Company under the GEM Listing Rules, took place following fulfillment of all conditions precedent to the sale and purchase agreement of the Acquisition. The consideration for the Acquisition of HK\$71 million, comprising HK\$20 million in cash funded by the Group’s internal resources (classified as deposits and other receivables of the Group according to the 2013 Annual Report) and HK\$51 million by way of issuing promissory note, had been duly settled upon completion. Ever Hero, through its subsidiary, is principally

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

engaged in the provision of information technology solution, web content development, and enterprise system maintenance services. Further details of the Acquisition are contained in the announcement and the circular of the Company dated 25 September 2012 and 29 January 2014 respectively.

Financial position and liquidity condition of the Group

As shown in the paragraphs headed “Background Information on the Group” above, as at 31 December 2013, the Group recorded audited net current liabilities of approximately HK\$150.68 million, in contrast to audited net current assets of approximately HK\$26.9 million a year ago, with total equity decreasing to approximately HK\$56.71 million, down from HK\$120.14 million a year ago. The resulting current ratio, being current assets over current liabilities, deteriorated to approximately 20.71%, down from approximately 690.9% in 2012.

According to the 2013 Annual Report, following redemption of an outstanding principal amount of HK\$20,000,000 of the Convertible Bonds on 10 February 2014 after the reporting period, the outstanding amount due by the Company to the CB Holders still amounts to approximately HK\$177.88 million. The Convertible Bonds under the existing terms shall mature on 12 August 2014. On the other hand, the cash balance of the Group as at the Latest Practicable Date was only approximately HK\$14 million.

As advised by the management of the Company, the Company is in the process of negotiating with the CB Holders for the extension of its maturity beyond 12 August 2014. As at the Latest Practicable Date the CB Holders have not given any undertaking or entered into any agreements with the Company for the extension of the maturity of the Convertible Bonds but the Company had obtained written confirmation from all of the CB Holders that they will not call for repayment within twelve months from March 2014. The Company is intended to redeem part of the outstanding Convertible Bonds, and the Company is negotiating with the bondholders regarding the extension of the maturity of the Convertible Bonds with regard to the outstanding amount. In the event that such extension did not materialize, the CB Holders could only request for redemption of the outstanding amount upon the expiry of the 12-month period from March 2014 under the written confirmation, i.e. in March 2015. The Company will make relevant announcement(s) when and where appropriate in due course.

Set aside the liquidity concern of the Group as analysed above, we noted that the debt-to-equity ratio, calculated as to total liabilities over total equity, reached approximately 335.10% as at 31 December 2013, doubling that of approximately 161.70% as at 31 December 2012, indicating excessive leverage of the Group’s capital and deteriorating financial position.

Considering the above, we are of the view that it is prudent for the Group to strengthen its financial position with equity financing, including but not limited to the Rights Issue.

Trading prospects of the Group

Trading business

The trading business relates to the trading of various milk powder products, as well as agricultural-related products, to customers based in Hong Kong. Trading business is the primary contributor of the Group's revenue with segment revenue amounted to approximately HK\$38.04 million for the year ended 31 December 2013, accounting for over 93% of the Group's revenue for the year, and is the only profit-making business segment with profit before tax amounted to approximately HK\$0.98 million. According to the subcommittee report (the "**Report**") issued by the Legislative Council of Hong Kong on 10 April 2013, milk powder products have been in huge demands that have even resulted in shortage of certain brands. According to the Report, annual demand for milk powder based on the amount of import surged by 193% from about 15 million kilograms in 2008 to about 44 million kilograms in 2012, which the government believed the rising trading activities catering to the demand of Mainland parents being the primary source of such demands. Measures by mean of regulations, such as restricting the export of milk powder products to all places outside Hong Kong, have been implemented since February 2013 in an attempt to prevent shortage of supplies before the formulation of any long-term effective mean to stabilise the market, and such measures were still in effect as at the Latest Practicable Date. We are of the view that the trading business of the Group could capitalise on the active milk powder market driven by huge demand.

Information technology business

The information technology business has partially contributed to the total revenue of the Group in the amount of HK\$2.72 million for the year ended 31 December 2013, representing about 7% of the total revenue amount of HK\$40.76 million for the same period. We note that the Company has expanded the existing information technology business after the reporting period through (i) completing the acquisition of 100% issued share capital of Ever Hero Group Limited; and (ii) the subscription of 60% of the enlarged share capital of Mian Yang Heng Da Information Technology Limited as mentioned above. In assessing the current market demand for information technology products, we have conducted research on the growth of the information technology industry in the PRC. With reference to the 2013 Information Technology Industry Statistical Report as published by the Ministry of Industry and Information Technology of the PRC on 4 March 2014, the total software sales and IT services revenue in the PRC for the years 2011, 2012 and 2013 was approximately RMB1.88 trillion, approximately RMB2.48 trillion and approximately RMB3.1 trillion respectively, representing a year-on-year growth of approximately 31.54% and approximately 25.0% for 2012 and 2013 respectively, indicative of increasing demand for software and informational technology services. As such, we believe that the expansion of the information technology business would enable the Group to capitalise on the growth of the PRC information technology industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Forestry business

The Group's forestry business and plantation business relates to the forest concessions in the Papua Province of Indonesia.

According to the annual report of the Company for the year ended 31 December 2012, the forestry business together with the plantation business came to a halt during the year amidst adverse local political situation in the Papua. According to The International Crisis Group (www.crisisgroup.org), an international non-profit organisation, violence broke out in Papua between ethnic groups in mid 2012 which has destabilised the local political that casts doubt over stability of the forestry business.

As at the Latest Practicable Date, the Group was in the process of liaising and negotiating with the government departments in Papua, Indonesia on the land use right registration. As stated in the 2013 Annual Report, 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 concessions areas of Mimika, and it is expected that there will not be any legal impediment in the application for land use right registration. On the other hand, as stated in the Letter from the Board, the forestry business faces certain newly imposed regulatory pressure that monitors deforestation.

The Group had kept its operation scale relating to the forestry project downsized to preserve its financial resources before the resumption of project. The forestry project contributed no revenue for the two years ended 31 December 2012 and 2013. An impairment of approximately HK\$70 million to the forest concessions, as a result of the postponement of the forestry project and lower market prices for timber products, was recorded for the year ended 31 December 2013, as compared impairment of approximately HK\$560 million and approximately HK\$16 million to the forest concessions and property, plant and equipment respectively in the prior year.

As advised by the management of the Company, there is no indicative timeframe as to the resumption of the forestry project, and given the recent developments surrounding the forestry project, we are of the view that there exists uncertainty over the resumption of the forestry project and do not hold a positive view on the prospect of turnaround in the near-term.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notwithstanding the sluggish performance of the forestry business, we consider that the trading business and the information technology business, the industry outlook of which are positive as analysed above, could contribute to the financial performance of the Group. We are of the view that the Rights Issue could strengthen the Group's financial position, thereby better preparing it for further developing its business in order to achieve turnaround of the Group's financial performance.

Other financing alternatives

According to the Letter from the Board, save for (i) the rights issue on the basis of two rights share for every five shares held on the record date, raising a net proceeds of approximately HK\$34.87 million as completed on 16 July 2013; (ii) the placing under general mandate, raising a net proceeds of approximately HK\$6.58 million as completed by the Company on 18 December 2013; (iii) the SM Placing completed on 30 January 2014; and (iv) the GM Placing completed on 3 March 2014, the Group has not carried out any other fund raising activity during the past 12 months immediately prior to the date of the Announcement.

The Directors advised that they have considered alternative means for the Group to raise funds other than the Rights Issue, including but not limited to, other forms of fund raising activities such as debt financing. However, the Directors consider that bank borrowing will create additional finance cost on the Group and increase the already high gearing of the Group. We concur with the Directors' view that equity financing is a prudent way to finance the Group's future business development.

The Directors have also considered the possibility of fund raising by way of share placement as an alternative to the Rights Issue. The Rights Issue is advantageous to Shareholders in the sense that it provides all Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and at the same time allow them to maintain their proportionate interests in the Company, as opposed to a share placement which would involve an issue of new Shares and result in a dilution of existing Shareholders' interest. As such, the Directors consider the Rights Issue is a more desirable alternative.

Moreover, the Directors have considered the possibility of fund raising by open offer as an alternative to the Rights Issue. But unlike the Rights Issue, an open offer would not allow the Shareholders who do not want to participate in the fund raising of the Company to transfer or dispose of their nil-paid Rights Shares on the Stock Exchange. The Shareholders may receive a cash consideration provided that there are purchasers for such nil-paid Rights Shares. Thus, we concur with the Directors' view that given the circumstances the Rights Issue is the most appropriate means to raise fund and is beneficial to the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue to take up their provisional allotments in full to maintain their respective shareholdings in the Company and participate in the future growth and development of the Company; and (ii) the Rights Issue is considered more preferable than other financing alternatives as explained above, we consider that the Rights Issue is an equitable means to raise capital for the Group.

Considering that the proceeds from the Rights Issue (i) is partly intended to be applied for the redemption of the Company's Convertible Bonds which could strengthen its capital base and enhance its financial position; (ii) is partly intended to be applied for financing its business development to capitalise on the positive industry outlook of its trading business and information technology business, in order to achieve turnaround of the Group's financial performance; and (iii) the Rights Issue is an equitable means to raise capital for the Group having considered other financing alternatives, we concur with the Director's view that the Rights Issue is in the interests of the Group and the Shareholders as a whole.

2. Principal terms of the Rights Issue

The Company proposed to raise not less than approximately HK\$98.06 million and not more than approximately HK\$105.44 million before expenses by way of the Rights Issue of not less than 2,451,400,860 Rights Shares and not more than 2,636,072,652 Rights Shares at the Subscription Price of HK\$0.040 per Rights Share on the basis of four Rights Shares for every one Existing Share held on the Record Date. The estimated net proceeds from the Rights Issue will be not less than approximately HK\$93.67 million and not more than approximately HK\$100.85 million. The net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.0382.

The Subscription Price

As stated from the Letter from the Board, the Subscription Price of HK\$0.040 per Rights Share was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions and the par value of the Shares.

The Subscription Price represents:

- a discount of approximately 75.16% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day (the "LTD Discount");
- a discount of approximately 75.79% to the average of the closing price of HK\$0.165 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;

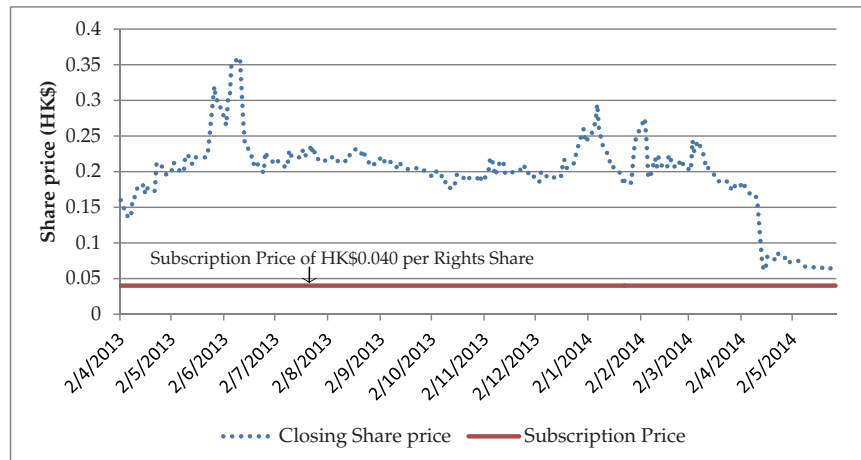
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- a discount of approximately 38.46% to the theoretical ex-rights price of HK\$0.065 per Share based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day (the “TERP Discount”);
- a discount of approximately 39.39% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- a discount of approximately 11.11% to the theoretical ex-rights price of approximately HK\$0.045 per Share based on the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Historical Share price performance

Chart 1 below shows the daily closing price of the Share as quoted on the Stock Exchange, versus the Subscription Price for the period commencing from 2 April 2013 up to and including the Latest Practicable Date (the “Review Period”):

Chart 1: Historical Share price performance



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing Share price showed a downward trend in general, with the highest and the lowest closing price of the Share being HK\$0.36 on 10 June 2013 and 11 June 2013 and HK\$0.061 on 15 April 2014, respectively. The Subscription Price represents a discount of approximately 34.42% to the lowest closing Share price and a discount of approximately 88.89% to the highest closing Share price during the Review Period. The Shares were traded above the Subscription Price throughout the entire Review Period. We note that from period commencing from December

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2013 being the six months prior to the Latest Practicable Date up to the Latest Practicable Date, the Shares have traded to a peak at HK\$0.295 on 7 January 2014, following which the price of the Shares have trended downwards to its lowest at HK\$0.061 on 15 April 2014. Furthermore, we note that it is common market practice to price a rights issue at a discount to the market price of the relevant shares in order to entice subscription by their shareholders.

In view of the recent downward trend demonstrated by the historical movement of the Share price, we consider that the setting of the Subscription Price at a lower level is reasonable.

Historical trading volume of the Shares

Table 2 below shows the average daily number of the Shares trading volume per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares as at the end of the respective month, during the Review Period:

Table 2: Historical trading volume of the Shares

Month	Total trading volume	No. of trading days	Average daily trading volume	Total no. of outstanding Shares at the end of each respective month	Average daily trading volume over outstanding shares %
Apr-13	14,465,400	20	723,270	229,178,725	0.32%
May-13	15,361,000	21	731,476	229,178,725	0.32%
Jun-13	42,635,000	19	2,243,947	229,178,725	0.98%
Jul-13	25,162,800	22	1,143,764	340,850,215	0.34%
Aug-13	69,616,000	21	3,315,048	340,850,215	0.97%
Sep-13	3,517,700	20	175,885	340,850,215	0.05%
Oct-13	17,068,490	21	812,785	340,850,215	0.24%
Nov-13	7,399,500	21	352,357	340,850,215	0.10%
Dec-13	160,340,500	20	8,017,025	385,850,215	2.08%
Jan-14	299,617,800	21	14,267,514	535,850,215	2.66%
Feb-14	586,436,300	19	30,865,068	612,850,215	5.04%
Mar-14	508,370,800	21	24,208,133	612,850,215	3.95%
Apr-14	405,690,500	20	20,284,525	612,850,215	3.31%
May-14 (Note)	65,436,000	17	3,849,176	612,850,215	0.63%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: The total trading volume and number of trading days attributable to May 2014 is based on the period from 2 May 2014 up to and including the Latest Practicable Date.

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As illustrated from Table 2 above, we note that the average daily trading volume of the Shares accounted for only a small portion (less than 1%) of the total number of outstanding Shares at the end of each respective month during the Review Period except for the period from December 2013 to April 2014. The Company advised that it was not aware of any reasons for the substantial increase in trading of Shares during such period. Apart from the aforementioned trading volume, we noted that trading in the Shares had been historically inactive and the Shares were hence rather illiquid. Since the Shares were generally illiquid in the open market, we consider that it would be difficult to attract the Qualifying Shareholders to take part in the Rights Issue if the Subscription Price was not set at a discount to the historical closing prices of the Shares. Given that discount on the Subscription Price could attract the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the future growth of the Group, we consider that the Subscription Price being set at a level lower than the prevailing market prices of the Shares is in line with general market practice and the current market trend, which we consider reasonable and acceptable.

Comparison of the Subscription Price

To assess the fairness and reasonableness of the Subscription Price, we have reviewed fund raising exercises that are selected based on the following criteria: (i) announced by companies listed on the Main Board and GEM of the Stock Exchange; (ii) by way of rights issue of ordinary shares; and (iii) during the three-month period prior to the Last Trading Day which could reflect the recent market condition and sentiment. We have, to our best effort, identified and made references to, so far as we are aware, 9 companies which meet the aforesaid criteria, and are exhaustive and each of them represents a fair and representative sample. Independent Shareholders should note that the companies of the identified rights issue exercise are not identical to the Company in terms of principal business, operations and financial position, and that the determination of subscription price of the rights issue exercise was made reference to the arm's length commercial negotiation between the companies and the underwriters, the share price performance, financial positions of the companies and the then prevailing market condition.

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Nevertheless, we consider that such rights issue exercises could provide a general reference for the recent common market practice of companies listed on the Main Board and GEM of the Stock Exchange with respect of rights issue exercises under similar market condition and sentiments as the Rights Issue. Details of our analyses are set out in the following table:

Table 3: Analysis of rights issue exercises

Company name (stock code)	Date of announcement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (approximate %)	Premium/ (discount) of subscription price over/(to) the theoretical ex-entitlement price (approximate %)	Excess application	Commission	Basis for entitlement
China Primary Resources Holdings Limited (8117)	11 April 2014	(56.70)	(46.60)	Y	0.00%	1 for 2
Fosun International Limited (656)	9 April 2014	0.00	0.00	Y	0.00%	39 for 500
CMMB Vision Holdings Limited (471) (<i>Note</i>)	4 April 2014	(34.20)	13.60	N	2.50%	2 for 1
Dah Sing Financial Holdings Limited (440)	26 March 2014	(33.99)	(31.30)	Y	2.25%	13 for 100
Dah Sing Banking Group Limited (2356)	26 March 2014	(33.33)	(30.86)	Y	2.25%	12 for 100
Computech Holdings Limited (8081)	21 March 2014	(23.35)	(16.88)	Y	3.50%	1 for 2
New World Development Company Limited (17)	13 March 2014	(36.30)	(30.00)	Y	2.50%	1 for 3
Sincere Watch (Hong Kong) Limited (444)	4 March 2014	(67.91)	(58.53)	Y	2.50%	1 for 2
Oriental Unicorn Agricultural Group Limited (8120)	3 March 2014	(57.33)	(15.21)	Y	3.50%	13 for 2
Mean		(38.12)	(23.98)		2.11%	
Median		(34.20)	(30.00)		2.50%	
Max		0.00	13.60		3.50%	
Min		(67.91)	(58.53)		0.00%	
The Company		(75.16)	(38.46)	N	3.50%	4 for 1

Note: The effect of the bonus issue of bonus shares on the basis of one bonus share for every two rights shares taken up under the rights issue is not included in the above analysis. For illustrative purposes only, the discount of subscription price to the closing price on the last trading day including the bonus issue is approximately 56.14%.

As shown in Table 3 above, the discount represented by the subscription price of the selected rights issue exercises to the respective closing price of the shares ranged from approximately 0% to approximately 67.91% with a mean and a median of approximately 38.12% and approximately 34.20%

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respectively. The LTD Discount represented by the Subscription Price of approximately 75.16% to the closing price of HK\$0.040 per Share as quoted on Stock Exchange on the Last Trading Day, falls outside the range of that of the selected rights issue exercises.

In addition, the premium/discount represented by the subscription price of the selected rights issue exercises over/to the respective theoretical ex-entitlement prices of the shares ranged from a premium of approximately 13.60% to a discount of approximately 58.53% with a mean and a median of a discount of approximately 23.98% and approximately 30.00% respectively. The TERP Discount represented by the Subscription Price of approximately 38.46% to the theoretical ex-entitlement price of approximately HK\$0.065 per Share after the Rights Issue, based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day, falls within the range and is slightly above the mean and the median of that of the selected rights issue exercises.

We noted that the determination of subscription price of the rights issue exercises of the selected companies was made with reference to arm's length commercial negotiation between the companies and the underwriters, the share price performance, financial positions of the companies and the then prevailing market condition. We noted that the Hang Seng Index firstly decreased from approximately 23,133 points on 17 January 2014 to approximately 21,182 points on 20 March 2014, and bounced back to approximately 23,004 points on 11 April 2014, being the Last Trading Day, mainly attributable to, among other things, the instability and uncertainty of the global economic environment and increasingly volatile investment atmosphere. In view of (i) the aforesaid fluctuating market condition; (ii) the recent downward trend as demonstrated by the trading price of and the thin liquidity of the Shares as analysed in the sub-paragraphs headed "Historical Share price performance" and "Historical trading volume of the Shares" above; and (iii) the Group's financial positions in particular of working capital requirement as discussed in the paragraphs headed "Reasons for and the use of proceeds of Rights Issue" above, we consider that the setting of the Subscription Price at a lower level is reasonable.

Despite that the discount represented by the Subscription Price to the closing price on the Last Trading Day falls outside the range of that of the selected rights issue exercises, taking into account that (i) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares; (ii) the Share price demonstrated a recent downward trend with thin trading volume during the Review Period; (iii) the discount represented by the Subscription Price to theoretical ex-entitlement price of the Share falls within the range and is slightly higher than the mean and the median of that of the rights issue exercises as illustrated in above analysis; (iv) it is the normal market practice to offer discount to enhance the attractiveness of a rights issue exercise; and (v) all Qualifying Shareholders are offered an equal opportunity

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to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain respective shareholdings in the Company, we are of the view that the Subscription Price is fair and reasonable.

No application for excess Rights Shares

As set out in the letter from the Board, Qualifying Shareholders are not entitled to apply for excess Rights Issue not taken up in excess of their respective entitlements under the Rights Issue. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Rights Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, including the preparation, printing, posting of excess application form for the Rights Shares and handling of any excess application for the Rights Shares, in view of the loss making track record and present financial position of the Company. Accordingly, no excess Rights Shares will be offered to the Qualifying Shareholders and any Rights Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Having considered that (i) the related administration costs would be lowered in the absence of excess application arrangement; and (ii) all Shareholders not accepting the Rights Issue shall have their interests in the Company diluted but they shall be able to benefit from the overall improvement of the financial position of the Company upon completion of the Rights Issue, we are of the view that the absence of excess application arrangement is fair and reasonable.

3. Underwriting arrangements

Pursuant to the Underwriting Agreement, the Underwriter will receive an underwriting commission calculated as 3.5% of the aggregate Subscription Price of the Underwritten Shares actually issued as determined on the Record Date being all Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Mr. Cheung and CB Holders, being not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652 Rights Shares, payable by the Company. The Underwriter and its ultimate beneficial owner and its associates are Independent Third Parties and its ordinary course of business includes underwriting.

We note from the analysis on the selected companies as set out in Table 3 above that the underwriting commission charged by the respective underwriters of the selected companies ranged from 0% to 3.50% on funds raised. The commission rate charged by the Underwriter of 3.50% falls within the range of that of the selected companies. Upon enquiry with the management of the Company, the

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underwriting commission was determined between the Company and the Underwriter after arm's length negotiation with reference to the prevailing market rate.

Having considered that (i) the underwriting commission was determined between the Company and the Underwriter after arm's length negotiation; and (ii) the trading volume of the Shares was thin during the Review Period, we are of the view that the underwriting commission paid to the Underwriter is in line with the market and is fair and reasonable.

We have also reviewed other major terms of the Underwriting Agreement including, but not limited to, the payment terms, the termination of the Underwriting Agreement and conditions of the Underwriting Agreement (details of which are set out in the Letter from the Board) and we are not aware of any term which is unusual. As such, we are of the view that the terms of the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential dilution effect to the Shareholders

The changes in shareholding structure of the Company arising from the Rights Issue are set out in the paragraph headed "Effects on Shareholding Structure" in the Letter from the Board. All Qualifying Shareholders are entitled to subscribe for the Rights Shares. All Qualifying Shareholders are entitled to subscribe for the Rights Shares. The shareholding of the Qualifying Shareholders who take up their provisional allotment under the Rights Issue will remain unchanged immediately upon completion of the Rights Issue assuming none of the Outstanding Options and Convertible Bonds are exercised on or before the Record Date. The shareholding of the Qualifying Shareholders (other than Mr. Cheung and his associates) who do not subscribe for in full their assured entitlements under the Rights Issue will be diluted from (i) approximately 91.03% to the extent of approximately 18.21% assuming none of the Outstanding Options and Convertible Bonds are exercised on or before the Record Date; or (ii) approximately 84.66% to the extent of approximately 16.93% assuming all of the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date.

Taking into account that (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue; (ii) the dilution on the shareholding of Qualifying Shareholders who do not take up in full their assured entitlements in all cases of rights issue is inevitable; (iii) the Directors considered that the Rights Issue is more preferable than other financing alternatives as explained above; (iv) the proceeds from the Rights Issue is intended to be applied for the redemption of the Convertible Bonds, strengthening the general working capital base of the Group and enhancing its financial position at the outset, thereby allowing resources for expanding existing business and better preparing the Group for making timely commitment in suitable investment opportunities that may arise in the future, we are of the view that the potential dilution effect of the Rights Issue is acceptable.

5. Financial effects of the Rights Issue

(a) Net tangible assets

According to the unaudited pro forma financial information of the Group as set out in Appendix III to the Circular, the unaudited consolidated net tangible liabilities of the Group was approximately HK\$149.44 million as at 31 December 2013 after deducting forest concessions and goodwill of approximately HK\$199.81 million and HK\$6.34 million respectively. Upon completion of the Rights Issue, based on the minimum of 2,451,400,860 Rights Shares to be issued, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group will be reduced by approximately 62.66% to approximately HK\$55.80 million. Such decrease is attributable to the estimated net proceeds from the Rights Issue of approximately HK\$93.67 million based on the minimum of 2,451,400,860 Rights Shares to be issued. This significant improvement in the financial position of the Group is beneficial to the Company and the Shareholders as a whole.

(b) Liquidity

As at 31 December 2013, the cash and cash equivalents of the Group was approximately HK\$7.90 million. Upon completion of the Rights Issue, the Company would raise net proceeds of not less than approximately HK\$93.67 million based on the minimum of 2,451,400,860 Rights Shares to be issued. The cash and cash equivalents of the Group is expected to increase. As such, the net current assets and current ratio of the Company will improve accordingly.

(c) Gearing ratio

According to the annual report of the Company for the year ended 31 December 2013, the gearing ratio of the Group was approximately 331.21% (calculated based on the total borrowings over total equity) as at 31 December 2013. Upon completion of the Rights Issue, the capital base of the Group would be enlarged upon completion of the Rights Issue whilst the borrowings of the Group are not expected to change as a result of the Rights Issue before the redemption of the Convertible Bonds. As such, the gearing ratio of the Group is expected to improve upon completion of the Rights Issue.

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RECOMMENDATIONS

Based on the abovementioned principal factors and reasons for the Rights Issue, and after taking into account that:

- the Rights Issue would allow the Company to strengthen its capital base and help to improve the working capital position of the Group for its business development;
- the Rights Issue would provide funding for investment in new business should any opportunities arise;
- the Rights Issue would raise capital for the Group, which is considered to be equitable and more preferable than other financing alternatives;
- all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue to take up their provisional allotments in full to maintain their respective shareholdings in the Company;
- the Subscription Price has been arrived at after arm's length negotiations between the Company and the Underwriters and the discount as represented by the Subscription Price is in line with the market practice; and
- the Rights Issue will have positive impact on the net tangible assets and the liquidity of the Group and it will help decrease the gearing ratio of the Group.

We consider that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committees to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2011, the year ended 31 December 2012 and the year ended 31 December 2013 are disclosed on pages 35-89 of the 2011 annual report published on 27 March 2012, pages 38-91 of the 2012 annual report published on 28 March 2013 and pages 35-89 of the 2013 annual report published on 24 March 2014 respectively, which are published on both the GEM website (www.hkgem.com) and the website of the Company (www.merdeka.com.hk). Please refer to the hyperlinks as stated below:

2011 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2012/0327/GLN20120327186.pdf>

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2013/0328/GLN20130328079.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0324/GLN20140324051.pdf>

Events since 31 December 2013

Completion of the acquisition of Ever Hero Group Limited

On 4 April 2014 the acquisition of 100% of Ever Hero Group Limited (the “**Target Company**”) was completed as all the conditions precedent set forth in the acquisition agreement dated 6 September 2012 was fulfilled. In accordance with the terms of the Agreement, the Promissory Note has been issued pursuant to the terms of the Promissory Note Instrument. Upon Completion, the Company is interested in 1 ordinary share of the Target Company, representing approximately 100.00% of its issued share capital. The Target Company has become an indirect wholly-owned subsidiary of the Company. The consideration of this acquisition was HK\$71 million, out of which HK\$20 million was paid in cash and the remaining HK\$51 million was settled by way of Promissory Note as mentioned above. The Target Company is principally engaged in providing information technology solution, online and offline game and content development, and enterprise system maintenance services. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the Target Company have not varied in consequence of the acquisition.

As at the Latest Practicable Date, there has been no material change on the financial information and financial and trading prospects of the Target Company from those disclosed in the circular of the Company dated 29 January 2014 (the “**VSA Circular**”), and Shareholders may refer to page 22 to 28 of the VSA Circular for the financial information and financial and trading prospects of the Target Company.

Subscription of 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)

On 1 April 2014, the Company through its indirect wholly-owned subsidiary entered into a shareholders agreement 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), a company incorporated in the PRC, which is developing its mobile games and the cloud-based city Wi-Fi application software.

The auditor's report

The auditor's report on the Group's consolidated financial statements for the year ended 31 December 2013, an extract of which is as follows, has stipulated that:

"OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 3(a) to the financial statements which indicates that as of 31 December 2013, the Group's current liabilities exceed its current assets by approximately HK\$150,684,000. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on whether the convertible bonds holder agrees to extend the settlement of the principal amount of convertible bonds of approximately HK\$197,880,000. This condition indicates the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

2. INDEBTEDNESS STATEMENT

As at 30 April 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had an outstanding principal of convertible bonds of HK\$177,880,000. Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 30 April 2014.

Save as aforementioned in this indebtedness statement, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 April 2014, up to and including the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group was made up.

5. PROSPECT OF THE GROUP

Forestry and plantation business

The slow global economy and adverse local political situation in the Papua province of Indonesia continues to impose great challenges to our forestry and plantation business. We will continue to refine our production plan and scale down the operation in order to preserve our financial resources before resumption of the forestry project. We will also actively look for any suitable business opportunities to further broaden the sources of revenues and cash inflows of the Group.

Information technologies

Leveraging on the experience of the Directors, the Group entered into information technologies industry while exploring any potential business opportunity:

Ever Hero Group Limited

On 4 April 2014 the acquisition of 100% of Ever Hero Group Limited was completed as all the conditions precedent set forth in the acquisition agreement dated 6 September 2012 was fulfilled. The management is confident that the successful completion of this acquisition will have a positive impact on the Group's financial performance in future.

The principal activity of Ever Hero Group Limited and its subsidiary, Netgenii Technology Limited ("**Netgenii**"), is to provide information technology solution, online and offline game and content development, and enterprise system maintenance services. Netgenii, previously known as "Xcreate Company Limited" is a creative multi-media producers and game developers in the past 16 years. By

working as a business agent of electronic academics and producers of global educational products, Netgenii focuses on the introduction, development, production and distribution of educational and other child related software products. Its expertise includes online education, school education, home education, animation and network educational games.

Quasicom Systems Limited

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. After the successful acquisition of Quasicom Systems Limited in the second half of 2013, revenue relating to information technology business was derived therefrom. The Group recorded a revenue of approximately HK\$2,724,000 from this segment of business for the period from 1 July 2013 to 31 December 2013.

Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司)

The Company 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 Limited 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 Quasicom Systems Limited, the Company feels that mobile game industry would be a possible business opportunity for the Company to explore.

On 1 April 2014, the Company through its indirect wholly-owned subsidiary entered into a shareholders agreement 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), a company incorporated in the PRC, which 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.

Trading Business

Revenue from our trading business increased by 380.95% from approximately HK\$7,909,000 in 2012 to approximately HK\$38,038,000 in 2013, as the Group strived to grow the trading business which provided a stable source of revenue. In order to increase the variety of products for trading business, the Group is actively expanding into the trading of dispensary-related products and other products.

6. FOREIGN EXCHANGE

The Group will from time to time maintain sufficient Indonesian Rupiah which is a freely convertible currency to meet its cost of forestry and plantation operations in Indonesia.

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular from the independent reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong.



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

The Board of Directors
Merdeka Mobile Group Limited
(formerly known as Merdeka Resources Holdings Limited)
Room 1502,
Chinachem Century Tower,
178 Gloucester Road,
Wanchai,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the “**Unaudited Pro Forma Net Tangible Assets (Liabilities)**”) of Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited) (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed rights issue of not less than 2,451,400,860 Rights Shares (assuming no further issue of new shares or repurchase of shares on or before the Record Date) and not more than 2,636,072,652 Rights Shares (assuming no repurchase of shares and the outstanding options and convertible bonds are exercised in full on or before the Record Date) at a subscription price of HK\$0.040 each on the basis of four rights shares for every one share held on the record date as defined in an announcement dated 11 April 2014, might have affected the financial information presented, for the inclusion in Appendix II of the Circular dated 28 May 2014 (the “**Circular**”). The basis of preparation of the unaudited pro forma information is set out in Appendix II to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circular" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2013 or any future date.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Your faithfully,
Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 28 May 2014

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE
COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to owners of the Company has been prepared in accordance with paragraph 31(1) of Chapter 7 of the GEM Listing Rules set out below to illustrate the effect of the Right Issue on the audited consolidated net tangible assets of the Group as if it had taken place on 31 December 2013.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Right Issue been completed as at 31 December 2013 or at any future date.

The following unaudited pro forma statement of the adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013, extracted from the published annual report of the Group for the year ended 31 December 2013, with adjustments described below:

	Unaudited consolidated net tangible (liabilities) attributable to owners of the Company as at 31 December 2013 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company as at 31 December 2013 HK\$'000	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company per Share before the completion of the Rights Issue HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company per Share immediately after the completion of the Rights Issue HK\$ (Note 4)
Based on 2,451,400,860 Rights Shares at subscription price of HK\$0.040 per Rights Share ("Minimum Rights Issues")	(149,439)	93,670	(55,769)	(0.387)	(0.020)
Based on 2,636,072,652 Rights Shares at subscription price of HK\$0.040 per Rights Share ("Maximum Rights Issues")	(149,439)	100,850	(48,589)	(0.387)	(0.016)

Notes:

- (1) The unaudited consolidated net tangible liabilities of the Group as at 31 December 2013 has been extracted from the published annual report of the Company for the year ended 31 December 2013 after deducting forest concessions and goodwill of approximately HK\$199,811,000 and HK\$6,341,000 respectively.
- (2) The estimated net proceeds from the Rights Issue of
 - (i) approximately HK\$93,670,000 are based on the minimum number of 2,451,400,860 Rights Shares to be issued at the Subscription Price of HK\$0.040 per Rights Share (assuming no further issue of new shares or repurchase of shares on or before the Record Date) and after deducting estimated expenses of approximately HK\$4,390,000.
 - (ii) approximately HK\$100,850,000 are based on the maximum number of 2,636,072,652 Rights Shares to be issued at the Subscription Price of HK\$0.040 per Rights Share (assuming no repurchase of shares and the outstanding options and convertible bonds are exercised in full on or before the Record Date) and after deducting estimated expenses of approximately HK\$4,590,000.
- (3) The unaudited pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2013 of approximately HK\$149,439,000 as disclosed in note 1 above, divided by 385,850,215 shares of the Company in issue as at 31 December 2013.
- (4) For Minimum Rights Issue, the calculation of the unaudited pro forma adjusted consolidated net tangible liabilities per share is based on 2,837,251,075 shares which comprise 385,850,215 shares in issue as at 31 December 2013 and 2,451,400,860 Rights Shares assuming no further issue of new shares or repurchase of shares, after the completion of the Rights Issue.

For Maximum Rights Issue, the calculation of the unaudited pro forma adjusted consolidated net tangible liabilities per share is based on 3,021,922,867 shares which comprise 385,850,215 shares in issue as at 31 December 2013 and 2,636,072,652 Rights Shares assuming no repurchase of shares and the outstanding options and convertible bonds are exercised in full, after the completion of the Rights Issue.

1. RESPONSIBILITY STATEMENT

This Circular, 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 Circular 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 Circular misleading.

2. SHARE CAPITAL OF THE COMPANY

- (I) As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	ordinary shares of HK\$0.01 each	<u>200,000,000.00</u>

<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
<u>612,850,215</u>	ordinary shares of HK\$0.01 each	<u>6,128,502.15</u>

- (II) The following table illustrates the share capital structure of the Company immediately after completion of the Rights Issue (assuming no further issue of new Shares or repurchase of Shares from the Latest Practicable Date to completion of the Rights Issue) will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	ordinary shares of HK\$0.01 each	<u>200,000,000.00</u>

<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
612,850,215	Shares as at Latest Practicable Date	6,128,502.15
<u>2,451,400,860</u>	Rights Shares to be issued	<u>24,514,008.60</u>
<u>3,064,251,075</u>	Total	<u>30,642,510.75</u>

(III) The following table illustrates the share capital structure of the Company immediately after completion of the Rights Issue (assuming no repurchase of Shares from the Latest Practicable Date to completion of the Rights Issue and exercise in full of the subscription rights attaching to the Outstanding Options and the conversion rights attaching to the Convertible Bonds) will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	ordinary shares of HK\$0.01 each	<u>200,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
612,850,215	Shares as at Latest Practicable Date	6,128,502.15
<u>2,636,072,652</u>	Rights Shares to be issued	<u>26,360,726.52</u>
<u>3,248,922,867</u>	Total	<u>32,489,228.67</u>

All of the Rights Shares when allotted, issued and fully paid, will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, no part of the capital of any member of the Group is under option, or has been agreed conditionally or unconditionally to be put under option save pursuant to the Outstanding Options and Convertible Bonds.

3. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company
Cheung Wai Yin, Wilson	Corporate and Personal (<i>Note 1</i>)	52,797,500	8.62%
Lau Chi Yan, Pierre (<i>Note 2</i>)	Personal	2,125,000	0.35%

Notes:

- 297,500 Shares are personal interest and 52,500,000 Shares are interest of a controlled corporation, Ivana, which is wholly owned by Mr. Cheung.
- Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.

Long positions in the underlying shares

Name of Director	Nature of Interest	Number of underlying shares	Approximate percentage of total issued share capital of the Company
Cheung Wai Yin, Wilson	Corporate (<i>Note</i>)	37,500,000	6.12%
Wong Chi Man	Personal	59,230	0.01%
Yeung Mo Sheung, Ann	Personal	69,103	0.01%

Note: The interest is held by a controlled corporation, Ivana, which is wholly owned by Mr. Cheung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company have interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company were as follows:

Long positions

Name of Shareholder	Nature of Interest	Number of shares	Number of underlying shares	Approximate percentage of total issued share capital of the Company
Ivana (<i>Note</i>)	Beneficial owner	52,500,000	37,500,000	14.69%
CLC Finance Limited	Security interest	37,500,000	37,500,000	12.24%
CL Group (Holdings) Limited	Controlled corporation	37,500,000	37,500,000	12.24%
Au Suet Ming, Clarea	Controlled corporation	37,500,000	37,500,000	12.24%

Note: Ivana is wholly owned by Mr. Cheung. Pursuant to the financial arrangement between Ivana and CLC Finance Limited (“CLC”), Ivana has pledged 37,500,000 Shares and Convertible Bonds in the principal amount of HK\$150,000,000 to CLC as securities. CLC is a wholly owned subsidiary of CL Group (Holdings) Limited.

Save as disclosed above, so far as is known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any persons (other than the Directors and chief executives of the Company) who, as at the Latest Practicable Date, was directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up.

6. SERVICE CONTRACT

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, the Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

9. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors were materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

10. EXPERT AND CONSENT

The following is the qualification of the experts who have given their opinions and advice which are contained or referred to in this Circular:

Name	Qualification
Goldin Financial Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO
Elite Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the experts above have given and have not withdrawn their written consent to the issue of this Circular with the inclusion herein of their respective report and/or letter and/or summary of valuations and/or opinion (as the case may be), and/or the references to its name included in the form and context in which it is respectively included.

As of the Latest Practicable Date, the experts above were not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts above did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Group were made up).

11. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the date of this Circular, which are or may be material:

- (a) the sale and purchase contract dated 19 July 2012 entered into between Pt Goldenpapua Materials and Merdeka Resources International Limited relating to the acquisition of tailings at HK\$6 million;
- (b) the sale and purchase agreement (as amended by its supplemental agreements) dated 6 September 2012 and its supplemental agreements entered into between the Company and Hero Win Development Limited in relation to the acquisition of 100% issued share capital in Ever Hero Group Limited at HK\$71 million;
- (c) the sale and purchase agreement dated 2 May 2013 made between End User Technology Limited and Au Kai To, Karel in relation to the acquisition of 100% issued share capital in Quasicom Systems Limited at HK\$8 million;
- (d) the underwriting agreement dated 11 June 2013 entered into between the Company, Cheong Lee Securities Limited as the underwriter and Mr. Cheung Wai Yin, Wilson in relation to the underwriting arrangement in respect of the rights issue on the basis of 2 rights shares for every 5 existing shares held by Shareholders at a commission of approximately HK\$1,070,000;
- (e) the placing agreements dated 6 December 2013 entered into between the Company and CNI Securities Group Limited as placing agent ("CNI") whereby the Company conditionally agreed to place, through CNI, on a best effort basis, a maximum of 195,000,000 placing Shares to not less than 6 independent places at a price of HK\$0.156 per placing Share at a commission of approximately HK\$760,000;

- (f) the placing agreement dated 21 February 2014 entered into between the Company and Orient Securities Limited as placing agent (“**Orient**”) whereby the Company conditionally agreed to place, through Orient, on a best effort basis, a maximum of 77,000,000 placing Shares to not less than 6 independent placees at a price of HK\$0.171 per placing Share at a commission of approximately HK\$329,000;
- (g) the shareholders agreement dated 1 April 2014 entered into by the Company and Mian Yang Heng Da Investments Limited (綿陽恒達投資有限公司) in relation to the proposed subscription 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) by the Company at HK\$4,000,000; and
- (h) the Underwriting Agreement.

12. PARTICULARS OF DIRECTORS

(a) Name and address of Directors

Name	Address
<i>Executive Directors</i>	
Mr. Cheung Wai Yin, Wilson	5A, Gardenview Height, 19 Tai Hang Drive, Hong Kong
Mr. Lau Chi Yan, Pierre	8A, Block 1, Tseung Kwan O East Point City, Kowloon, Hong Kong
<i>Non-executive Director</i>	
Mr. Wong Chi Man	Flat K, 2nd Floor, Lever Building, 33 Larch Street, Tai Kok Tsui, Kowloon, Hong Kong
<i>Independent Non-executive Directors</i>	
Ms. Yeung Mo Sheung, Ann	Flat E, 2nd Floor, Tower 4, Greenwood Terrace, Chai Wan, Hong Kong
Mr. Ng Kay Kwok	41D, Block 2, Tierra Verde, Tsing Yi, New Territories, Hong Kong
Mr. Yip Kat Kong, Kenneth	Flat C, 1/F., Tower 6, Noble Hill, 38 Ma Sik Road, Sheung Shui, New Territories, Hong Kong

(b) Profiles of Directors*Executive Directors*

Mr. Cheung Wai Yin, Wilson, aged 43, is currently an executive director, the chairman, chief executive officer, compliance officer, member of the Nomination Committee, member of the Remuneration Committee, authorised representative and agent for service of process in Hong Kong of the Company and as a director of certain relevant subsidiaries of the Company. He is a controlling shareholder of Ivana Investments Limited and also a shareholder of the Company. He is also the Chairman of Dejin Resources Group Company Limited, a company listed in Hong Kong. Mr. Cheung has over 17 years of experience in the field of audit, business development, corporate finance and financial management. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute. He holds a Master of Science degree in Financial Engineering from City University of Hong Kong and Bachelor degrees in Arts and Administrative Studies from York University, Canada.

Mr. Lau Chi Yan, Pierre, aged 38, is currently an executive director, the managing director, member of Nomination Committee, member of the Remuneration Committee and as a director of certain relevant subsidiaries of the Company. He is also the executive director of Dejin Resources Group Company Limited, a company listed in Hong Kong. Mr. Lau has over 13 years of experience in the field of information system, operational system and general management. Mr. Lau holds an Executive Master Degree of Business Administration in General Management from University of Hull, the United Kingdom and a Bachelor of Science degree in Computer Science from University of Calgary, Canada. Besides, Mr. Lau is a member of Guangdong Huizhou Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省惠州市委員).

Non-executive Director

Mr. Wong Chi Man, aged 32, has served as a non-executive director of Group since August 2012. Mr. Wong is currently the Associate Director of Cheong Lee Securities Limited. Mr. Wong has over 5 years of experience in the field of investment, finance and securities advisory. He holds a Master of Applied Finance degree from Monash University and a Bachelor degree in Commerce from Deakin University, Australia.

Independent Non-executive Directors

Ms. Yeung Mo Sheung, Ann, aged 48, has served as an INED of the Company since October 2012 and is a member of the Nomination Committee, the Remuneration Committee and the Audit Committee. She holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998 and is presently a solicitor of Messrs. Wong & Wong Lawyers, a legal firm in Hong Kong. Ms. Yeung is currently an independent non-executive director and a member of the audit committee of Hao Wen Holdings Limited, a company whose issued shares are listed on the GEM. She is also currently an independent non-executive director, a member of the audit committee, a member of the remuneration committee and a member of the nomination committee of Success Universe Group Limited (formerly known as Macau Success Limited), issued shares of which are listed on the Main Board of the Stock Exchange. Ms. Yeung also is currently an independent non-executive director, a member of the audit committee, the nomination committee and the remuneration committee of Dejin Resources Group Company Limited, a company, issued shares of which are listed on the Main Board of the Stock Exchange.

Mr. Ng Kay Kwok, aged 52, has served as an INED of the Company since July 2013 and is a member of Nomination Committee, the Remuneration Committee and the Audit Committee. He graduated from the Australian National University with a Bachelor's Degree in Economics and obtained a Graduate Diploma in Accounting from Macquarie University. He is a member of CPA Australia and has extensive experience in accounting and financial management. In addition, Mr. Ng was an executive director and the chief executive officer of M Dream Inworld Limited ("**M Dream**"), a company listed on the GEM, from 9 July 2010 to 31 May 2011 and from 29 May 2012 to 24 May 2013, was also the company secretary of M Dream from 1 January 2007 to 31 May 2011. Mr. Ng is currently an independent non-executive director, the chairman of the audit committee, a member of the nomination committee and the remuneration committee of China Fortune Financial Group Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange.

Mr. Yip Kat Kong, Kenneth, aged 51, has served as an INED of the Company since July 2013 and is a member of Nomination Committee, the Remuneration Committee and the Audit Committee. He is the founder and chairman of Great China Capital Group Limited and Greater China Corporation Consultants Limited, both specialize in company restructuring, listing, portfolio investment and merger and acquisition. He has over 30 years of experience in the accounting profession and, coupled with his hands-on experience and expertise in different industries, has been engaged in various growing enterprises including those listed on the Stock Exchange to serve as their strategic and business advisor. Mr. Yip is a member of various business

and commercial organizations and societies in both China and Hong Kong, including, a member of Guangdong Huizhou Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省惠州市委員), Executive President of Huizhou Youth Federation of Overseas Chinese (廣東惠州市僑界青年聯合會執行會長), a standing member of Guangdong Federation of Industry & Commerce (廣東省僑聯常務委員), an executive member of Guangdong Federation of Industry & Commerce (廣東省工商業聯合會(總商會)執委), a Director of Guangdong Overseas Friendship Association (廣東海外聯誼會理事) and a member of China Affairs Committee of The Chinese General Chamber of Commerce Hong Kong (香港中華總商會中國內地事務委員).

13. CORPORATE INFORMATION, DIRECTORS AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands British West Indies
Head office and principal place of business in Hong Kong	Room 1502 Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong
Company secretary	Mr. Lai Yau Hong, Thomson Mr. Lai is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries
Compliance officer	Mr. Cheung Wai Yin, Wilson Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute

Authorised representatives	Mr. Cheung Wai Yin, Wilson 5A Gardenview Height 19 Tai Hang Drive Hong Kong
	Mr. Lai Yau Hong, Thomson Flat B 1st Floor Block 23 Gold Coast Phase 2 Castle Peak Road Tuen Mun New Territories Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road PO Box 1586 Grand Cayman KY1-1110 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
	Nanyang Commercial Bank Limited 151 Des Voeux Road, Central Hong Kong
Reporting accountants	Elite Partners CPA Limited Suites 2B – 4A, 20th Floor Tower 5, China Hong Kong City 33 Canton Road Tsim Sha Tsui Kowloon Hong Kong

Legal advisers to the Company in relation to the Rights Issue

As to Hong Kong law
Michael Li & Co.
19th Floor
Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Underwriter

CNI Securities Group Limited
21st Floor Ka Wah Bank Centre
232 Des Voeux Road Central
Hong Kong

14. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, legal and accounting fees, are estimated to be approximately HK\$4.5 million on the basis of 2,451,400,860 Rights Shares to be issued and will be payable by the Company.

15. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and the principal office in Hong Kong is in Room 1502, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Lai Yau Hong, Thomson. He has over 20 years of experience in company secretarial duties as well as corporate governance and management fields and has taken up senior management positions in a number of multinational conglomerates and companies listed on the Stock Exchange. He is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The company compliance officer is Mr. Cheung Wai Yin, Wilson. He has over 17 years of experience in the field of audit, business development, corporate finance and financial management. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and Hong Kong Securities Institute. He holds a Master of Science degree in Financial Engineering from City University of Hong Kong and Bachelor degrees in Arts and Administrative Studies from York University, Canada.

- (d) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this Circular shall prevail over the Chinese text.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office in Hong Kong of the Company at Room 1502, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekday (except Saturdays, Sundays and public holidays), from the date of this Circular up to and including the date of the EGM:

- (a) the memorandum of association and article of association of the Company;
- (b) the audited annual reports of the Company for the three years ended 31 December 2013;
- (c) a copy of each of the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (d) the Underwriting Agreement;
- (e) the letter from the Independent Board Committee, the text of which is set out from page 29 of this Circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 30 to 49 in this Circular;
- (g) the written consent from the experts referred to in the section headed "Expert and Consent" in this appendix; and
- (h) a copy of each circular (including this Circular) issued pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2013, being the date to which the latest audited consolidated financial statements of the Group were made up.

NOTICE OF EGM



MERDEKA

MERDEKA MOBILE GROUP LIMITED

(萬德移動集團有限公司*)

(formerly known as Merdeka Resources Holdings Limited (萬德資源集團有限公司*))

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Merdeka Mobile Group Limited (formerly known as Merdeka Resources Holdings Limited (萬德資源集團有限公司*)) (the “**Company**”) will be held on Tuesday, 17 June 2014 at 11:00 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong for the purposes of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the fulfillment of the conditions set out in the underwriting agreement dated 11 April 2014, as supplemented on 27 May 2014, (the “**Underwriting Agreement**”) in respect of the proposed rights issue by the Company and entered into between the Company and CNI Securities Group Limited (the “**Underwriter**”) (a copy of which has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification):

- (a) the allotment and issue of not less than 2,451,400,860 and not more than 2,636,072,652 new shares (the “**Rights Shares**”) of HK\$0.010 each in the share capital of the Company (the “**Shares**”) pursuant to an offer by way of rights (the “**Rights Issue**”) to the holders of Shares (the “**Shareholders**”) at the subscription price of HK\$0.040 per Rights Share in the proportion of four (4) Rights Shares for every one (1) existing Share in issue and held by the Shareholders whose names appear on the register of members of the Company on Wednesday, 25 June 2014 (or such later date as the Company and the Underwriter may agree) (the “**Record Date**”) as described in further details in a circular issued by the Company dated 28 May 2014 of which the notice convening this Meeting forms part and on and subject to such terms and conditions as may be determined by the directors of the Company, be and is hereby approved, confirmed and ratified;
- (b) the directors of the Company be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the directors of the Company may make such exclusions or other arrangements in relation to Shareholders whose addresses as of the Record Date are outside of Hong Kong as they deem necessary or expedient having

* For identification purposes only

NOTICE OF EGM

regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

- (c) any one of the directors of the Company be and is/are hereby authorised to do all acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree such variations of the terms of the Underwriting Agreement as he/she/they may in their discretion consider to be appropriate and in the interests of the Company."

By the Order of the Board
Merdeka Mobile Group Limited
(formerly known as Merdeka Resources Holdings Limited)
Mr. Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 28 May 2014

Registered Office:

Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies

Head office and Principal Place of business in Hong Kong:

Room 1502, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong

Notes:

1. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the share register of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the articles of association of the Company be deemed joint holders thereof.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting or adjourned meeting.
5. All voting by the members at the Meeting shall be conducted by way of poll.