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 Resources Holdings Limited** (the "**Company**"), 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.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

MERDEKA

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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 100% ISSUED SHARE CAPITAL OF EVER HERO GROUP LIMITED INVOLVING ISSUE OF PROMISSORY NOTE

Financial adviser to the Company

Donvex 富域資本

Donvex Capital Limited
富域資本有限公司

A letter from the board of directors of the Company is set out on pages 4 to 31 of this circular.

A notice convening the EGM to be held on Monday, 17 February 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 124 to 125 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 Ltd., 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, 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.

* *For identification purposes only*

29 January 2014

Characteristics of the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Exchange")

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.

CONTENT

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

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and subject to the conditions of the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 6 September 2012 made between the Purchaser and the Vendor in relation to the Acquisition
"Announcement"	the announcement of the Company dated 25 September 2012 in relation to the Acquisition
"associates"	has the meaning ascribed to it in the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or a public holiday and a day on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"Clarification Announcement"	the clarification announcement of the Company dated 10 October 2012 in relation to the Acquisition
"Company"	Merdeka Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Completion Date"	the date falling on the fifth Business Day after all the conditions precedent to the Acquisition Agreement have been fulfilled or such other date as the Purchaser and the Vendor may agree

"connected persons"	has the meaning ascribed to this term under the GEM Listing Rules
"Consideration"	a consideration of HK$71 million which was determined in the manner as described in the sub-paragraph headed "Consideration" of this circular and shall be payable by the Purchaser to the Vendor for the Proposed Acquisition pursuant to the payment terms as set out in the Acquisition Agreement (as amended by the Supplemental Agreements)
"Director(s)"	directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Proposed Acquisition (as amended by the Supplemental Agreements) and the transactions contemplated thereunder
"Enlarged Group"	the Group and the Target Group after Completion
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Company"	Netgenii Technology Limited, a company incorporated in Hong Kong with limited liability on 11 April 2007, which is owned as to 95% by the Target Company
"Latest Practicable Date"	24 January 2014, being the latest practicable date for the purpose of ascertaining certain information included in this circular
"Loan Agreement"	an interest-free loan agreement for a term of one year commencing from the Completion Date in respect of the amount owed by Mr. Kong Lung Cheung to the Hong Kong Company as at the Completion Date

"Long Stop Date"	30 June 2014 or such other date as may be agreed by the Purchaser and the Vendor in writing
"Promissory Note"	the promissory note in the sum of HK$51 million to be executed by the Company in favour of the Vendor on Completion for the purpose of settling part of the Consideration under the Acquisition Agreement
"Purchaser"	Merry Fortune Holdings Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
"Sale Shares"	100 ordinary share in the issued share capital of the Target Company, representing 100% issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to this term under the GEM Listing Rules
"Supplemental Agreements"	the supplemental agreements dated 9 October 2013, 28 October 2013 and 3 January 2014 entered into between the Purchaser and the Vendor in relation to the amendments of certain terms of the Acquisition Agreement
"Target Company"	Ever Hero Group Limited, a company incorporated in BVI with limited liability on 26 April 2010
"Target Group"	the Target Company and the Hong Kong Company
"Vendor"	Hero Win Development Limited, a company incorporated in the BVI with limited liability
"%"	per cent

MERDEKA

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)

Directors:
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

29 January 2014

To the Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 100% ISSUED SHARE CAPITAL OF EVER HERO GROUP LIMITED INVOLVING ISSUE OF PROMISSORY NOTE

INTRODUCTION

References are made to the Announcement of the Company dated 25 September 2012 and the Clarification Announcement of the Company dated 10 October 2012, in which the Board announced that on 6 September 2012, the Purchaser entered into the Acquisition Agreement (as amended by the Supplemental Agreements) with the Vendor for the Acquisition, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares for the consideration of

* *For identification purposes only*

HK$71 million. The Sale Shares represents 100% of the issued share capital of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser.

The purpose of this circular is to provide you with, among other matters, (i) further details regarding the Acquisition Agreement (as amended by the Supplemental Agreements) and the transactions contemplated thereunder; (ii) the financial information on the Group and the Target Group; (iii) the general information of the Company; and (iv) a notice convening the EGM.

THE ACQUISITION AGREEMENT

Date: 6 September 2012 (as amended by supplemental agreements dated 9 October 2013, 28 October 2013 and 3 January 2014)

Vendor: Hero Win Development Limited

Purchaser: Merry Fortune Holdings Limited

The Vendor is an investment holding company and has no other asset save for the shareholding interest in the Target Company.

The Purchaser is an investment holding company incorporated in BVI and is a wholly-owned subsidiary of the Company.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its respective ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company. The sole beneficial owner since incorporation, Mr. Kong Lung Cheung, Jeff ("Mr. Kong"), was introduced to the Company by its director Mr. Lau Chi Yan, Pierre ("Mr. Lau"), who is an ex-colleague of Mr. Kong. Mr. Kong and Mr. Lau have been working together in an information technology company approximately 10 years ago. Mr. Kong and Mr. Lau are independent from each other with no business relationship. Mr. Kong has introduced the prospect of the Hong Kong Company to Mr. Lau and invited him to visit the Hong Kong Company subsequently for further discussion and assessment. Mr. Kong and its associates had no prior business relationship with the Company and its connected persons.

The Company and the Vendor (and its ultimate beneficial owners) has no intention to change the Company's board composition upon Completion. The Company has no intention or has not entered into any agreement, contracts or arrangement to dispose, realize and/or discontinue its existing businesses and/or major operating assets as at the Latest Practicable Date.

As at the Latest Practicable Date, the Target Company is legally and beneficially owned as to 100% by the Vendor.

As disclosed in the announcement of the Company dated 18 July 2013, upon the completion of the acquisition of Quasicom Systems Limited ("Quasicom"), Quasicom has become an indirect wholly-owned subsidiary of the Company. To the best of the Director's knowledge after making reasonable enquires, the Vendor and its ultimate beneficial owners (including Mr. Kong and the management team members of the Hong Kong Company) have no relationship with the vendor of Quasicom in relation to the Company's acquisition in July 2013.

Asset to be acquired

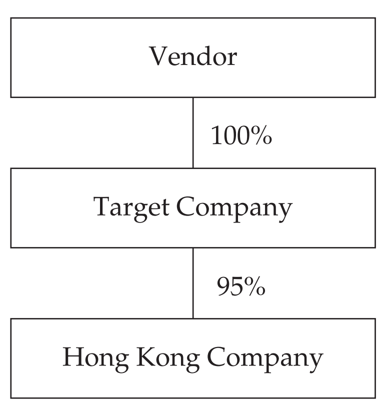
The asset to be acquired is the Sale Shares, representing 100% issued share capital of the Target Company, which is an investment holding company, holding 95% shareholding interest in the Hong Kong Company. The remaining 5% shareholding of the Hong Kong Company is held by Friedmann Pacific Asset Management Limited, who is an independent third party of the Company and its connected persons.

The Target Company has no other interests in other businesses or companies other than the Hong Kong Company.

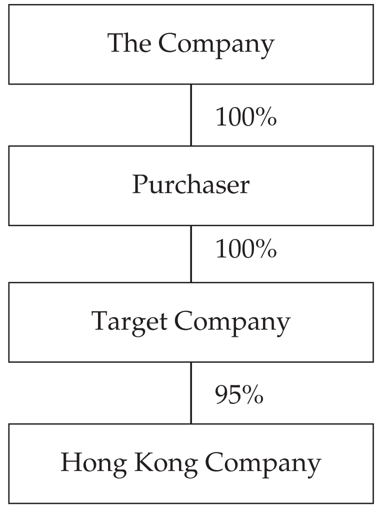
Shareholding structure of the Target Group before and after Completion

The following diagrams set out the shareholding structure of the Target Group before and after the Completion:

Shareholding structure of the Target Group before Completion



Shareholding structure of the Target Group after Completion



Consideration

Pursuant to the Acquisition Agreement (as amended by the Supplemental Agreements), the Consideration was agreed at HK$71 million. The Consideration shall be satisfied by the Purchaser in the following manner:

(i) HK$20 million shall be paid in cash as deposit by the Purchaser to the Vendor upon Completion; and

(ii) HK$51 million shall be settled by way of Promissory Note to be issued by the Company on Completion.

The cash portion of the Consideration to be paid by the Purchaser to the Vendor will be financed by internal resources of the Group.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms by reference to, among other things, the terms regarding the profit guarantee of not less than HK$5,000,000 and HK$8,000,000 of net profit for the years ending 31 December 2013 and 2014 respectively as stated in the Acquisition Agreement (as amended by the Supplemental Agreements); and the Company has engaged Castores Magi Asia Limited, an independent valuer, to conduct a valuation on the Target Group as set out in Appendix IV to this circular. According to such valuation which is based on the market approach on the basis of the market multiple, namely the price/earnings ratio, the valuation of the Target Group as at 31 July 2013 is approximately HK$74,273,000, representing an estimated price/earnings ratio of approximately 15 times based on the profit guarantee for the year ending 31 December 2013 of HK$5 million. The market capitalisation weighted average price/earnings ratio of similar companies in the market used in the valuation as at 31 July 2013 was approximately 20 times (after the adjustment of Lack of Marketability Discount) which is higher than 15 times. Having considered that (i) the postponement of the Group's forestry project in Indonesia has a negative impact on the production and operation of the Group as disclosed in the annual report 2012 of the Group; (ii) the Group intends to improve its profitability by exploring other potential business opportunity; (iii) Mr. Lau Chi Yan, the Group's Managing Director with extensive experience in information system and operational system as set out in the paragraph headed "Executive Directors" in Appendix V to this circular, has been invited to join the Group in August 2012 to strengthen the experience of the Group in the information technology industry; (iv) the Group's capabilities to provide direct consulting services in relation to virtualization solutions such as cloud computing and server management upon the completion of acquisition of Quasicom in July 2013; and (v) the business and growth prospect of the Target Group is promising as discussed under the section named "The prospects of the Target Group", we are of the view that the Consideration of the Target Group is fair and reasonable.

Profit Guarantee

Pursuant to the Acquisition Agreement, the Vendor has given to and for the benefit of the Purchaser a profit guarantee of not less than HK$5,000,000 and HK$8,000,000 of net profit for the years ending 31 December 2013 and 2014 respectively.

The Purchaser shall prepare a statement of the audited net profit before taxation and before extraordinary items of the Hong Kong Company in accordance with Hong Kong Financial Reporting Standards and deliver to the Vendor within 90 Business Days after publication by the Group of its consolidated financial results for the full years ending 31 December 2013 and 2014.

In the event that the audited net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK$5,000,000 and HK$8,000,000 for each of the financial year ending 31 December 2013 and 2014 respectively, the amount payable by the Purchaser on redemption of the Promissory Note shall be reduced on a dollar for dollar basis by the amount in which the net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK$5,000,000 and HK$8,000,000 for each of the financial year ending 31 December 2013 and 2014 respectively. In the event that the Hong Kong Company is loss making for each of the financial year ending 31 December 2013 and 2014, the maximum amount to be deducted from the Promissory Note will be HK$13,000,000. No limitation has been imposed on the audited net profit before taxation and before extraordinary items to be derived from the ordinary and usual course of business of the Hong Kong Company.

Neither the Company nor the Vendor has any intention, as at the Latest Practicable Date, to meet the profit guarantee by any other profit derived from the non-core business of the Target Group or any one-off gain.

The Directors consider it is fair and reasonable to adjust the Promissory Note payable on a "dollar for dollar basis" due to the following reasons:

(i) the Target Group has developed a solid reputation and basis in the multi-media gaming industry in Hong Kong;

(ii) the Company can leverage on the reputation of the Hong Kong Company to increase the development in the multi-media gaming industry in Hong Kong;

(iii) the Company has performed due diligence on the Hong Kong Company by performing interview with its client and has confidence on the continuous growth of the business of the Hong Kong Company; and

(iv) the Company is of the view that should the adjustment on the Promissory Note base on the market multiple, the Vendor, being the core management of the Hong Kong Company, considers that it would be unfair as the Vendor could only liquidate the Promissory Note 3 years after the date of the issue of the Promissory Note instead of receiving the cash upon the Completion. In the event that the Company insists on the adjustment on the Promissory Note is based on the market multiple, the Company may not be able to proceed with the Acquisition or the adjustment clause may demotivate the management of the Hong Kong Company to achieve the profit guarantee.

Regarding the profit guarantee, during the period from 1 January 2013 to 31 August 2013, the Hong Kong Company has recorded a turnover of approximately HK$10.63 million and a net profit before taxation and before extraordinary items of approximately HK$3.88 million. The net profit in the period was derived from the provision of both home-use and business-use information technology services in the first half of 2013 and the profitability is expected to further increase under positive outlook of the information technology industry as discussed under the section named "The prospects of the Target Group". During the period from 1 January 2013 to 31 August 2013, the Hong Kong Company has recorded operating expenses of approximately HK$0.80 million, which mainly comprises employee benefit expenses of approximately HK$0.23 million and administrative expenses of approximately HK$0.57 million. No extraordinary income or expense items has been found for the Hong Kong Company during the period from 1 January 2013 to 31 August 2013.

In view of the net profit before taxation and before extraordinary items of approximately HK$3.88 million for the period from 1 January 2013 to 31 August 2013, the Company expects the profit guarantee of not less than HK$5 million will be met. The Directors are of the view that the Acquisition is fair and reasonable and is in the interest of the Shareholders having considered that (i) the increase in Target Group's revenue was mainly due to the improvement of market demand for both home-use and business-use information technology services in the first half of 2013 and the revenue is expected to further increase under positive prospect of the information technology industry as discussed under the section named "The prospects of the Target Group"; (ii) the Target Group has changed its market positioning from an online game developer to an information system provider, and such change has caused a temporary shortfall in 2012 in terms of the number of projects from clients; and (iii) the Group's Managing Director has extensive experience in information system and operational system and after the acquisition of Quasicom such that the competitiveness of the Group in the information technology industry has been increased.

Conditions Precedent

Completion shall be subject to the satisfaction of the following conditions precedent on or before the Long Stop Date:

(a) the passing by the requisite majority of Shareholders of the Company in general meeting of all resolutions required under the GEM Listing Rules (if any) or by a written shareholders certificate in lieu of holding a general meeting to approve the performance by the Purchaser or its subsidiaries (as a subsidiary of the Company) of the transactions contemplated under the Acquisition Agreement, including without limitation sale and purchase of the Sale Shares and the issue of the Promissory Note by the Company to the Vendor;

(b) legal and financial due diligence, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure, of each member of the Target Group being completed to the satisfaction of the Purchaser in its sole discretion and that there no matter arising from the due diligence review which in the opinion of the Purchaser may adversely affect the value of the Sale Shares;

(c) the Purchaser having obtained a valuation report on the Target Company issued by a valuer nominated by the Purchaser showing the valuation of the entire Target Company being not less than HK$74,000,000 to the satisfaction of the Purchaser;

(d) the Purchaser has not been aware of any material adverse changes or effect on the Target Group has occurred prior to the Completion Date or are likely to occur before the Completion Date;

(e) all the representations and warranties contained in the Acquisition Agreement remain true, accurate and not misleading in all respects;

(f) the Target Company having obtained a confirmation from the Vendor confirming that, from the date of the Acquisition Agreement, there is no material adverse change or effect in respect of the financial or trading position of any member of the Target Group;

(g) the acquisition by the Purchaser of the Target Company does not, and will not constitute a reverse takeover pursuant to the GEM Listing Rules, and in the event if the acquisition by the Purchaser of the Target Company constitute or will constitute a reverse takeover pursuant to the GEM Listing Rules, the Acquisition Agreement shall lapse and the respective obligations of the Vendor and the Purchaser under the Acquisition Agreement shall be released; and

(h) the entering between the Hong Kong Company and Mr. Kong into the Loan Agreement and the approval of the Loan Agreement in an extraordinary general meeting of the shareholders of the Company pursuant to the GEM Listing Rules being obtained.

If the above conditions precedents have not been fulfilled on or before the Long Stop Date or such later date as the Company and the Vendors may agree, the Acquisition Agreement (as amended by the Supplemental Agreements) shall cease and neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breaches of terms of the Acquisition Agreement (as amended by the Supplemental Agreements). Neither the Purchaser nor the Vendor has the right to waive any conditions precedent.

Completion

Upon fulfillment of the conditions precedent set out in the Acquisition Agreement (as amended by the Supplemental Agreements), Completion shall take place on the Completion Date or such other date as agreed by parties to the Acquisition Agreement (as amended by the Supplemental Agreements) in writing. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the accounts of the Group.

PROMISSORY NOTE

Upon Completion, HK$51 million of the Consideration will be settled by way of Promissory Note to be issued by the Company to the Vendor. The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are as follows:

Issuer	The Company
Principal amount	HK$51 million
Interest	The Promissory Note shall bear interest from the date of the issue at the rate of 2% per annum on the outstanding amount of the Promissory Note, which subject to provided herein, shall be payable by the Company in arrears on the Repayment Date
Date of issue	The Completion Date
Repayment Date	The date falling on the last day of the 36th month from the date of issue of the Promissory Note
Early repayment	The Purchaser could, at its discretion, repay the Promissory Note in whole or in part prior to the Repayment Date. There will not be any premium over or discount to the payment obligations under the Promissory Note for any early repayment.

INFORMATION OF THE TARGET GROUP

Principal business of the Target Group

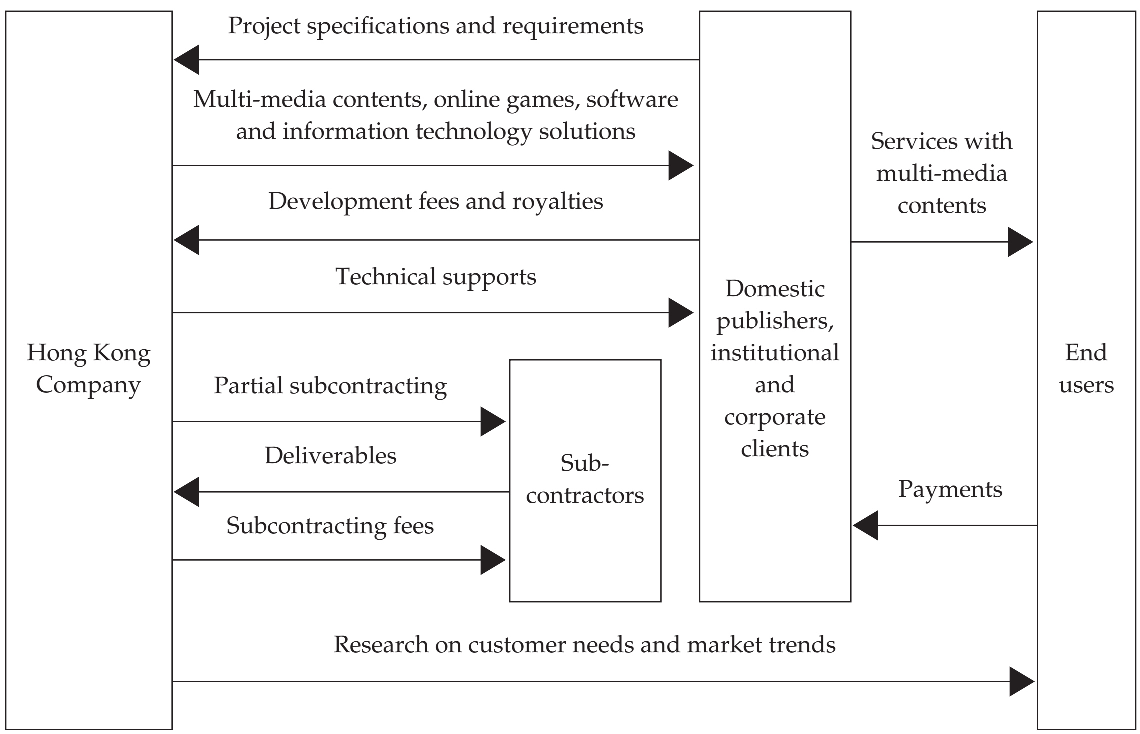
The Target Group was founded by Mr. Kong in Hong Kong with the incorporation of Hong Kong Company, which is principally engaged in providing information technology solution, web content development, and enterprise system maintenance services. The Target Company was incorporated in BVI on 26 April 2010 with limited liability and is an investment holding company. The Hong Kong Company was incorporated in Hong Kong on 11 April 2007 with limited liability and is owned as to 95% by the Target Company and 5% by an independent party known as Friedmann Pacific Asset Management Limited.

Information of the Hong Kong Company

The Hong Kong Company, previously known as "Xcreate Company Limited" is one of the most creative multi-media producers and game developers in the past 16 years, which was successfully launched the first multi-player web base online game namely "I have a game with the vampire" in Hong Kong and cooperated with other game distributor in China to develop a new fighting game using web player real actions instead of keyboard or joystick control. In addition, The Hong Kong Company, by working as a business agent of electronic academics and producers of global educational products, focuses on the introduction, development, production and distribution of educational and other child related software products such as Beacon English Learning Game, a computer game to enhance student studying English with fun and MyPrint, a software that provides photobook printing solutions. Its expertise includes online education, school education, home education, animation and network educational games. Starting from 2012, the Hong Kong Company changed its market positioning from an online game developer to an information system provider and began to develop customized business solution systems such as order tracking system for inventory management, to its institutional and corporate customers. Currently, the Hong Kong Company has built its reputation on software development and ability to provide information technology services to large enterprises.

Business model of the Hong Kong Company

The Hong Kong Company co-operates with domestic publishers, institutional and corporate clients to develop (i) online game software including but not limited to educational, entertaining and advertising purposes; (ii) enterprise resource planning system ("ERP System") which is a tailor-made business management system targeting to integrate all facets of operation across an entire organization, including product planning manufacturing, inventory management, shipping, sales and marketing; and (iii) customer relationship management system ("CRM System") targeting to manage a company's interactions with customers, which involves using information technology to develop a communication system for an organization to automate and synchronize sales, marketing and customer service. Both ERP System and CRM System are considered as enterprise applications, consist of hardware installation, software development and technical support offered by the Hong Kong Company. The Hong Kong Company customizes and handles planning and development based on the requirement of the clients, including the delivery of information technology solution to the customers in return for development fees which is mainly determined based on (i) the expected amount of time required for the software development life-cycle, including planning, implementation, testing, documenting, deployment and maintenance of the system; and (ii) the expected amount of human resources required for the project, which mainly consist of the number of headcount required by the project. Royalties may be charged by the Hong Kong Company mainly in the form of software license fee for both ERP System and CRM System, depends on the number of computer to run the application within an organization. Moreover, a system maintenance fee shall be imposed, such as help desk service fee and warranty fee, which are charged by the Hong Kong Company and calculated based on a predetermined percentage ranged from 15% to 20% of the development cost of the system. Customers of The Hong Kong Company, also known as the End users, include companies in Education, Entertainment, Engineering, Manufacturing, Food and beverage industry and individual public users.



The management and development team of the Target Group

As at the Latest Practicable Date, the Target Group has 3 full-time employees, which consists of (i) a management director, who functions as the head of the Target Group and is responsible for assessing the strategic plan before job acceptance and evaluate the experience and competence of the development team of the Target Group on each project; (ii) a technical manager, and the head of technical and software development, who is responsible for the design, development and implementation of the strategic plans of the Target Group; and (iii) an administrator, who is responsible for the customer services and general administrative works of the Target Group.

The Company used to have 12 full-time employees, in which 9 of them worked for the development team. In consideration of the recent market condition in information system industry in Hong Kong, starting from January 2013, the Target Group changed its employment terms by hiring them on a project-basis, which gave the management more flexibility to allocate jobs and thus maximises the productivity of the development team. As a result, in view of the current labor structure of the Target Group, most of its development team are generally contractors and responsible for the service provision of software development, design, testing as well as programming and system maintenance on project-basis. As at the Latest Practicable Date, there is a development team of 6 technicians, being the contractors and working for the Target Group. They are responsible for the design, programming, testing and debugging of the business management software. The Hong Kong Company always places emphasis on products quality of the software developed by the team. Quality control is conducted by the technical director, who is responsible for reviewing the system development plan on regular basis. The Target Group can therefore further utilize its operating cash flow to expand its client base and strengthen the technical support on the system development.

Pricing Policies of the Hong Kong Company

The Hong Kong Company uses the market-based pricing policy, whose purpose is to maintain competitiveness among other participants in the industry. The management of the Hong Kong Company would pay close attention to what the competitors are offering and intend to price the products and services at a similar price level. Regular researches are done by the management of the Hong Kong Company to gather market pricing information of the competitors. When the Hong Kong Company makes an offer to the customers, the management of the Hong Kong Company will take into account the brand image of the Hong Kong Company and the brand image of the customer and will decide the price level to be slightly above, below or within the range of the competitor's pricing. Due to a change of market positioning from an online game developer to an information system provider, the Hong Kong Company has switched from its previous brand name "Xcreate Company Limited" to its current brand name "Netgenii Technology Limited". Nonetheless, customers' confidence was built on the brand image of the Hong Kong Company, which is based on the track record of all completed projects in the past 16 years via its previous operation as "Xcreate Company Limited".

Industry Overview of the business of the Target Group

The principal activity of the Target Group is to provide information technology solution, web content development, and enterprise system maintenance services. Based on the public information, to assess the overview of the business of the Target Group, the Company has analysed the information technology industry in Hong Kong.

Overview of the information technology industry in Hong Kong

According to the latest report in relation to the information technology industry published by Census and Statistics Department of Hong Kong named "Hong Kong as an Information Society 2013 Edition", the following data has been presented and analysed as below:

	2001	2005	2006	2007	2008	2009	2010	2012
Number of households with personal computers ("PC(s)") at home (thousands)	1,258.4	1,601.3	1,662.2	1,671.6	1,710.1	1,756.3	1,832.2	1,912.9
Number of households with PCs connected to the Internet (thousands) *(Note)*	1,009.8	1,476.5	1,556.3	1,580.2	1,625.7	1,699.4	1,795.4	1,870.9

Note: excluding palm top and personal digital assistant (PDA).
(source: Census and Statistics Department of Hong Kong)

As shown from the above table, the number of households with PCs at home has increased from approximately 1.26 million in 2001 to approximately 1.91 million in 2012, representing a compound annual growth rate ("CAGR") of approximately 3.88%. The number of households with PCs (excluding palm top and personal digital assistant) that is connected to the Internet has increased from approximately 1.01 million in 2001 to approximately 1.87 million in 2012, representing a CAGR of approximately 5.77%. As such, it is reasonable to state that the number of household computers with Internet connection is on a steady increasing trend, and the demand of household PC applications such as information technology solution and web content development will increase.

	2001	2004	2005	2006	2007	2008	2009
% of business establishments using PCs	49.7	58.4	60.5	60.5	63.8	63.1	63.6
% of business establishments having Internet connection	37.2	50.4	54.7	55.9	59.8	58.8	60.6

(source: Census and Statistics Department of Hong Kong)

As shown in the table above, the percentage of business establishments using PCs has increased from approximately 49.7% in 2001 to approximately 63.6% in 2009, representing approximately 13.9 percentage points increase. The percentage of business establishments having Internet connection has increased from approximately 37.2% in 2001 to approximately 60.6% in 2009, representing approximately 23.4 percentage points increase. In view of the above, it is reasonable to state that a larger portion of companies have been using PCs with Internet connection in their operation, and the demand of business applications such as information technology solution and enterprise system maintenance services will increase.

	2006	2007	2008	2009	2010	2011
Total information technology expenditure in the business sector (HK$ billion)	33.3	33.7	37.0	33.6	38.6	50.4
Total information technology expenditure in the business sector as a ratio to the gross domestic product ("GDP") (%)	2.2	2.0	2.2	2.0	2.2	2.6

(source: Census and Statistics Department of Hong Kong)

As shown in the table above, the total information technology expenditure in the business sector in Hong Kong has increased from approximately HK$33.3 billion in 2006 to approximately HK$50.4 billion in 2011, representing a CAGR of approximately 8.64%. In terms of total information technology expenditure in the business sector as a ratio to GDP from 2006 to 2011, the figure remained stable at approximately 2.0% to 2.6%. The above observation indicates that total information technology expenditure in the business sector in Hong Kong is steadily increasing, which will bring up the demand for business applications such as information technology solution and enterprise system maintenance services.

The prospects of the Target Group

As the demand is increasing for both home-use and business-use information technology applications, the prospects of the information technology industry of Hong Kong is promising. Having considered that industrial participants including the Target Group is expected to benefit from the overall promising outlook of the industry, we are of the view that the prospect of the Target Group is prosperous.

Development Plan of the Target Group

The Target Group intends to maintain its focus on the continuing business development of the ERP System and CRM System. The Target Group possesses strong experience in the development of both ERP and CRM systems for its customers in various industries including engineering, entertainment, manufacturing, as well as food and beverage industry. In the future, the Target Group will make uses of its experience to expand the scope of service in system customization by enhancing the user-interface and the mobile platforms of both ERP and CRM systems, in order to improve the user experience and the system application. In terms of client base size, the Target Group aims to provide system customization service to relatively sizeable enterprises, so to strengthen the market recognition of the Target Group.

For each of the three years ending 31 March 2013 and for the five months ended 31 August 2013, the Target Group remained to have a total number of approximately 10 customers annually from various industries. At present, the Target Group has a recurring customer base of 4 corporate customers, one of which is a corporation listed on the Mainboard of the Stock Exchange. The Target Company provides continuing technical support services thus it has established stable relationships with its major corporate customers. It is expected that such cooperation relationships will continue to facilitate the future development of the business of the Target Company. Having considered that the management expectation on achieving the profit guarantee by the Target Group, up to the Latest Practicable Date, the Company has no intention to devote additional financial resources to the Target Group, despite the completion of the Acquisition.

The management of the Company expects that without any unforeseeable circumstances, there will not be any additional cash requirements of the Target Group for the next 12-month period, after taken into account (i) the Hong Kong Company has been recording a positive historical profits; (ii) the available cash resources will be supported by the expected receipt of revenue upon settlement of account receivables; (iii) the amount due from a director to be settled by repayment of cash; and (iv) the nature of the business does not involve heavy upfront capital investment. Pursuant to the Company's announcement on 6 December 2013, there were a placing of new Shares under general mandate and specific mandate. The placing under general mandate has been completed on 18 December 2013 and the completion of the placing under specific mandate is conditional upon the approval of the Stock Exchange and the passing of resolution by the shareholders of the Company as disclosed in the circular dated 13 January 2014. In view of the factors aforementioned, the Company will not apply such proceeds to the Target Group as well as to finance the Acquisition.

Management experience of the Hong Kong Company

Set out below are the brief biographies of the management team members of the Hong Kong Company:

Jeff Kong – Managing Director

Mr. Kong joined the Hong Kong Company in 2009 and has taken on various management positions within the Hong Kong Company since then. He has involved in the development of operational as well as strategic business initiatives of the Hong Kong Company. Mr. Kong's involvement in these initiatives has led to their successful implementation, establishing operations that are highly efficient and effective. Mr. Kong has been instrumental in the formulation and implementation of the restructuring of the company, establishing an organization that has redefined the go-to-market strategies that has fuelled the substantial growth of Hong Kong Company in recent years.

Mr. Kong graduated from Hong Kong Baptist University in 1998 and held a degree in Computer Science (Bachelor Degree of Information System). In addition, Mr. Kong possesses relevant experience gained in the positions of (i) Managing Director in Netgenii Technology Ltd. from 2006 to present; (ii) Executive Director in renren Holdings Limited (HK stock code: 0059) from 2003 to 2004; (iii) Managing Director of Xcreate Company Limited from 2000 to 2003; and (iv) Chief Operation Officer in Inworld Group Limited (HK stock code: 8100) from 1998 to 1999.

Joe Chan – Director of Technical and Software Development

Mr. Chan heads one of the Hong Kong Company's core business units, overseeing all technical support and services as well as Information Technology software development. His wide-ranging knowledge and pragmatic approach to problem-solving have been indispensable to the solid reputation the Hong Kong Company has built up over the decades. Mr. Chan has been spanning 6 years of experience in the management and deployment of information technology infrastructure and applications for corporate clients. He played a vital role in the computerization of many businesses, from trading, property management and engineering to back-office systems, through these years. He also held technical positions in a variety of specialty areas including computer operating systems, software development, network/rational database technology, and data networks.

Mr. Chan graduated in Chinese University of Hong Kong in 2008 and held a degree in Computer Science. In addition, Mr. Chan possesses the CCNA qualification (Cisco Certified Network Associate). Furthermore, Mr. Chan gained relevant experience as the Project Manager of Netgenii Technology Limited since 2008.

Mr. Kong has entered into a director's service contract with the Hong Kong Company for a term of three years commencing from 1 November 2013 and would continue thereafter until terminated by either party. Mr. Chan has entered into an employment contract with the Hong Kong Company with effect from 1 March 2010 until either party terminates the contract. Both service contracts provide attractive remuneration packages based on industry practices, individual's performance and experience, discretionary bonus is granted with reference to the performance of business of the Target Group. The Company will retain the existing management team of the Target Company and both Mr. Kong and Mr. Chan will continue to manage business of the Hong Kong Company after completion of the Acquisition. Based on the aforesaid, the Company considers that it will have sufficient management expertise and human resources to manage the Target Company.

RISK FACTORS

Risk relating to the Group's business

The Target Group requires organizational capability to manage changes in key personnel and senior management

In order to develop, support and market its products, the Target Group must hire and retain highly skilled employees with particular expertise. The implementation of the Target Group's strategic business plans could be undermined by failure to recruit or retain key personnel, the unexpected loss of key senior employees, failures in the Target Group's succession planning and incentive plans, or a failure to invest in the development of key skills. The information technology market in which the Target Group operates are experiencing economic growth and the Target Group must compete against other companies inside and outside the information technology industry for suitably qualified or experienced employees. Failure to attract and retain these employees may threaten the success of the Target Group's operations in the information technology market. In addition, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Target Group risks losing accumulated knowledge if key employees leave the Target Group. In consideration of the current market condition in the information system industry in Hong Kong, the Target Group changed the labor structure by hiring its development team on project-basis, which gives the management more flexibility to allocate jobs and thus strengthens the productivity of the team. Besides, the Target Group tries to understand the skillsets, interests and experience of each personnel and attempts to more precisely match with a particular suitable position in the project in order to retain the key personnel and to maximise production efficiency of the team.

The business of the Target Group is subject to a number of risks beyond the Target Group's control, including insufficient growth in demand for information technology applications

The Target Group may experience demand in information technology services lower than expected or be required to adopt lower fees to attract customers if future demand for the Target Group's information technology services is lower than expected, which may cause the Group not being able to achieve a satisfactory return and have a material adverse impact on the Group's financial condition and results of operations.

The Group lacks experience in engaging in the information technology industry

The Group intends to expand into the information technology industry. Since the Group has no experience in engaging in the information technology industry, the Directors cannot guarantee that it will be successful in generating sufficient revenue to make the business profitable. 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 additional new Director with relevant expertise to join the Group. 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 acquisition of Quasicom in July 2013 can strengthen the Group's capabilities to provide direct consulting services in relation to virtualization solutions such as cloud computing and server management, and thus increases the competitiveness of the Group in the information technology industry.

Risk relating to the information technology industry

The industry is subject to intense market competition

The information technology industry is highly competitive in Hong Kong. The Group's competitors include large information technology solution providers, boutique software houses and individual freelancers. Some of the competitors have operated in the industry for substantially longer periods of time than the Target Group and have accumulated more operational, managerial, sales and marketing experience, brand recognition, human resources and financial resources. The Directors cannot guarantee that the Target Group will be able to successfully compete against the current and future competitors.

The industry is subject to strong human resources competition

Competition for technical staffs, particularly experienced ones, is intensive in the information technology industry. The Target Group's technical staffs take places in the development of products and services of the Target Group, which enhances the brand names and reputation Target Group. The Target Group must recruit and train qualified managerial and other employees on a timely basis to keep pace with the planned future growth. The Target Group needs to compete against other industrial participants who have substantially more established brand names that may potentially be perceived to be more attractive than the Target Group's brand names, which may offer better compensation, benefits and potential for career advancement and international exposure. The Target Group also needs to face competition for labour from other industries. If the Target Group fails to recruit, train and retain qualified managers and other employees, the quality of the Target Group's products and services may deteriorate, which in turn may have a material adverse effect on the Target Group's brand names, business, financial condition and results of operations.

Changes in customer spending habits and other shifts in market demands

Rapid changes in computing technology and capabilities will challenge the ability of the Target Group to maintain the edge of its technology advance, which directly relates to the competitiveness of the products and services provided to the customers. In case the Target Group fails to maintain the edge of technology advance, the Target Group's revenue and net profits may substantially decrease. In addition, the Directors cannot guarantee that the products and services provided by the Target Group will be able to cope with the fast-changing customer spending habits and shifts in market demands. In failure to keep up with the industrial trend, the Target Group's revenue and net profits may be negatively affected.

FINANCIAL INFORMATION OF THE TARGET GROUP

The following is a summary of results the Target Group as extracted from its combined financial statements for the five months ended 31 August 2013 and for the year ended 31 March 2013, 2012 and 2011 in Appendix II of this circular, which were prepared in accordance with Hong Kong Financial Reporting Standard:

	Five months ended 31 August		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$'000	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Online game software	–	–	–	–	104
ERP System	3,391	–	2,440	4,103	6,388
CRM System	3,000	2,140	6,319	9,759	323
Others	–	–	–	21	137
	6,391	2,140	8,759	13,883	6,952
Cost of sales	(4,340)	–	(2,404)	–	–
Gross profits	2,051	2,140	6,355	13,883	6,952
Profit before taxation	1,480	829	4,381	9,606	4,429
Taxation	(244)	(137)	(724)	(1,588)	(415)
Profit after taxation	1,236	692	3,657	8,018	4,014

We note that the Target Group's net profit of approximately HK$1.2 million for the five months ended 31 August 2013, representing an increase of 78.5% compared to the corresponding period in 2012. The Target Group's results showed a rebound from the decreasing trend of revenue in 2012, we are of the view that the Acquisition is fair and reasonable having considered that (i) the economic recovery from the crisis of Eurozone sovereign debt in 2012, the market demand and selling price of the Group's products are gradually increasing from the first half of 2013; (ii) the Target Group has changed its market positioning from an online game developer to an information system provider, and such change has caused a temporary shortfall in 2012 in terms of the number of projects from clients; (iii) the increase in Target Group's revenue was mainly due to the improvement of market demand for both home-use and business-use information technology services in the first half of 2013 and the revenue is expected to further increase under positive prospect of the information technology industry as discussed under the section named "The prospects of the Target Group"; and (iv) the Group's Managing Director has extensive experience in information system and operational system and after the acquisition of Quasicom such that the competitiveness of the Group in the information technology industry has been increased.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is a discussion and analysis of the Target Group's results of operation for the five months ended 31 August 2013, and for the three years ended 31 March 2013, 2012 and 2011.

Management discussion and analysis for the five months ended 31 August 2013

Financial performance

The Target Group reported turnover of approximately HK$6.39 million for the five months ended 31 August 2013, representing a significant increase of 199% as compared to the turnover of approximately HK$2.14 million for the five months ended 31 August 2012. During this period, the net profit to the Target Group was approximately HK$1.24 million, representing an increase of 78% as compared to the net profit of approximately HK$0.69 million for the five months ended 31 August 2012. For the five months ended 31 August 2013, the operating expenses mainly comprises (i) employee benefits expenses of approximately HK$0.13 million, represent a decrease of approximately 85% over the employee benefits expenses of approximately HK$0.88 million recognised for the five months ended 31 August 2012; and (ii) administrative expenses of approximately HK$0.44 million, represent an increase of approximately 2% over the administrative expenses of approximately HK$0.43 million recognised over the five months ended 31 August 2012. The Target Group recorded an increase in revenue and a net profit for the five months ended 31 August 2013, which was mainly due to (i) the Target Group has changed its market positioning from an online game developer to an information system provider, and such change has caused a temporary shortfall in 2012 in terms of the number of projects from clients; and (ii) the improvement of market demand for both home-use and business-use information technology services in the first half of 2013. The revenue and profitability of the Target Group is expected to further increase under the positive prospect of the information technology industry as discussed under the section named "The prospects of the Target Group". In addition, the Target Group recorded a decrease in operating expenses for the five months ended 31 August 2013 compared to the corresponding period in 2012, which was due to the change in labor structure by hiring its development team on a project-basis rather than under a full-time employment, such change led to the increase in cost of sales and also the significant decrease in employee benefits expenses.

Employee benefits and expenses

As at 31 August 2012 and 2013, the Target Group had a total of 14 and 3 full-time staff respectively. The total amount of employee benefits expenses decreased from HK$881,975 for the five months ended 31 August 2012 to HK$131,250 for the five months ended 31 August 2013, such decrease was due to the significant decrease in number of permanent staff. The Target Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus may be granted to eligible staff by reference to the Target Group's performance as well as individual's performance. The Target Group also provided training from time to time in order to upgrade their skills, knowledge and overall caliber of its workers. Mr. Kong, being the director of the Hong Kong Company and also the substantial shareholder of the Target Company, has not entered into the director's service contract before 1 November 2013. Mr. Hui Chi Kwan, being the non-executive director of the Target Company, has no involvement in running the business of the Hong Kong Company. As a result, there were no directors' remunerations to the directors of the Target Company for the five months ended 31 August 2012 and 2013.

Business review and prospect

The Target Company was established since 26 April 2010 and did not engage in any business within the period from 26 April 2010 to 25 June 2011. The major asset held by the Target Company is the 95% issued share capital of the Hong Kong Company. The Directors are of the view that the business outlook of the Target Group is positive based on the conclusion under the section named ''Industry Overview of the business of the Target Group'' in the letter from the board.

Liquidity and financial resources

As at 31 August 2013, the net current assets of the Target Group was approximately HK$14.99 million. Out of the current assets of approximately HK$16.62 million as at 31 August 2013, approximately HK$0.01 million were cash and bank balance. As at 31 August 2013, the current liabilities of the Target Group were approximately HK$1.63 million. The current ratio of the Target Group as at 31 August 2013 was approximately 10.18. The net asset of the Target Group as at 31 August 2013 was approximately HK$14.99 million.

Cash flow information

During the five months ended 31 August 2013, the Target Group recorded a net cash inflows of approximately HK$0.01 million, which was mainly comprised of net cash inflow from operating activities of approximately HK$0.09 million and tax paid of approximately HK$0.08 million.

Capital structure

No bank borrowings, currency or interest rate structures were found during the five months ended 31 August 2013.

Material acquisitions and disposals of subsidiaries and associated companies and significant investments held

The Target Group did not have any material acquisition and disposal of subsidiary and associated company for the five months ended 31 August 2013. No significant investment was held by the Target Group as at 31 August 2013.

Future plans for material investment or capital assets

As at 31 August 2013, the Target Group had no future plan for material investment or capital asset.

Capital commitments

As at 31 August 2013, the Target Group did not have any capital commitment.

Charge on assets

As at 31 August 2013, no asset of the Target Group was being pledged or charged.

Contingent liabilities

As at 31 August 2013, the Target Group did not have any contingent liability.

Exposure to fluctuations in exchange rates and related hedges

As at 31 August 2013, there were no borrowings denominated in foreign currency in the Target Group. The Target Group had not used any financial instrument for hedging against fluctuation in interest rate to reduce any currency risk.

Management discussion and analysis for the three years ended 31 March 2013, 2012 and 2011

Financial performance

The Target Group reported turnover of approximately HK$8.76 million, HK$13.88 million and HK$6.95 million for the three years ended 31 March 2013, 2012 and 2011. During the three years ended 31 March 2013, 2012 and 2011, the Target Group recorded a net profit of approximately HK$3.66 million, HK$8.02 million and HK$4.01 million respectively. The Target Group recorded an increase in revenue and a net profit for the year ended 31 March 2012 when compared to the year ended 31 March 2011, which was mainly derived from the increase in sales generated from the CRM System as a result of the completion of software development of CRM System by the development team of the Target Group. The system was deployed and implemented by some of the major corporate customers of the Target Group, and thus the revenue and net profit increased. There was a decrease in revenue and net profit for the year ended 31 March 2013 when compared to the year ended 31 March 2012, due to the slow recovery from the crisis of Eurozone sovereign debt in 2012, sales in both ERP System and CRM System decreased by approximately

40.1% and 35.2% to HK$2.44 million and HK$6.32 million, respectively. On the other hand, the Target Group recorded a decrease in operating expenses for the year ended 31 March 2013 compared to the year ended 31 March 2012, which was due to the change in labor structure by hiring its development team on a project-basis rather than under a full-time employment, such change led to the increase in cost of sales and also the significant decrease in employee benefits expenses.

Employee benefits and expenses

The Target Group had a total of 3, 12 and 13 full-time staff as at 31 March 2013, 2012 and 2011 respectively. During the three years ended 31 March 2013, 2012 and 2011, the total amount of employee benefits expenses of the Target Group was approximately HK$1.1 million, HK$2.4 million and HK$1.3 million respectively. The Target Group recorded a decrease in employee benefits expenses for the year ended 31 March 2013 when compared to the year ended 31 March 2012, it was due to the significant decrease in number of permanent staff. The new hiring of several managerial staff including the Administrative Manager, Marketing Manager, Operation Manager and an additional technician in February 2011, led to an increase in employee benefits expenses of the Target Group for the year ended 31 March 2012 when compared to the year ended 31 March 2011. The Target Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus may be granted to eligible staff by reference to the Target Group's performance as well as individual's performance. The Target Group also provided training from time to time in order to upgrade their skills, knowledge and overall caliber of its workers. Mr. Kong, being the director of the Hong Kong Company and also the substantial shareholder of the Target Company, has not entered into the director's service contract before 1 November 2013. Mr. Hui Chi Kwan, being the non-executive director of the Target Company, has no involvement in running the business of the Hong Kong Company. As a result, there were no directors' remunerations to the directors of the Target Company for the three years ended 31 March 2013, 2012 and 2011.

Liquidity and financial resources

As at 31 March 2013, 2012 and 2011, the net current assets of the Target Group were approximately HK$13.75 million, HK$10.10 million and HK$2.08 million respectively. Out of the current assets of approximately HK$14.24 million, HK$12.42 million and HK$2.81 million as at 31 March 2013, 2012 and 2011, approximately HK$495, HK$0.02 million and HK$0.74 million were cash and bank balance respectively. The significant decrease in cash and bank balance was mainly due to the increase in amount due from Mr. Kong, which was amounted to HK$11.2 million, HK$10.0 million and HK$1.9 million as at 31 March 2013, 2012 and 2011 respectively. Such increase was mainly derived from a loan to Mr. Kong, who is the director of the Hong Kong Company and also the substantial shareholder of the Target Company, for personal use in relation to his own business investment during the year ended 31 March 2012. The loan is unsecured, interest-free and repayable within 12 months upon Completion. As at 31 March 2013, 2012 and 2011, the current liabilities of the Target Group were approximately HK$0.49 million, HK$2.32 million and HK$0.73 million respectively. The current ratios of the Target Group as at 31 March 2013, 2012 and 2011 were approximately 29.09, 5.35 and 3.84 respectively. The net asset of the Target Group as at 31 March 2013, 2012 and 2011 were approximately HK$13.75 million, HK$10.10 million and HK$2.08 million respectively.

Cash flow information

During the three years ended 31 March 2013, 2012 and 2011, the Target Group recorded a net cash outflows of approximately HK$0.02 million, net cash outflows of approximately HK$0.72 million and net cash inflows of approximately HK$0.56 million respectively. For the year ended 31 March 2013, the net cash outflows of approximately HK$0.02 million was mainly comprised of net cash outflows from operating activities.

Capital structure

No bank borrowings, currency or interest rate structures was found during the three years ended 31 March 2013, 2012 and 2011.

Material acquisitions and disposals of subsidiaries and associated companies and significant investments held

The Target Group did not have any material acquisition and disposal of subsidiary and associated company for the three years ended 31 March 2013, 2012 and 2011. No significant investment was held by the Target Group as at 31 March 2013, 2012 and 2011.

Capital commitments

As at 31 March 2013, 2012 and 2011, the Target Group did not have any capital commitment.

Charge on assets

As at 31 March 2013, 2012 and 2011, no asset of the Target Group was being pledged or charged.

Contingent liabilities

As at 31 March 2013, 2012 and 2011, the Target Group did not have any contingent liability.

Exposure to fluctuations in exchange rates and related hedges

As at 31 March 2013, 2012 and 2011, there were no borrowings denominated in foreign currency in the Target Group. The Target Group had not used any financial instrument for hedging against fluctuation in interest rate to reduce any currency risk.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As stated in the interim report for the six months ended 30 June 2013 and the annual report 2012 of the Group, the forestry and plantation business of the Group was unfavourable as the general demand for forestry and timber products was weakened, which in turn exerted a downward pressure on their market prices. The business of the Group was even dampened as there was no meaningful turnaround in the local political environment in Papua, Indonesia, where the Group decided to substantially scale down its operation and dispose certain idle plant and equipment to preserve its financial resources.

Having considered the pessimistic outlook on the forestry and plantation business, the Group would improve its profitability by exploring other potential business opportunity. Mr. Lau Chi Yan, the Managing Director of the Company, joined the Group in August 2012 and has accumulated over 13 years in the field of information system and operational system. Leveraging the experience of the Directors, the management continued to seek for new business opportunity of the Group. In July 2013, the Group has completed the acquisition of Quasicom, which had a service team of high caliber technicians with over 7 years of experience in the information technology industry, specializes in virtualization solutions providing direct consulting services such as cloud computing and server management. Such acquisition provided an opportunity for the Group to diversity into information system business and strengthened the network and experience of the Group to further expand in the information system industry.

It is expected that the Acquisition will contribute profit to the Group for the coming financial year after Completion. The Directors consider that such Acquisition represents a good opportunity for the Company to enter into information system industry as the Target Group has (i) gained extensive experience in the information technology industry from the track record of the Hong Kong Company (previously known as "Xcreate Company Limited") who is one of the most creative multi-media producers and game developers in the past 16 years; (ii) established its reputation on software development, including but not limited to online education, school education, home education, animation and network educational games; (iii) generated net profit after tax for the year ended 31 March 2013; and (iv) achieved substantial growth in turnover and net profit after tax for the year ended 31 March 2013.

In view of the above factors, the Directors are of the view that the terms of the Proposed Acquisition are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

CONNECTED TRANSACTIONS

Pursuant to the Acquisition Agreement (as amended by the Supplemental Agreements), the Loan Agreement will be entered into by and between Mr. Kong and the Hong Kong Company on or before the Long Stop Date. The Completion shall be subject to the satisfaction of the Loan Agreement and the transactions contemplated herein are being approved by the independent shareholders of the Company pursuant to the GEM Listing Rules. As the Hong Kong Company will become an indirect wholly-owned subsidiary of the Company, Mr. Kong will become a connected person of the Company upon Completion.

Based on the total amount of HK$11,980,729 due from Mr. Kong as at 31 August 2013, as extracted from the combined financial statement of the Target Group in Appendix II of this circular, it is expected that each of the percentage ratios (other than the profits ratio), where applicable, calculated with reference to Rule 19.07 of the GEM Listing Rules, will exceed 5% and the consideration is more than HK$10,000,000 on an annual basis. As Mr. Kong will remain as the director of the Hong Kong Company, at the Completion Date, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a non-exempt continuing connected transactions of the Company under Rule 20.35 of the GEM Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in Rule 20.45 to 20.48 of the GEM Listing Rules. The Company undertakes to comply with all the relevant Listing Rules in relation to entering into the Loan Agreement prior to Completion.

Pursuant to the Company's announcement on 3 January 2014, approval of the Loan Agreement from the Company's shareholders is an additional condition precedent to the Acquisition. Therefore, in case the resolution(s) in relation to the approval and ratification of the Loan Agreement and the transactions contemplated thereunder were not obtained in an extraordinary general meeting of the independent shareholders of the Company, the Completion will not take place and the Hong Kong Company may by 24 hours written notice to Mr. Kong declare that all moneys owing under the Loan Agreement to be immediately due and payable, upon which, Mr. Kong shall repay all moneys owing herein to the Hong Kong Company within 3 months from such notice.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is engaged in forestry business, plantation business and trading business. As disclosed in the interim report 2013 of the Group, during the six months ended 30 June 2013, there was no turnaround in the Group's unfavourable macro environment and the outlook of the global economy was still quite pessimistic. As such, the production and operation of the Group continues to be challenging, while the Group is awaiting for the annual issurance of the land clearing licence for the year 2014 from the governmental department of Indonesia. Such land clearing licence granted to the Group was expired at the end of 2011. Due to the election of the provincial governor in Papua, Indonesia had been delayed since the beginning of 2012, the license renewal by the Group was delayed despite the Group has fulfilled all the conditions regarding the application of license renewal. Liaisons with the Indonesian governmental departments are on-going and the Company closely monitors the situation. The Board considers that, up to the Latest Practicable Date, there does not exist any foreseeable obstacle in renewing the land clearing licence. In view of the uncertain prospects and business political environment, the management of the Group is actively looking for opportunities to further broaden the sources of revenues and cash inflows of the Group while focusing on streamlining and refining the Group's existing forestry and plantation businesses. As such, the Group will continue to consider any suitable business opportunities, taking into account the cash flow requirement and the associated business risk.

Upon Completion, the Enlarged Group will, through the Target Group, engage in the operation to provide information technology solution, web content development, and enterprise system maintenance services. The Group believes that the Proposed Acquisition will provide considerable diversification effect to it and help it to expand into the information technology sector.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Group will be treated as a subsidiary of the Company and will be accounted for in the consolidated financial statement of the Group.

Assets and liabilities

As stated in the interim report of the Company for the six months ended 30 June 2013, the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2013 were approximately HK$311.04 million and approximately HK$203.79 million respectively.

According to the unaudited pro forma financial information of the Enlarged Group as contained in Appendix III of this circular, the unaudited pro forma total assets and total liabilities of the Enlarged Group are approximately HK$349.51 million and approximately HK$241.50 million, respectively upon Completion, as calculated based on the applicable assumptions.

Gearing ratio

According to the interim report of the Company for the six months ended 30 June 2013, the gearing ratio (calculated as total borrowings divided by total assets) of the Group as at 30 June 2013 was approximately 64.60%. Upon Completion, the gearing ratio of the Enlarged Group (calculated as total borrowings divided by total assets) as calculated based on the unaudited pro forma financial information of the Enlarged Group as contained in Appendix III of this circular is approximately 67.82%.

Earnings

According to the unaudited pro forma consolidated income statement of the Enlarged Group as set out in Appendix III to this circular, upon Completion, the finance cost would amount to approximately HK$5.2 million, representing the imputed interest to be expensed by the Group for the year ended 31 December 2012 as a result of the issuance of the Promissory Note with a present value of approximately HK$36.08 million by using a discount rate of 14.429% per annum. Therefore, the net loss of the Enlarged Group would increase by HK$1.55 million as a result of the Acquisition.

However, given the historical financial performance of the Target Group, the Acquisition is expected to enhance the revenue base of the Enlarged Group, and on this basis, in light of the potential future prospects of Target Group, it is expected that consolidating the financial results of Target Group into the Group would have a favourable long term prospects on the Enlarged Group's earnings upon Completion.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Set out below is the fund raising activity conducted by the Company in the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
11 June 2013	Issuing rights shares pursuant to a 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$25.6 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; approximately HK$4.3 million has been used for general working capital and the remaining is deposited in bank

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2013	Placing of new Shares under 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$2 million has been used for the expansions of the Company's existing trading business and the remaining is deposited in bank

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the GEM Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 19.08 of the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements of the GEM Listing Rules. No Shareholder will be required to abstain from voting at the EGM for the approval of the transactions contemplated under the Acquisition Agreement (as amended by the Supplemental Agreements).

In this connection, the EGM will be convened and held for the Shareholders to consider and, thought fit, approve the relevant resolutions in relation to the Acquisition and the transactions contemplated thereunder.

PRINCIPAL BUSINESS OF THE GROUP

The Group is engaged in forestry business, plantation business and trading business, including the trading of agricultural-related products and various brands of milk powder products to customers based in Hong Kong.

EGM

A notice convening the EGM to be held on Monday, 17 February 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 124 to 125 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 Tricor Tengis Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, 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.

The EGM will be held to consider, and if thought fit, pass the requisite resolution(s) to approve the Acquisition Agreement (as amended by the Supplemental Agreements) and the transactions contemplated thereunder.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the opinion that the terms of the Acquisition Agreement (as amended by the Supplemental Agreements) are on normal commercial terms, fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the relevant resolution(s) as set out in the notice of EGM to approve the Acquisition Agreement (as amended by the Supplemental Agreements) and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By the Order of the Board
Merdeka Resources Holdings Limited
Mr. Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 29 January 2014

1. PRINCIPAL BUSINESS OF THE GROUP

The Group is principally engaged in forestry business, plantation business and trading business.

With regard to the forestry business, the Group has acquired a forest concession right in the Papua Province of Indonesia. The forest concession provides the Group with the right to exploit and harvest trees in forest areas and carry out oil palm plantation activities within the concession areas. The natural forests in Papua are tropical forests which contain a variety of species of trees which can be produced into valuable hardwood and softwood timber products. The Group is engaged in the upstream operations of harvesting timbers and in the downstream operations of producing timber and other wood products.

The Group also plants oil palm trees in the forest land. Fruits and seeds of palm trees will be processed to produce palm oil, a key component for production of palm oil bio-fuel and a kind of bio-fuel and renewable green energy. The demand of bio-fuel as an alternative energy to fossil fuel is increasing due to the commitment of industrialized countries to reduce greenhouse gas emissions.

Besides, the Group is also engaged in the business of trading of goods and components, including the trading of agricultural-related products and various brands of milk powder products to the customers based in Hong Kong.

2. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for (i) each of the three years ended 31 December 2012, 2011 and 2010 and (ii) for the six months ended 30 June 2013 is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.merdeka.com.hk).

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013 has been set out in pages 5 to 20 of the interim report 2013 of the Company which was posted on 14 August 2013 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the interim report 2013:

http://www.hkexnews.hk/listedco/listconews/GEM/2013/0814/GLN20130814091.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2012 has been set out in pages 38 to 91 of the annual report 2012 of the Company which was posted on 28 March 2013 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2012:

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

The audited consolidated financial statements of the Group for the year ended 31 December 2011 has been set out in pages 35 to 89 of the annual report 2011 of the Company which was posted on 27 March 2012 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2011:

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

The audited consolidated financial statements of the Group for the year ended 31 December 2010 has been set out in pages 33 to 89 of the annual report 2010 of the Company which was posted on 30 March 2011 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2010:

http://www.hkexnews.hk/listedco/listconews/GEM/2011/0330/GLN20110330261.pdf

3. INDEBTEDNESS STATEMENT

As at 30 November 2013, being the latest practicable date for ascertaining the information regarding this indebtedness statement of the Enlarged Group prior to the printing of this circular, the Enlarged Group had an outstanding principal of convertible bonds of HK$197,880,000 and bank borrowings of HK$382,789. Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Enlarged 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 November 2013.

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 Enlarged Group since 30 November 2013, up to and including the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular after taking into account the financial resources available to the Group, including its internally generated funds and available banking facilities. The Board is of the view that after taking into consideration of the Group's business plan and all necessary estimated expenses for its operation, the Company has sufficient funds for settling the remaining balance of the

Consideration and for the general working capital in the next 12 months. Subject to the following assumptions adopted by the Company for the preparation of cash flow forecast:

(i) Placing of new Shares under specific mandate

Pursuant to the Company's announcement on 6 December 2013 and the Company's circular dated 13 January 2014, assuming all placing of new Shares under specific mandate have been placed, the net proceeds from the placing will be approximately HK$22.55 million after the deduction of commission and other expenses of the placing. Completion of the placing under specific mandate is conditional upon the approval of the Stock Exchange and the passing of resolution by the shareholders of the Company. The placing of new Shares under specific mandate is expected to take place in January 2014.

(ii) Extension of the maturity date of outstanding convertible bonds

The convertible bonds aforementioned under the section headed "Indebtedness Statement" will be matured on 12 August 2014 and the Company is going to apply for extension of the convertible bonds simultaneously. In view of the future plan of the Company, the Board expects that the extension of convertible bonds can relieve the imminent need of the Company for redemption, which in turn, can retain appropriate level of funds for its business development. Given the current financial position of the Group, it is reasonable to assume that it is unlikely for the Group to be able to repay the holders in full as and when the convertible bonds become due on 12 August 2014. The extension of maturity date of convertible bonds will definitely provide the Company more time to implement its business development plan as time goes by. A circular containing detail of the extension of maturity date of convertible bonds will be despatched to the Shareholders when practicable in accordance with the GEM Listing Rules.

In the event that both of the above assumptions shall not be satisfied, the Company may suffer from a shortfall of operating cash flow in the next 12 months from the date of this circular. Mr. Cheung Wai Yin, the chairman of the Company, who holds approximately 75% of the outstanding convertible bonds, has verbally agreed to support the extension of maturity date. Nevertheless, the extension of the maturity date of convertible bonds will constitute a connected transaction to the Company and it is subject to the independent shareholders' approval while Mr. Cheung Wai Yin should abstain from voting in the resolution. In consideration of the redemption of convertible bonds will require cash outflow of the Company and the convertible bonds bear zero interest, the extension of maturity date of convertible bonds will enhance the financial flexibility of the Group. Therefore, except for the independent shareholders of the Company may vote against the resolution at the extraordinary general meeting, the Board is of the view that there does not exist any fact or circumstance which may affect the Company to proceed with the extension of maturity date of convertible bonds due on 12 August 2014.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the Group's latest published audited consolidated financial statements were made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE GROUP

Set out below is the management discussion and analysis of the Group for the six months ended 30 June 2013 and the three years ended 31 December 2012, 2011 and 2010 as extracted from the annual reports and interim report of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2013

BUSINESS REVIEW

During the six months ended 30 June 2013, the principal businesses of Merdeka Resources Holdings Limited (the "Company") and its subsidiaries (the "Group") continued to be forestry, plantation and trading.

OPERATION REVIEW

The Group's forestry business and plantation business are related to our forest concessions in the Papua Province of Indonesia. During the period under review, there was no meaningful turnaround in the unfavourable local political environment. The Group substantially scaled down its operation there and disposed certain idle plant and equipment to preserve its financial resources before the resumption of the forestry project.

During the third quarter of 2012, the Group completed a share-based transaction to acquire 0.8 million metric tonnes of tailings in the Papua Province of Indonesia. Since then, there had been various delays in the taking of delivery of the tailings, partly due to local social unrests and shootings in the relevant area, and partly due to suspension of access to the area as a result of a fatal mining accident. With the falling prices of commodities, such as copper and gold, it also becomes more challenging to attract buyer for the tailings. The management will continue to work with the supply side and potential buyers on the project. The contract stipulates that all deliveries be taken by August 2014.

The management strives to grow the trading business which could provide a stable source of revenue. In addition to the existing trading of agricultural-related products, the Group commenced the trading of dairy products, which are various brands of milk powder products, in the second quarter of 2013. The Group will continue to increase the variety of products for trading business to further utilize its financial resources before the management is succeeded in seeking new business opportunities.

FINANCIAL REVIEW

Same as 2012, revenue of the Group for the six months ended 30 June 2013 was generated from the trading business in Hong Kong. The revenue increased to approximately HK$12,168,000 from approximately HK$3,949,000 for the corresponding period last year. The increase was mainly due to revenue of approximately HK$9,386,000 contributed by the aforesaid newly developed trading of dairy products. In addition, as such new trading had a relatively higher gross profit margin, the Group's overall gross profit margin improved from about 2.1% in 2012 to about 3.0% in 2013.

The Group recorded a loss attributable to owners of the Company of approximately HK$21,815,000 for the first half of 2013. The loss was reduced by approximately HK$8,551,000 compared to that of 2012, mainly due to decreases in operating and administrative expenses and finance cost by approximately HK$6,698,000 and HK$4,777,000 respectively, partially offset by the increase in share option expenses of approximately HK$2,348,000. Reduction in operating and administrative expenses was mainly contributed by savings in downsizing the Group's operation related to the forestry project since the second half of 2012. The Group decided to scale down its operation and lay off most of its employees in Indonesia, as a result, for the first half of 2013, staff cost was decreased by approximately HK$2,890,000 or 46% compared to that of 2012. The decrease in finance cost, which solely represented the non-cash imputed interest charge in the liability component of the Group's convertible bonds, was mainly due to the decrease in average balance of the liability component for the six months ended 30 June 2013 when certain convertible bonds had been converted into shares of the Company during 2012. A total of 595,000,000 share options[#] were granted in the first half of 2013 whereas 83,500,000 share options[#] were granted in that of 2012. The associated equity-settled share option expense, which was non-cash in nature and represented the fair value of the share options granted, was approximately HK$3,322,000 and HK$974,000 in 2013 and 2012 respectively.

SHARE CONSOLIDATION AND RIGHTS ISSUE

The Group's fund raising activities may be affected if the Company's share price continuously approaches the extremities of HK$0.01. Accordingly, in the first quarter of 2013, the directors proposed a share consolidation on the basis that every forty shares of HK$0.01 each be consolidated into one consolidated share of HK$0.40 each. After the share consolidation became effective in March 2013, the directors further proposed rights issue on the basis of two rights shares for every five shares at the subscription price of HK$0.40 per rights share in June 2013. On 17 July 2013, 91,671,490 rights shares were issued, raising net proceeds of approximately HK$35 million.

[#] without adjustments for the share consolidation effective on 26 March 2013 and the rights issue completed on 17 July 2013

OUTLOOK

On 18 July 2013, the Group completed the acquisition of 100% interest of Quasicom Systems Limited by the issuance of 20 million new shares of the Company. The acquisition provided the Group with an opportunity to diversify into information system business. Following the successful fund raising rights issue, we have greater flexibility to explore other suitable business opportunities to improve the Group's profitability. In respect of the proposed acquisition of Ever Hero Group, additional time is required to finalize the financial information to be included in the circular to the shareholders.

Finally, we would like to express our sincere thanks to the valuable contributions from two departing independent non-executive directors, Mr. Lam Kin Kau, Mark and Mr. Lau Ho Wai, Lucas, during their tenure of office. We also extend our warm welcome to Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, both of whom were appointed as independent non-executive directors of the Company on 27 July 2013.

CAPITAL STRUCTURE AND GEARING RATIO

	As at 30 June 2013		**As at 31 December 2012**	
	HK$'000 (Unaudited)	*Proportion*	*HK$'000* (Audited)	*Proportion*
Total borrowings – Convertible bonds (liability component)	200,941	66.1%	189,705	62.1%
Equity attributable to owners of the Company	103,194	33.9%	115,802	37.9%
Total capital employed	304,135	100.0%	305,507	100.0%

The Group's gearing ratio was approximately 66.1% as at 30 June 2013 (31 December 2012: 62.1%). The increase was mainly due to decrease in shareholders' funds mainly contributed by the loss attributable to the owners of the Company.

The outstanding principal amount of the convertible bonds remained at approximately HK$224,880,000 as at 30 June 2013 (31 December 2012: HK$224,880,000). Its maturity date is 12 August 2014 and the effective interest rate of the liability component is approximately 11.66%. Other than the convertible bonds, the Group has no other borrowings as at 30 June 2013 and 31 December 2012. There is no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June 2013 *(HK$'000)* (Unaudited)	**As at 31 December 2012** *(HK$'000)* (Audited)
Current assets	31,168	31,483
Current liabilities	2,851	4,557
Current ratio	1,093.2%	690.9%

Current ratio as at 30 June 2013 was 1,093.2% (31 December 2012: 690.9%), reflecting the fact that the liquidity of the Group remained healthy.

As at 30 June 2013, the Group's cash and cash equivalents amounted to approximately HK$2,455,000 (31 December 2012: HK$2,620,000). No cash and cash equivalents of the Group were pledged for general banking facilities as at 30 June 2013 and 31 December 2012. As at 30 June 2013, about 61.6% (31 December 2012: 22.0%) of the Group's cash and cash equivalents were deposits placed with licensed banks in Hong Kong, among which about 97.0% (31 December 2012: 100.0%) were denominated in Hong Kong dollars.

FOREIGN CURRENCY EXPOSURE

The Group's reporting currency is Hong Kong dollar. During the six months ended 30 June 2013 and year ended 31 December 2012, most of the Group's transactions were denominated in Hong Kong dollars ("HK$"), Indonesian Rupiah ("Rp") and United States dollars ("US$"), to which HK$ is pegged. The Group had exposure to the risk of exchange rate fluctuations for Rp on account of its cost of forestry and plantation operations in Indonesia. The Group did not formally employ any hedging instruments or derivative products considering the relevant costs and benefits. However, the Group will continue to monitor closely the exchange rate risk.

CONTINGENT LIABILITIES

As at 30 June 2013 and 31 December 2012, the Group did not have any significant contingent liabilities.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Details of acquisition and disposal of subsidiaries during the period under review are disclosed in Note 9 of the notes to the financial statements. The Group did not acquire or dispose of any material subsidiaries and associates during the period ended 30 June 2012.

SIGNIFICANT INVESTMENTS

The Group did not acquire or hold any significant investment during the period under review.

PLEDGE OF ASSETS

As at 30 June 2013 and 31 December 2012, the Group did not have any pledged deposits and assets.

CAPITAL COMMITMENTS

As at 30 June 2013 and 31 December 2012, the Group did not have any significant capital commitments.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed 10 staff (31 December 2012: 27). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitiveness. Apart from salary payments, other staff benefits included provident fund contributions and medical insurance coverage. Share options may also be granted to eligible employees and persons. As at 30 June 2013, there were outstanding share options of approximately 2,150,000[#] (31 December 2012: 2,087,500[#], having adjusted for the share consolidation of 40 into 1 effective on 26 March 2013).

[#] without adjustments for the rights issue completed on 17 July 2013

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL REVIEW

Highlights on financial results

	Year ended 31 December 2012	2011	Change
	(HK$'000, except percentage figures)		
Revenue	7,909	8,891	–11.0%
Gross profit	167	795	–79.0%
Gross profit margin	2.1%	8.9%	–6.8 percentage points
Operating expenses	(19,282)	(19,135)	+0.8%
Administrative expenses	(11,973)	(15,862)	–24.5%
Non-cash items:			
Depreciation*	(7,201)	(6,363)	+13.2%
Amortization**	–	(3,724)	–100.0%
Inventories written off**	(1,914)	–	Not applicable
Biological assets written off	(9,579)	–	Not applicable
Impairment of prepayments, deposits and other receivables**	(1,701)	–	Not applicable
Impairment of forest concessions	(560,000)	–	Not applicable
Impairment of property, plant and equipment	(16,000)	–	Not applicable
Change in fair value of biological assets less cost to sell	–	2,944	–100.0%
Equity-settled share option expenses	(974)	(2,880)	–66.2%
Finance costs	(26,872)	(35,431)	–24.2%
Loss for the year	(644,073)	(69,526)	+826.4%
Loss excluding non-cash items***	(19,832)	(24,072)	–17.6%

* In 2012, all of the depreciation was included in the operating and administrative expenses. In 2011, approximately HK$1,638,000 of the depreciation was included in cost of sales while the rest was included in the operating and administrative expenses.

** These items were included in operating expenses

*** Loss for the year less non-cash items stated

Discussion on financial results

The revenue of the Group in 2012, which was solely generated from the trading business, dropped by 11.0% to approximately HK$7,909,000 from approximately HK$8,891,000 in 2011, which was generated from both the trading business and the logging activities of forestry business. As the trading business has a lower profit margin than the forestry business, the gross profit margin of the Group notably decreased to approximately 2.1% or HK$167,000 in 2012 from approximately 8.9% or HK$795,000 in 2011.

The operating expenses of the Group in 2012 was approximately HK$19,282,000, which remained at a similar level compared to that of 2011, as the savings in downsizing its operation in Indonesia were offset by the restructuring related expenses there. The administrative expenses of the Group decreased by 24.5% to approximately HK$11,973,000 in 2012 from approximately HK$15,862,000 in 2011, mainly due to the reduction in staff costs and director emoluments.

During the year ended 31 December 2012, depreciation increased by 13.2% to approximately HK$7,201,000 in 2012 from approximately HK$6,363,000 in 2011, as no depreciation was capitalized in inventories in 2012 when the production came to a halt. In 2011, depreciation of approximately HK$822,000 was capitalized in inventories.

Amortization represented the amortization of the Group's forest concessions in Indonesia covering an area of 313,500 hectares. It is charged on a unit of production basis. In 2012, logging activities stopped and therefore no amortization was charged. In 2011, the Group was granted wood utilization permit to perform logging covering an area of 1,500 hectares and amortization of approximately HK$3,724,000 was charged accordingly.

In 2012, the Group wrote off obsolete log and wood inventories and palm oil planting biological assets of approximately HK$1,914,000 and HK$9,579,000 respectively. Impairment of approximately HK$1,701,000 was made in respect of the other receivables related to the operation in Indonesia. The postponement of the Group's forestry project and lower market prices for timber products had also led to the impairment of approximately HK$560,000,000 and HK$16,000,000 to the forest concessions and property, plant and equipment respectively. In 2011, the Group recorded a gain of approximately HK$2,944,000 as change in fair value of the biological assets, with reference to the growth status of the palm oil seedlings at that time.

During the year ended 31 December 2012, the old share option scheme of the Company, which was adopted in 2002, expired. All the outstanding share options thereunder, a total of 307,000,000 share options, were lapsed because of the expiry of the option period and the corresponding share option reserve of approximately HK$14,491,000 was released directly to the accumulated losses. A total of 83,500,000 share options were granted in 2012 whereas 107,000,000 share options were granted in 2011. The associated equity-settled share option expense, which was non-cash in nature and represented the fair value of the share options granted, was approximately HK$974,000 and HK$2,880,000 in 2012 and 2011 respectively.

Finance cost of the Group represented solely the non-cash imputed interest charge in the liability component of the Group's zero coupon convertible bonds. The cost decreased by 24.2% to approximately HK$26,872,000 in 2012 from approximately HK$35,431,000 in 2011, which was mainly due to the decrease in average balance of the liability component when certain convertible bonds were converted into the shares of the Company during 2012.

Loss for the year increased by 826.4% to approximately HK$644,073,000 in 2012 from approximately HK$69,526,000 in 2011. The significant increase in loss was mainly due to the aforesaid impairments in relation to the forest concessions and property, plant and equipment.

Excluding the effects of non-cash items like share option expenses, finance costs, depreciation, amortisation, impairments of prepayments, deposits and other receivables, forest concessions and property, plant and equipment and the written off of inventories and biological assets, the Group recorded a lower loss before tax at HK$19,832,000 in 2012 compared to HK$24,072,000 in 2011. The reduction was mainly because the Group had downsized its work forces.

Analysis by business segment

	Revenue		**Profit/(loss) before tax**	
	Year ended 31 December			
	2012	**2011**	**2012**	**2011**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Trading business	7,909	4,072	167	85
Forestry business	–	4,819	(627,662)	(61,196)
Plantation business	–	–	(10,129)	1,951
Total	7,909	8,891	(637,624)	(59,160)

Revenue from our trading business increased by 94.2% from approximately HK$4,072,000 in 2011 to approximately HK$7,909,000 in 2012, as the Group strived to grow the business of trading of agricultural-related commodities, which provided a stable source of revenue.

Same as 2011, no revenue was recorded for the Group's plantation business in 2012. Considering that economies of scale could not be achieved at this stage when the logging activities were stopped in 2012, the in-house team taking care of the plantings was dissolved and the palm oil plantings of approximately HK$9,579,000 were written off.

Compared to 2011, loss before tax from the forestry business in 2012 increased significantly, which was mainly due to the impairments related to the forest concessions and property, plant and equipment related to the forestry business. Plantation business incurred a loss before tax of approximately HK$10,129,000 in 2012 whereas it incurred a profit before tax of approximately HK$1,951,000 in 2011. It was because gain in change of fair value of biological assets of approximately HK$2,944,000 was recorded in 2011 but the biological assets of approximately HK$9,579,000 were written off in 2012.

Analysis by geographical segment

	Year ended 31 December			
	2012		2011	
	Revenue	Proportion	Revenue	Proportion
(HK$'000, except percentage figures)				
Hong Kong	7,909	100%	8,891	100%

All the Group's revenue was derived from Hong Kong in 2012 and 2011.

Highlights on financial position

	As at 31 December		
	2012	2011	Change
(HK$'000, except percentage figures)			
Property, plant and equipment	13,106	39,424	–66.8%
Forest concessions	269,811	829,811	–67.5%
Biological assets	–	9,579	–100.0%
Trade receivables	2,365	2,878	–17.8%
Inventories	–	1,914	–100.0%
Prepayments, deposits and other receivables	26,498	2,314	+1,045.1%
Cash and cash equivalents	2,620	35,681	–92.7%
Other payables and accruals	4,557	1,524	+199.0%
Convertible bonds – liability component	189,705	304,111	–37.6%
Non-controlling interests	4,336	35,372	–87.7%
Shareholders' funds	115,802	580,594	–80.1%

Discussion on financial position

Property, plant and equipment decreased to approximately HK$13,106,000 as at 31 December 2012 from approximately HK$39,424,000 as at 31 December 2011. The decrease was mainly due to disposals of items with net book value of approximately HK$3,117,000, the depreciation of approximately HK$7,201,000 and impairment of approximately HK$16,000,000 in 2012.

Forest concessions decreased to approximately HK$269,811,000 as at 31 December 2012 from approximately HK$829,811,000 as at 31 December 2011. The decrease was due to the impairment made in 2012.

Biological assets in 2011 represented the fair value of palm oil plantings with reference to the growth status. All of the seedlings were written off as the in-house team taking care of the plantings was dissolved in 2012.

Trade receivables decreased to approximately HK$2,365,000 as at 31 December 2012 from approximately HK$2,878,000 as at 31 December 2011, as the Group put more effort in credit control and collection.

Inventories in 2011 represented the value of logs. All of the obsolete logs and woods were written off as they became bad and rotten due to delay in moving from forest to factory.

Prepayments, deposits and other receivables increased to approximately HK$26,498,000 as at 31 December 2012 from approximately HK$2,314,000 as at 31 December 2011. The significant increase in 2012 was mainly due to the payment of HK$20,000,000 as a deposit for the proposed very substantial acquisition of Ever Hero Group and the prepayment of HK$6,000,000 for the acquisition of 0.8 million metric tonnes of tailings in relation to the share-based transaction during the year.

Cash and cash equivalents decreased significantly by 92.7% to approximately HK$2,620,000 as at 31 December 2012 from approximately HK$35,681,000 as at 31 December 2011. The decrease was mainly caused by the payment of the deposit of HK$20,000,000 for the aforesaid proposed acquisition of Ever Hero Group and the net cash outflow to finance operational expenses.

Other payables and accruals increased to approximately HK$4,557,000 as at 31 December 2012 from approximately HK$1,524,000 as at 31 December 2011. The increase was mainly due to the legal and professional fees incurred in late 2012 for the proposed very substantial acquisition of Ever Hero Group.

The liability component of the convertible bonds decreased by 37.6% to approximately HK$189,705,000 as at 31 December 2012 from approximately HK$304,111,000 as at 31 December 2011. The decrease was mainly due to the conversion of certain convertible bonds during 2012. The outstanding principal amounted to approximately HK$224,880,000 and HK$404,880,000 respectively as at 31 December 2012 and 2011.

Non-controlling interests decreased to approximately HK$4,336,000 as at 31 December 2012 from approximately HK$35,372,000 as at 31 December 2011. The decrease was mainly due to the sharing of loss, including the impairments related to the forest concessions and property, plant and equipment, in our non-wholly owned Indonesian subsidiaries by their non-controlling shareholders for 2012.

The Group's shareholders' funds decreased to approximately HK$115,802,000 as at 31 December 2012 from approximately HK$580,594,000 as at 31 December 2011. The decrease was mainly due to the loss attributable to the owners of the Company of approximately HK$613,037,000, partially offset by the increase in share premium of approximately HK$146,276,000 mainly related to the conversion of convertible bonds.

Capital structure and gearing ratio

	As at 31 December			
	2012		2011	
	HK$'000	*Proportion*	*HK$'000*	*Proportion*
Total borrowings				
– Convertible bonds				
(liability component)	189,705	62.1%	304,111	34.4%
Equity	115,802	37.9%	580,594	65.6%
Total capital employed	305,507	100.0%	884,705	100.0%

The Group's gearing ratio was approximately 62.1% as at 31 December 2012 (2011: 34.4%). The increase was mainly due to the aforesaid decrease in shareholders' funds largely contributed by the loss attributable to the owners of the Company.

During the year ended 31 December 2012, convertible bonds with an aggregate principal amount of HK$180 million were converted into 1.8 billion shares of the Company with par value of HK$0.01 each. The outstanding principal amounted to approximately HK$224,880,000 as at 31 December 2012 (2011: HK$404,880,000). Its maturity date is 12 August 2014 and the effective interest rate of the liability component is approximately 11.66%. Other than the convertible bonds, the Group had no other borrowings as at 31 December 2012 and 2011.

Liquidity and financial resources

	As at 31 December	
	2012	2011
	(HK$'000)	*(HK$'000)*
Current assets	31,483	42,787
Current liabilities	4,557	1,524
Current ratio	690.9%	2,807.5%

The current ratio of the Group as at 31 December 2012 was 690.9% (2011: 2,807.5%), reflecting the fact that the liquidity of the Group remained healthy in 2012.

As at 31 December 2012, the Group's cash and cash equivalents amounted to approximately HK$2,620,000 (2011: HK$35,681,000). No cash and cash equivalents of the Group were pledged for general banking facilities as at 31 December 2012 and 2011. As at 31 December 2012, about 22.0% (2011: 87.1%) of the Group's cash and cash equivalents were deposits placed with licensed banks in Hong Kong, among which about 100.0% (2011: 92.6%) were denominated in Hong Kong dollars.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the year ended 31 December 2012 and 2011, most of the Group's transactions were denominated in Hong Kong dollars ("HK$"), Indonesian Rupiah ("Rp") and United States dollars ("US$"), to which HK$ is pegged. The Group had exposure to the risk of exchange rate fluctuations for Rp on account of its cost of forestry and plantation operations in Indonesia. The Group did not formally employ any hedging instruments or derivative products considering the relevant costs and benefits. However, the Group will continue to monitor closely the exchange rate risk.

Contingent liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

Acquisition and disposal of subsidiaries and affiliated companies

Details of acquisition and disposal of subsidiaries during the year ended 31 December 2012 are disclosed in Note 9 of the notes to the financial statements. The Group did not acquire or dispose of any material subsidiaries and associates during the year ended 31 December 2011.

Significant investments

The Group did not acquire or hold any significant investment during the year ended 31 December 2012 and 2011.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL REVIEW

Highlights on financial results

	Year ended 31 December		
	2011	2010	Change
(HK$'000, except percentage figures)			
Revenue	8,891	6,715	+32.4%
Gross profit	795	101	+687.1%
Gross profit margin	8.9%	1.5%	+7.4 percentage points
Operating expenses	19,135	28,888	–33.8%
Administrative expenses	15,862	10,268	+54.5%
EBITDA, excluding share option expenses*	(21,128)	(28,090)	–24.8%
Equity-settled share option expenses	2,880	–	Not applicable
Finance costs	35,431	33,758	+5.0%
Depreciation#	6,363	5,340	+19.2%
Amortisation	3,724	266	+1,300.0%
Loss for the year	(69,526)	(67,454)	+3.1%

* EBITDA represents loss before tax, finance cost, depreciation and amortisation

\# Approximately HK$1.6 million was included in cost of sales in 2011 (2010: nil)

Discussion on financial results

The revenue of the Group increased by 32.4% to approximately HK$8.9 million in 2011 from approximately HK$6.7 million in 2010. The increase in revenue was mainly attributable to revenue from our forestry business that amounted to HK$4.8 million. This amount has more than offset the decrease in revenue from our trading business. The increase in revenue in our forestry business also helped to improve our overall gross profit margin to 8.9% in 2011 from 1.5% in 2010.

The operating expenses of the Group decreased by 33.8% to approximately HK$19.1 million in 2011 from approximately HK$28.9 million in 2010. The decrease was mainly due to the cost savings in plantation-related operations. The administrative expenses of the Group increased by 54.5% to approximately HK$15.9 million in 2011 from approximately HK$10.3 million in 2010. The increase was mainly due to the increase in director emoluments by approximately HK$4.7 million.

Excluding the effects of share option expenses, finance costs, depreciation and amortisation, the Group recorded a lower loss before tax at HK$21.1 million in 2011 compared to HK$28.1 million in 2010. The Company continued to invest in the start up costs and necessary strategic investment in people to lay a better foundation for our forestry and plantation businesses. The management also tightened cost controls in 2011 and streamlined the operations for better efficiency in 2011.

During the year ended 31 December 2011, a total of 107 million share options were granted to eligible participants of the Company's share option scheme. The associated equity-settled share option expenses, which were non-cash in nature, represented the fair value of the share options granted, was approximately HK$2.9 million in 2011. No share option was granted in 2010.

In July 2011, the Company extended the maturity date of its convertible bonds, with outstanding principal of approximately HK$462.4 million, from August 2011 to August 2014. Gain on extinguishment of convertible bonds in respect of the liability component, amounted to approximately HK$132.7 million, was credited to equity in accordance with Hong Kong Financial Reporting Standards. These convertible bonds were zero coupon bonds. Finance costs in 2010 and 2011 solely represented the non-cash imputed interest charge on the liability component of such convertible bonds. Such finance cost increased by 5.0% from approximately HK$33.8 million in 2010 to approximately HK$35.4 million in 2011, as the effective imputed annual interest rate increased from about 7.25% to 11.66% upon extension.

During the year ended 31 December 2011, depreciation increased by 19.2% from approximately HK$5.3 million from 2010 to approximately HK$6.4 million in 2011, as all production equipment in the sawmill and veneer factories were subject to depreciation upon completion of installation in 2011.

Amortisation represented the amortisation of the Group's forest concessions in Indonesia covering an area of 313,500 hectares. It is charged on a unit of production basis. During the year ended 31 December 2011, the Group was granted wood utilization permit to perform logging covering an area of 1,500 hectares. Accordingly, the amortisation charge increased significantly from approximately HK$0.3 million in 2010 to approximately HK$3.7 million in 2011, reflecting higher level of logging activities during the year.

Loss for the year increased by 3.1% to approximately HK$69.5 million in 2011 from approximately HK$67.5 million in 2010. The increase was mainly due to the combined effect of increase in equity-settled share option expenses, finance costs, depreciation and amortisation, which were non-cash in nature, net of the decrease in aggregate of other administrative and operating expenses.

Analysis by business segment

	Revenue		Profit/(loss) before tax	
	Year ended 31 December			
	2011	2010	2011	2010
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Trading business	4,072	6,715	85	(73)
Forestry business	4,819	–	(61,196)	(60,274)
Plantation business	–	–	1,951	(5,648)
Total	8,891	6,715	(59,160)	(65,995)

Revenue from our trading business decreased by 39.4% from approximately HK$6.7 million in 2010 to approximately HK$4.1 million in 2011, as the Group shifted the trading products to more agricultural-related commodities, with higher margin.

Compared to 2010, loss before tax from the forestry business in 2011 remained at a similar level, as the Company continued to invest the start up costs and human resources to develop the business.

Same as 2010, no revenue was recorded for the Group's plantation business in 2011 as our palm tree seedlings were still in early stage. As the seedlings continue to grow, the Group recorded gain of approximately HK$2.9 million (2010: HK$4.8 million) as a change in fair value of biological assets less cost to sell. In 2011, in order to maintain better and closer control, the Group deployed its own team, instead of hiring a sub-contractor to take care of the seedlings. Accordingly, the Group recorded profit before tax from this business of approximately HK$2.0 million in 2011 compared to a loss before tax of approximately HK$5.6 million in 2010.

Analysis by geographical segment

	Year ended 31 December			
	2011		2010	
	Revenue	Proportion	Revenue	Proportion
	(HK$'000, except percentage figures)			
Hong Kong	8,891	100%	–	–
Mainland China	–	–	6,715	100%
Total	8,891	100%	6,715	100%

All the Group's revenue was derived from Hong Kong in 2011 whereas all revenue was derived from mainland China in 2010.

Highlights on financial position

	As at 31 December		
	2011	2010	Change
	(HK$'000, except percentage figures)		
Property, plant and equipment	39,424	37,101	+6.3%
Forest concessions	829,811	833,535	–0.4%
Biological assets	9,579	6,635	+44.4%
Trade receivables	2,878	–	n/a
Inventories	1,914	–	n/a
Prepayment, deposits and other receivable	2,314	5,951	–61.1%
Cash and cash equivalents	35,681	68,569	–48.0%
Other payables and accruals	1,524	2,398	–36.4%
Convertible bonds – liability component	304,111	485,652	–37.4%
Non-controlling interests	35,372	37,741	–6.3%
Shareholders' funds	580,594	426,000	+36.3%

Discussion on financial position

Property, plant and equipment increased to approximately HK$39.4 million as at 31 December 2011 from approximately HK$37.1 million as at 31 December 2010. The increase was mainly due to additions of approximately HK$9.5 million of buildings and factories, machineries and equipment, net of depreciation of approximately HK$7.2 million during 2011.

Forest concessions decreased to approximately HK$829.8 million as at 31 December 2011 from approximately HK$833.5 million as at 31 December 2010. The decrease was due to amortisation charged during 2011.

Biological assets increased to approximately HK$9.6 million as at 31 December 2011 from approximately HK$6.6 million as at 31 December 2010, mainly due to the change in fair value of palm seedlings with reference to the growth status.

Trade receivables amounted to HK$2.9 million as at 31 December 2011 (2010: nil), related to our trading business.

Inventories amounted to HK$1.9 million as at 31 December 2011 (2010: nil), related to the cost of logs resulting from our logging activities in 2011.

Prepayment, deposits and other receivable decreased to approximately HK$2.3 million as at 31 December 2011 from approximately HK$6.0 million as at 31 December 2010, mainly due to prepayments related to acquisition of machineries being transferred to property, plant and equipment during 2011.

Cash and cash equivalents decreased by 48.0% to approximately HK$35.7 million as at 31 December 2011 from approximately HK$68.6 million as at 31 December 2010. The decrease was mainly caused by the net cash outflow to finance operational expenses and acquisition of machineries.

Other payables and accruals decreased to approximately HK$1.5 million as at 31 December 2011 from approximately HK$2.4 million as at 31 December 2010. The decrease was mainly due to the settlement of other payables of approximately HK$1.0 million during 2011.

The liability component of the convertible bonds decreased by 37.4% from approximately HK$485.6 million as at 31 December 2010 to approximately HK$304.1 million as at 31 December 2011. The decrease was mainly due to the partial conversion during 2011 and gain on extinguishment of convertible bonds in respect of its liability component of approximately HK$132.7 million upon extension of the maturity date from August 2011 to August 2014 in the year. The outstanding principal amounted to approximately HK$404.9 million and HK$504.9 million respectively as at 31 December 2011 and 2010.

Non-controlling interests decreased to approximately HK$35.4 million as at 31 December 2011 from approximately HK$37.7 million as at 31 December 2010. The decrease was mainly due to the sharing of loss in our non-wholly owned Indonesian subsidiaries by their non-controlling shareholders for 2011.

The Group's shareholders' funds increased to approximately HK$580.6 million as at 31 December 2011 from approximately HK$426.0 million as at 31 December 2010. The increase was mainly due to credit to the equity for gain on extinguishment of convertible bonds in respect of its liability component upon extension of its maturity date, amounted to approximately HK$132.7 million, in accordance with Hong Kong Financial Reporting Standards.

Capital structure and gearing ratio

	As at 31 December			
	2011		**2010**	
	HK$'000	*Proportion*	*HK$'000*	*Proportion*
Total borrowings				
– Convertible bonds				
(liability component)	304,111	34.4%	485,652	53.3%
Equity	580,594	65.6%	426,000	46.7%
Total capital employed	884,705	100.0%	911,652	100.0%

During the year ended 31 December 2011, convertible bonds with an aggregate principal amount of HK$100 million were converted into 1 billion shares of the Company with par value of HK$0.01 each. In 2011, gain on extinguishment of convertible bonds in respect of its liability component of approximately HK$132.7 million upon extension of the maturity date from August 2011 to August 2014 was credited to the equity in accordance with Hong Kong Financial Reporting Standards. The outstanding principal amounted to approximately HK$404.9 million as at 31 December 2011 (2010: HK$504.9 million).

The Group's gearing ratio was approximately 34.4% as at 31 December 2011 (2010: 53.3%). The decrease was mainly due to the conversion of convertible bonds and gain on extinguishment of convertible bonds upon extension of its maturity date mentioned in the aforesaid paragraph.

Other than the convertible bonds, the Group had no other borrowings as at 31 December 2010 and 2011.

Liquidity and financial resources

	As at 31 December	
	2011	**2010**
	(HK$'000)	*(HK$'000)*
Current assets	42,787	74,520
Current liabilities	1,524	488,050
Current ratio	2,807.5%	15.3%

The current ratio of the Group as at 31 December 2011 was 2,807.5% (2010: 15.3%). The significant increase in current ratio was mainly due to the reclassification of the liability component of the convertible bonds from current liabilities to non-current liabilities, upon extension of its maturity date from August 2011 to August 2014 during 2011. The liability component of the convertible bonds as at 31 December 2010 and 2011 were approximately HK$485.6 million and approximately HK$304.1 million respectively.

As at 31 December 2011, the Group's cash and cash equivalents amounted to approximately HK$35.7 million (2010: HK$68.6 million). No cash and cash equivalents of the Group were pledged for general banking facilities as at 31 December 2010 and 2011. As at 31 December 2011, about 87.1% (2010: 91.5%) of the Group's cash and cash equivalents were deposits placed with licensed banks in Hong Kong, among which about 88.3% (2010: 100.0%) were denominated in Hong Kong dollars. The balance of cash and cash equivalents provides the funds to support the working capital and capital expenditure needs of the Group.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the year ended 31 December 2010 and 2011, most of the Group's transactions were denominated in Hong Kong dollars ("HK$"), Indonesian Rupiah ("Rp") and United States dollars ("US$"), to which HK$ is pegged. The Group has exposure to the risk of exchange rate fluctuations for Rp on account of its cost of forestry and plantation operations in Indonesia. The Group has not formally employed any hedging instruments or derivative products considering the relevant costs and benefits. However, the Group will continue to monitor closely the exchange rate risk.

Contingent liabilities

As at 31 December 2011, the Group did not have any significant contingent liabilities. Details of contingent liabilities are disclose in Note 31 of the notes to the financial statements.

Acquisition and disposal of subsidiaries and affiliated companies

The Group did not acquire or dispose of any material subsidiaries and associates during the year ended 31 December 2011. Details of acquisition and disposal of subsidiaries during the year ended 31 December 2010 are disclosed in Note 9 of the notes to the financial statements.

Significant investments

The Group did not acquire or hold any significant investment during the year ended 31 December 2010 and 2011.

Pledge of assets

As at 31 December 2010 and 2011, the Group did not have any pledged deposits and assets.

Capital commitments

As at 31 December 2010 and 2011, the Group did not have any significant capital commitments.

Employees and remuneration policy

As at 31 December 2011, the Group employed 165 staff (2010: 157). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitiveness. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits included provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. As at 31 December 2011, there were outstanding share options of approximately 307.0 million (2010: 258.5 million).

Event after the reporting period

On 6 March 2012, the Company's existing share option scheme expired. All the outstanding share options thereunder were lapsed because of the expiry of the option period.

On 22 March 2012, the Company established the nomination committee to comply with the latest amended GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL REVIEW

Highlights on financial results

	Year ended 31 December 2010	Period ended 31 December 2009	% increase/ (decrease)
	HK$'000	*HK$'000*	
Turnover	6,715	6,970	(3.7%)
Loss before finance costs and share option expenses	(33,696)	(18,008)	87.1%
– Share option expenses	–	(11,984)	(100.0%)
– Finance costs	(33,758)	(28,630)	17.9%
LOSS FOR THE YEAR/PERIOD	(67,454)	(58,622)	15.1%

Discussion on financial results

During the year ended 31 December 2010, the Group reported a turnover of approximately HK$6,715,000, decreased by 3.7% as compared to approximately HK$6,970,000 for the period ended 31 December 2009, due to decrease in sales orders from customer during the financial year.

The Group's operations, representing the forestry business, plantation business and the trading business, posted an operating loss of HK$33,696,000, an increase of approximately 87.1% compared with last period, mainly due to the increase in the preparation and start-up costs to establish the forestry business before it commences commercial operations.

The share option expense, which is merely a non-cash accounting charge, did not have any impact on the Group's loss this year because no share options were granted to directors and eligible participants of the Company during the year under review.

The Group's loss for the year was further increased by the finance costs of the Group which represent an accounting interest charge, not involving any cash outflow of the Group. The charge represents interest imputed on the liability component of the outstanding convertible bonds of the Company. The imputed interest amounted to approximately HK$33,758,000 for the year, increased by 17.9% as a result of longer financial year in 2010 compared with the nine months period ended on 31 December 2009.

The Group posted a net loss of approximately HK$67,454,000 for the year as compared to the loss of approximately HK$58,622,000 for the previous financial period. The loss was caused by the combined effect of the start-up costs, plantation nursery expenses, and the non-cash charges of finance costs.

Analysis by business segment

	Revenue (excluding other revenue)		**Operating loss before finance costs and tax**	
	Year ended 31 December 2010	**Period ended 31 December 2009**	**Year ended 31 December 2010**	**Period ended 31 December 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
– Trading business	6,715	6,970	(73)	(161)
– Forestry business	–	–	(26,516)	(17,847)
– Plantation business	–	–	(5,648)	–
	6,715	6,970	(32,237)	(18,008)

During the year, the Group's business reportable segments comprise the trading business, the forestry business and the plantation business. Turnover of the Group's trading business was HK$6,715,000 for the year under review, representing a decrease of 3.7% as compared with the last financial period. The trading business incurred a small loss of HK$73,000 under competitive business environment.

As the forestry business was still in the development stage, no revenue from the forestry business was recorded during the year. The forestry business incurred a loss of HK$26,516,000, up 48.6%, attributable to increase in preparation and start-up costs to construct two sawmill factory and one veneer mill in factory area and prepare for the commencement of operations.

The Group is engaged in the plantation of oil palm tree for supply of palm oil to customers. As at 31 December 2010, the Group held 180,000 seedlings of palm oil trees in its nursery area in Timika, Papua, Indonesia. The plantation business incurred a loss of HK$5,648,000 mainly due to the plantation contractor fee and related expenses.

Analysis by geographical segment

Turnover

	Year ended 31 December 2010 Amount		Period ended 31 December 2009 Amount		% decrease
	Amount	Relative	Amount	Relative	
	HK$'000	*%*	*HK$'000*	*%*	
Mainland China	6,715	100.0%	6,970	100.0%	3.7%

During the current financial year and the previous financial period, all the turnover of the Group's trading business was derived from Mainland China.

Highlights on financial position

	31 December 2010	31 December 2009	% increase/ (decrease)
	HK$'000	*HK$'000*	
Property, plant and equipment	37,101	35,460	4.6%
Forest concessions	833,535	833,801	0.03%
Biological assets	6,635	–	100.0%
Prepayment, deposits and other receivable	5,951	12,253	(51.4)%
Cash and cash equivalents	68,569	101,439	(32.4)%
Convertible bonds (liability portion)	485,652	497,304	(2.3)%
Non-controlling interests	37,741	40,901	(7.7)%
Shareholders' funds	426,000	444,337	(4.1)%

Discussion on financial position

The book value of the property, plant and equipment increased from approximately HK$35,460,000 as at 31 December 2009 to approximately HK$37,101,000 as at 31 December 2010. The increase was mainly attributable to additions of buildings and factories, machineries and equipment in relation to the forestry business less increased depreciation of the fixed assets during the year.

The forest concessions amounted to approximately HK$833,535,000 as at 31 December 2010 (2009: HK$833,801,000) which was decreased by HK$266,000 from last year being the amortisation of forest concessions (2009: nil), representing the estimated fair value of the concessions acquired.

The prepayment, deposits and other receivable amounted to approximately HK$5,951,000 as at 31 December 2010, representing mainly the deposits for purchase of machinery and equipment relating to the forestry business. The decrease was mainly due to transfer of construction in progress of buildings and factories to property, plant and equipments during the financial year.

The cash and cash equivalents of the Group decreased by 32.4% to approximately HK$68,569,000 as at 31 December 2010. The decrease in cash was mainly caused by the net cash outflow to finance operational expenses and building factories of the Group's forestry business.

The convertible bonds represent the liability component of the outstanding convertible bonds which were issued to the bond holder by the Company in 2008 as part of the consideration to acquire the forest concessions. The outstanding convertible bonds amounted to approximately HK$485,652,000 as at 31 December 2010. The decrease in the liability component of the convertible bonds was due to partial conversion of the convertible bonds during year under review.

The decrease in non-controlling interests was due to the sharing of loss in certain Indonesian subsidiaries for the year ended 31 December 2010 by the non-controlling shareholders of these subsidiaries.

The Group's shareholders' funds decreased from HK$444,337,000 as at 31 December 2009 to HK$426,000,000 as at 31 December 2010, mainly due to the loss of the Group for the financial year less the issue of new shares of the Company upon exercise of share options for 5,000,000 shares and conversion of the convertible bonds for the amount of HK$50,000,000 resulting in the issue of 500,000,000 shares.

Capital structure and gearing ratio

	31 December 2010		**31 December 2009**	
	Amount	**Relative**	**Amount**	**Relative**
	HK$'000	%	*HK$'000*	%
Convertible bonds (liability component)	485,652	53.3%	497,304	52.8%
Total borrowings	485,652	53.3%	497,304	52.8%
Equity	426,000	46.7%	444,337	47.2%
Total capital employed	911,652	100.0%	941,641	100.0%

During the year ended 31 December 2010, the MCL Convertible Bonds with an aggregate principal amount of HK$50,000,000 were converted into 500,000,000 shares of the Company. As at 31 December 2010, the outstanding principal amount of the MCL Convertible Bonds was HK$504,880,000, of which the liability component plus accrued imputed interest amounted to HK$33,758,000. The MCL Convertible Bonds are interest free and have a maturity date of 12 August 2011.

The Group's gearing ratio was approximately 53.3% as at 31 December 2010 (2009: 52.8%). The increase in the gearing ratio was due to (i) the decrease in the liability component of the convertible bonds resulting from partial conversion of the convertible bonds during the year; and (ii) the net decrease in equity caused by loss incurred in the year less the issue of new shares upon conversion of the convertible bonds.

Other than the convertible bonds, the Group has no other borrowings as at 31 December 2010.

Liquidity and financial resources

	31 December 2010	**31 December 2009**
	HK$'000	*HK$'000*
Current assets	74,520	121,409
Current liabilities	488,050	8,128
Current ratio	15.3%	1,493.7%

The current ratio of the Group as at 31 December 2010 was 15.3% (2009: 1,493.7%), reflecting the classification of the convertible bonds under current liabilities in this year's financial statements. The convertible bonds were classified as non-current liabilities at the end of 2009.

The decrease in current ratio was due to the maturity of the convertible bonds on 12 August 2011. Merdeka Commodities Limited, the bond holder as well as the company's immediate parent company, has agreed to continue its financial support to the Company by subordinating its right, when necessary, to receive repayment of the convertible coupon bonds owing to it from the Company.

As at 31 December 2010, the Group's total cash balance amounted to approximately HK$68,569,000 (2009: HK$105,677,000). No cash balance was pledged for general banking facilities (2009: HK$4,238,000). Almost all of the Group's cash was placed on Hong Kong dollar deposits with licensed banks in Hong Kong. The amble cash balance provides sufficient cash resources to the Group to cover all operating cash requirements, including working capital and capital expenditure needs.

Foreign currency exposure

The Group's reporting currency is in Hong Kong dollar. During the year, most of the transactions of Group's forestry business were denominated in Hong Kong dollar, Indonesian Rupiah or in US dollar. As the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation of the US dollar against the Hong Kong dollar was not significant during the year. As such, the forestry business did not have any significant exposure to foreign exchange risk during the year under review.

The Board considers that the Group's exposure to foreign exchange risk is not significant at present and therefore, no hedging transaction was entered into during the year.

Contingent liabilities

As at 31 December 2010, the Group did not have any significant contingent liabilities.

Acquisition and disposal of subsidiaries and affiliated companies

The Group did not acquire or dispose of any material subsidiaries and associates during the year under review.

Significant investments

The Group did not acquire or hold any significant investment during the year ended 31 December 2010.

Pledge of assets

As at 31 December 2010, the Group did not have any pledged deposits (2009: HK$4,238,000) and pledged assets.

Capital commitments

The Group's capital commitments amounted to approximately HK$22,000 as at 31 December 2010 (2009: HK$5,412,000), which decreased substantially from last year end as major construction of factories was completed in 2010.

Employees and remuneration policy

As at 31 December 2010, the Group employed 157 staff (2009: 225). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. As at 31 December 2010, there were outstanding share options of approximately 258,500,000 (2009: 268,500,000).

Event after the reporting period

Subsequent to the end of the reporting period, on 24 January and 25 March 2011, 43,000,000 and 63,000,000 share options were granted respectively to certain directors and other eligible participants, under the Company's existing Share Option Scheme.

Each share option shall entitle the holder thereof to subscribe for one ordinary share of HK$0.01 each in the share capital of the Company upon exercise of such share option at the respective exercise price of HK$0.078 and HK$0.143 per share within the period from 24 October 2011 to 6 March 2012.

On 27 January 2011, the Company appointed Mr. Yeh Shuen Ji as a non-executive director and invited him to be the chairman of the Company, Mr. Bai Baohua as a non-executive director of the Company and Mr. Wong Shui Lung as an executive director of the Company.

With effect from 27 January 2011, Mr. Ma Hang Kon, Louis was re-designated to as an executive director, chief executive officer, member of the remuneration committee, compliance officer, company secretary, authorized representative and agent for service of process in Hong Kong of the Company and as a director of the relevant subsidiaries of the Company.

The Company's head office and principal place of business in Hong Kong has been changed to Room 1903A, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong with effect from 25 March 2011.

The following is the text of a report received from the reporting accountant, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Circular.

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

29 January 2014

The Board of Directors
Merdeka Resources Holdings Limited
Room 1502
Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

We report on the financial information (the "Financial Information") of Ever Hero Group Limited (the "Target Company"), and its subsidiaries, Netgenii Technology Limited (the "Hong Kong Company"), 機智科技(深圳)有限公司 (the "PRC Subsidiary") (hereafter collectively referred to as the "Target Group") which comprises the combined statement of financial position of the Target Group as at 31 March 2011, 2012, 2013 and 31 August 2013, and the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Target Group for each of the years ended 31 March 2011, 2012, 2013 and the five months ended 31 August 2013 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information together with the unaudited financial information of the Target Group including the combined statement of comprehensive income, the combined statement of cash flows and the combined statement of changes in equity for the five months ended 31 August 2012 (the "Corresponding Financial Information").

The Target Company was incorporated in the British Virgin Islands ("BVI") on 26 April 2010 with limited liability. The Target Company is principally engaged in investment holding. As at the date of this report, the Target Company has direct interest in the subsidiary as set out in note 10 of Section II below. All the companies comprising of the Target Group have adopted 31 March as its financial year ended date.

The Hong Kong Company is a subsidiary of the Target Company, which was established in Hong Kong on 11 April 2007 with limited liability under the Hong Kong Companies Ordinance. The principal activities of the Hong Kong Company are provision of information technology solution, web content development, and enterprise system maintenance services.

No audited financial statements of the Target Company have been prepared since incorporation as there is no statutory audit requirement in the country of its incorporation.

The statutory financial statements of the Hong Kong Company for the year ended 31 March 2011 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The statutory financial statements of the Hong Kong Company for the years ended 31 March 2012 and 2013 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The statutory financial statements of the Hong Kong Company for the year ended 31 March 2011 were audited by One One CPA Limited, Certified Public Accountants (Practising), and the statutory financial statements of the Hong Kong Company for the years ended 31 March 2012 and 2013 were audited by us. The statutory financial statements of the Hong Kong Company for the year ended 31 March 2011 contained a qualified opinion arising from the limitation of scope in connection with the auditor has not obtained the external bank confirmation up to the date of statutory financial statements were issued. We have carried out additional audit procedure to remove such qualification during the Relevant Period. As the PRC Subsidiary was incorporated on 11 January 2012, no audited financial statements were issued yet.

For the purpose of this report, the directors of the Target Company have prepared the combined financial statements of the Target Group for the Relevant Period, together with the notes thereto (the "Underlying Financial Statements") in accordance with HKFRSs issued by the HKICPA. The Financial Information for the Relevant Period and the Corresponding Financial Information are prepared based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provision of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

Directors' Responsibilities for the Financial Information

The directors of the Company are responsible for the preparation that gives a true and fair view in accordance with HKFRSs issued by HKICPA, the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the GEM Listing Rules, and for such internal control as the directors of the Company determined is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are also responsible for the contents of the Circular in which this report is included.

Reporting Accountant's Responsibilities for the Financial Information

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Period based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. For the Corresponding Financial Information, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of Target Company and of the Target Group as at 31 March 2011, 2012, 2013 and 31 August 2013 and of the results and cash flows of the Target Group for the Relevant Period.

Comparative Financial Information

For the purpose of this report, we have reviewed the Corresponding Financial Information for which the directors of the Company are responsible, in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of the management and applying analytical procedures to the Corresponding Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information which conform to the HKFRSs.

I. FINANCIAL INFORMATION

Combined Statement of Comprehensive Income of the Target Group

	Notes	Five months ended 31 August 2013 HK$	Five months ended 31 August 2012 HK$ (unaudited)	Year ended 31 March 2013 HK$	Year ended 31 March 2012 HK$	Year ended 31 March 2011 HK$
Turnover	*4(a)*	6,390,606	2,139,937	8,758,873	13,883,358	6,952,220
Cost of sales		(4,340,233)	–	(2,403,852)	–	–
Gross profits		2,050,373	2,139,937	6,355,021	13,883,358	6,952,220
Other income	*4(b)*	–	18	20	40	17,627
Employee benefits expenses		(131,250)	(881,975)	(1,119,275)	(2,414,612)	(1,324,840)
Administrative expenses		(439,099)	(428,679)	(855,064)	(1,863,311)	(1,216,386)
Profit from operations	*6*	1,480,024	829,301	4,380,702	9,605,475	4,428,621
Finance costs		–	–	–	–	–
Profit before tax		1,480,024	829,301	4,380,702	9,605,475	4,428,621
Taxation	*8*	(244,204)	(136,834)	(723,737)	(1,587,657)	(414,985)
Profit and total comprehensive income for the period/year		1,235,820	692,467	3,656,965	8,017,818	4,013,636
Attributable to:						
Owners of the Target Company		1,174,029	657,844	3,473,837	7,616,647	3,812,674
Non-controlling interest		61,791	34,623	183,128	401,171	200,962
Profit and total comprehensive income for the period/year		1,235,820	692,467	3,656,965	8,017,818	4,013,636

Combined Statement of Financial Position of the Target Group

	Notes	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
ASSETS					
Current assets					
Account receivables	11	4,462,750	2,826,837	–	–
Deposits and prepayments		168,219	168,219	168,219	170,974
Amount due from a related company	12	–	–	2,239,904	–
Amount due from a director	13	11,980,729	11,248,498	9,990,148	1,897,224
Cash and bank balances		10,518	495	17,894	742,494
		16,622,216	14,244,049	12,416,165	2,810,692
EQUITY					
Share capital	14	780	780	780	780
Contributed surplus		950	950	950	1
Retained earnings		14,237,705	13,063,676	9,589,839	1,973,192
Total equity attributable to owners of the company		14,239,435	13,065,406	9,591,569	1,973,973
Non-controlling interest		750,698	688,907	505,779	104,558
Total equity		14,990,133	13,754,313	10,097,348	2,078,531
LIABILITIES					
Current liabilities					
Account payables	15	1,000,000	–	–	–
Accruals	16	20,000	45,000	316,175	317,176
Tax payable		612,083	444,736	2,002,642	414,985
		1,632,083	489,736	2,318,817	732,161
Total equity and liabilities		16,622,216	14,244,049	12,416,165	2,810,692
Net current assets		14,990,133	13,754,313	10,097,348	2,078,531
Total assets less current liabilities		14,990,133	13,754,313	10,097,348	2,078,531
Net assets		14,990,133	13,754,313	10,097,348	2,078,531

Statement of Financial Position of the Target Company

	Notes	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
ASSETS					
Non–current assets					
Interest in subsidiary	10	1,193,774	1,193,774	1,193,774	1,193,774
		1,193,774	1,193,774	1,193,774	1,193,774
EQUITY					
Share capital	14	780	780	780	780
Contributed surplus		1,193,774	1,193,774	1,193,774	1,193,774
Accumulated losses		(24,600)	(24,600)	(19,000)	(13,400)
Total equity		1,169,954	1,169,954	1,175,554	1,181,154
LIABILITIES					
Current liabilities					
Amount due to a director		23,820	23,820	18,220	12,620
		23,820	23,820	18,220	12,620
Total equity and liabilities		1,193,774	1,193,774	1,193,774	1,193,774
Net current liabilities		(23,820)	(23,820)	(18,220)	(12,620)
Total assets less current liabilities		1,169,954	1,169,954	1,175,554	1,181,154
Net assets		1,169,954	1,169,954	1,175,554	1,181,154

Combined Statement of Changes in Equity of the Target Group

	Share capital	Contributed surplus	(Accumulated losses)/ Retained earnings	Non-controlling interest	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2010	780	1	(1,839,482)	(96,404)	(1,935,105)
Profit and total comprehensive income for the year	–	–	3,812,674	200,962	4,013,636
At 31 March 2011 and 1 April 2011	780	1	1,973,192	104,558	2,078,531
Allotment of shares of subsidiary	–	949	–	50	999
Profit and total comprehensive income for the year	–	–	7,616,647	401,171	8,017,818
At 31 March 2012 and 1 April 2012	780	950	9,589,839	505,779	10,097,348
Profit and total comprehensive income for the year	–	–	3,473,837	183,128	3,656,965
At 31 March 2013 and 1 April 2013	780	950	13,063,676	688,907	13,754,313
Profit and total comprehensive income for the period	–	–	1,174,029	61,791	1,235,820
At 31 August 2013	780	950	14,237,705	750,698	14,990,133
At 31 March 2012 and 1 April 2012	780	950	9,589,839	505,779	10,097,348
Profit and total comprehensive income for the period	–	–	657,844	34,623	692,467
At 31 August 2012 (unaudited)	780	950	10,247,683	540,402	10,789,815

Combined Statement of Cash Flows of the Target Group

	Five months ended 31 August		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$* (unaudited)	*HK$*	*HK$*	*HK$*
Operating activities					
Profit before tax	1,480,024	829,301	4,380,702	9,605,475	4,428,621
Adjustment for:					
Interest income	–	(18)	(20)	(40)	(27)
Operating profit before working capital changes	1,480,024	829,283	4,380,682	9,605,435	4,428,594
(Increase)/Decrease in account receivables	(1,635,913)	(917,302)	(2,826,837)	–	6,000
(Increase)/Decrease in deposits and prepayments	–	–	–	2,755	(2,305)
(Increase)/Decrease in amount due from a director	(732,231)	1,132,017	(1,258,350)	(8,092,924)	(1,897,224)
(Increase)/Decrease in amount due from a related company	–	(1,250)	2,239,904	(2,239,904)	–
Increase/(Decrease) in account payables	1,000,000	–	–	–	(14,320)
Increase/(Decrease) in accruals	(25,000)	192,000	(271,175)	(1,001)	285,989
Decrease in amount due to a director	–	–	–	–	(2,248,700)
Net cash inflow/(outflow) from operating activities	86,880	1,234,748	2,264,224	(725,639)	558,034
Bank interest received	–	18	20	40	27
Tax paid	(76,857)	(1,205,152)	(2,281,643)	–	–
Net cash generated from/(used in) operating activities	10,023	29,614	(17,399)	(725,599)	558,061
Financing activities					
Cash proceeds received from allotment of share of subsidiary	–	–	–	999	–
Net cash generated from financing activities	–	–	–	999	–
Net increase/(decrease) in cash and cash equivalents	10,023	29,614	(17,399)	(724,600)	558,061
Cash and cash equivalents at beginning of year	495	17,894	17,894	742,494	184,433
Cash and cash equivalents at end of period/year	10,518	47,508	495	17,894	742,494
Analysis of balances of cash and cash equivalents					
Cash and bank balances	10,518	47,508	495	17,894	742,494

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION OF THE TARGET GROUP

Ever Hero Group Limited (the "Target Company") was incorporated in the British Virgin Islands ("BVI") as a limited liability company on 26 April 2010. Its registered offices and the principal place of business are located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands, the BVI and 35/F., Times Media Centre, 133 Wan Chai Road, Wan Chai, Hong Kong, respectively. The Target Company is an investment holding company.

The Target Group, comprising the Target Company and its subsidiary, are principally engaged in the provision of information technology solution, web content development, and enterprise system maintenance services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Financial Information has been prepared under the historical cost convention.

For the purpose of preparing and presenting Financial Information for the Relevant Periods, the Target Group has adopted all the applicable HKFRSs which are effective for the beginning of the Relevant Periods.

Standards and Interpretations is issued but not yet adopted

The Hong Kong Company has not early applied the following new and revised standards, amendments or interpretations that have been issued and are relevant to these financial statements but not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities[1]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable amount disclosures for non-financial assets[1]
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[2]

1 effective for annual periods beginning on or after 1 January 2014

2 effective for annual periods beginning on or after 1 January 2015

The directors of the Target Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Hong Kong Company in the reporting period of initial application.

Basis of preparation

The Target Company and Netgenii Technology Limited (the "Hong Kong Company") were incorporated on 26 April 2010 and 11 April 2007 respectively by the same individual. For the purpose of the rationalisation of the Target Group's structure, on 15 June 2011, 95% equity interests of the Hong Kong Company has been transferred to the Target Company (the "Reorganisation"). The Target Company became the holding company of the Hong Kong Company.

The Reorganisation is considered as a business combination under common control because the Target Company and the Hong Kong Company are ultimately controlled by the same individual both before and after completion of the Reorganisation. Accordingly, the Reorganisation will be accounted for using the principles of merger accounting.

For the purpose of this report, the Financial Information has been prepared to present the combined statement of financial position, the combined statement of comprehensive income, the combined statement of cash flows and combined statement of changes in equity include the results and cash flow of each combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, as if the Target Company has always had interest in the Hong Kong Company.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise their judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 3 to the Financial Information.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Financial Information.

Subsidiaries

Subsidiaries are all entities over which the Target Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Company controls another entity. Subsidiaries are fully combined from the date on which control is transferred to the Target Company.

The results of subsidiaries acquired or disposed of during the year are included in the combined statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances, income and expenses between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interest in the net assets of combined subsidiaries is presented separately from the Target Group's entity therein. Non-controlling interest in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Target Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Target Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Target Company on the basis of dividend received and receivable.

Business combination involving entity under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Account and other receivables

Account and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account and other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the different between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

Financial instruments

i. *Financial assets*

The Target Group classifies its financial assets as loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arisen principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

ii. *Impairment loss on financial assets*

Objective evidence that the assets are impaired includes observable data that comes to the attention of the Target Group includes the following loss events:

– significant financial difficulty of the debtors;

– a breach of contract, such as a default or delinquency in interest or principal payment;

– granting concession to a debtor because of debtors' financial difficulty; or

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in the profit and loss when there is objective evidence that the assets is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

iii. *Financial liabilities*

The Target Group classifies its financial liabilities into account payables and other short-term monetary liabilities, which are recognised at amortised cost.

iv. *Derecognition*

The Target Group derecognises financial assets where the contractual rights to the future cash flows in relation to the investment expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Current assets and current liabilities

Current assets are expected to be realised within twelve months of the end of the financial period or in the normal course of the Target Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Target Group's operating cycle.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment assets are grouped at the lower levels for which there are separately identifiable cash flow (cash-generating units).

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(i) Revenue from the provision of information technology solution, online and offline game and content development and enterprise system maintenance services is recognised when services are rendered.

(ii) Revenue is recognised when the goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

(iii) Interest income from bank deposits is accrued on a time-proportion basis by reference to the principal outstanding and the applicable interest rate.

Operating lease

Leases where substantially all the risks and rewards of ownership of the assets remain with the lessors are accounted for as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease periods.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Provision

A provision is recognised when the Target Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Target Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Related parties

(a) A person or a close member of that person's family is related to the Target Group if that person: (i) is a member of the key management personnel of the Target Group or of a parent of the Target Group; (ii) has control over the Target Group; or (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

(b) An entity is related to the Target Group if any of the following conditions applies: (i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of a third entity; (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan; (vi) the entity is controlled or jointly controlled by a person identified in (a); or (vii) a person identified in (a)(i) has significant voting power in the entity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment

In considering the impairment losses that may be required for the Target Group's deposits and prepayments, amount due from a director and a related company, the recoverable amounts of these assets have to be determined.

The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present values, which requires significant judgment relating to items such as level of sales volume, selling price and amount of operating costs. The Group use all readily available information in determining an amount that is reasonable approximation of recoverable amount. Impairment losses for director's and the related company's current account are assessed based on director's judgment on such credit worthiness.

Income taxes and deferred taxation

The Hong Kong Company is subject to profits taxes in Hong Kong. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4. TURNOVER

	Five months ended 31 August		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
		(unaudited)			
(a) Turnover:					
Provision of information technology solution, online game and content development, and enterprise system maintenance services	6,390,606	2,139,937	8,758,873	13,883,358	6,952,220
(b) Other income:					
Interest income	–	18	20	40	27
Sundry income	–	–	–	–	17,600
	–	18	20	40	17,627
	6,390,606	2,139,955	8,758,893	13,883,398	6,969,847

5. SEGMENT INFORMATION

The Target Group has one single reportable segment which was managed as a single strategic business unit that engaged in provision of information technology solution, online and offline game and content development, and enterprise system maintenance services. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

The Target Group's operations are principally located in Hong Kong. Accordingly, no geographical segment information is presented.

6. PROFIT FROM OPERATIONS

	Five months ended 31 August		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
		(unaudited)			
Auditor's remuneration	–	–	20,000	20,000	4,000
Directors' emoluments					
– fees	–	–	–	–	–
– other emoluments	–	–	–	–	–
Staff costs (excluding director's emoluments)					
– salaries and allowances	125,000	844,500	1,070,500	2,310,821	1,277,996
– Mandatory Provident Fund contribution	6,250	37,475	48,775	103,791	46,844
Impairment on account receivables	–	–	28,500	–	–
Operating lease charge in respect office premises	264,623	270,195	312,270	703,200	590,984

7. DIRECTORS' REMUNERATION

(a) Directors' remuneration

The remuneration paid and payable of the directors of the Target Group during the Relevant Period are analysed as follows:

For the year ended 31 March 2011

	Fee	**Salaries and other benefits**	**Retirement benefits scheme contribution**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Mr. Kong Lung Cheung	–	–	–	–
Mr. Hui Chi Kwan	–	–	–	–

For the year ended 31 March 2012

	Fee	**Salaries and other benefits**	**Retirement benefits scheme contribution**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Mr. Kong Lung Cheung	–	–	–	–
Mr. Hui Chi Kwan	–	–	–	–

For the year ended 31 March 2013

	Fee	Salaries and other benefits	Retirement benefits scheme contribution	Total
	HK$	*HK$*	*HK$*	*HK$*
Mr. Kong Lung Cheung	–	–	–	–
Mr. Hui Chi Kwan	–	–	–	–

For the five months ended 31 August 2012 (unaudited)

	Fee	Salaries and other benefits	Retirement benefits scheme contribution	Total
	HK$	*HK$*	*HK$*	*HK$*
Mr. Kong Lung Cheung	–	–	–	–
Mr. Hui Chi Kwan	–	–	–	–

For the five months ended 31 August 2013

	Fee	Salaries and other benefits	Retirement benefits scheme contribution	Total
	HK$	*HK$*	*HK$*	*HK$*
Mr. Kong Lung Cheung	–	–	–	–
Mr. Hui Chi Kwan	–	–	–	–

During the Relevant Period, remunerations of directors of the Target Group fall within HK$Nil to HK$1,000,000.

During the Relevant Period, no amount has been paid by the Group to the directors as an inducement to join the Target Group, as compensation for loss of office or as commitment fees to existing directors for entering into new services contracts with the Target Group.

There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Period.

(b) Five highest paid employees

The five highest paid employees in the Target Group for the year ended 31 March 2011, 2012 and 2013 and the five months ended 31 August 2013 included the directors, details for whose remuneration are set out in Note 7(a) above. Details of the remuneration of the remaining five highest paid, non-director employees are as follows:

	Five months ended 31 August		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$* (unaudited)	*HK$*	*HK$*	*HK$*
Salaries and other benefits	125,000	521,000	991,500	1,406,000	771,000
MPF contribution	6,250	21,800	25,800	58,250	38,550
	131,250	542,800	1,017,300	1,464,250	809,550

All of the five individuals with the highest emoluments in the Target Group for the years ended 31 March 2011, 2012, 2013 and five months ended 31 August 2013 were fall within HK$Nil to HK$1,000,000.

During the Relevant Period, no amount has been paid by the Group to any of the five highest paid employees as an inducement to join the Group, as compensation for loss of office or as commitment fees to existing director for entering into new services contracts with the Group.

(c) Retirement benefit scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the scheme vest immediately.

8. TAXATION

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong for the year.

	Five months ended 31 August		**Year ended 31 March**		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$* (unaudited)	*HK$*	*HK$*	*HK$*
Current tax	244,204	136,834	723,737	1,587,657	414,985

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	Five months ended 31 August		**Year ended 31 March**		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$	*HK$* (unaudited)	*HK$*	*HK$*	*HK$*
Profit before tax	1,480,024	829,301	4,380,702	9,605,475	4,428,621
Tax at Hong Kong profits tax rate of 16.5%	244,204	136,835	722,816	1,584,903	730,722
Tax effect of non-taxable income	–	(1)	(3)	(7)	(4)
Tax effect of non-deductible expense	–	–	924	2,761	1,076
Tax loss utilised	–	–	–	–	(316,809)
	244,204	136,834	723,737	1,587,657	414,985

No provision for deferred tax liabilities has been made as the Hong Kong Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

9. EARNINGS PER SHARE

No earnings per share is presented as the calculation of the basic earnings per share is not meaningful for the purpose of this report.

10. INTEREST IN A SUBSIDIARY

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Unlisted shares, at cost	1,193,774	1,193,774	1,193,774	1,193,774

Details of the principal subsidiary as at 31 March 2011, 2012, 2013 and 31 August 2013 are as follows:

Name	Principal activities	Place of Incorporation/ Establishment	Share Capital	Interest held(direct)
Netgenii Technology Limited	Provision of information technology solution, online and offline game and content development and enterprise system maintenance	Hong Kong	HK$1,000	95%
機智科技(深圳)有限公司 ("PRC Subsidiary")	Dormant	PRC	RMB500,000	100%

As at the end of Relevant Period, the share capital of the PRC Subsidiary has not yet been paid. As required by laws and regulation in PRC, the share capital has to be paid within two years from its incorporation date.

11. ACCOUNT RECEIVABLES

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Account receivables	4,462,750	2,855,337	–	–
Impairment or account receivables	–	(28,500)	–	–
	4,462,750	2,826,837	–	–

The movements in provision for impairment of account receivables are as follows:

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
At beginning of period/year	28,500	–	–	–
Impairment loss recognised	–	28,500	–	–
At end of period/year	28,500	28,500	–	–

An aging analysis of the accounts receivables at the end of each Relevant Periods, based on invoice date and net of provisions, is as follows:

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
0-90 days	4,462,750	2,826,837	–	–

The director of the Target Group considered that the fair value of the account receivables were not materially different from their carrying amounts because these amounts had short maturity period on their inception.

There was no impairment loss recognised during the Relevant Periods as all the balances of account receivables were received subsequent to their respective year or period end date. In addition, there were no account receivables that were past due at the end of each Relevant Periods. The Target Group seeks to maintain strict control over its outstanding receivables overdue by regularly monitoring by senior management.

12. AMOUNT DUE FROM A RELATED COMPANY

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Netgenii Solutions Limited	–	–	2,239,904	–

Note:

The director of the Hong Kong Company, has beneficial interest in the related company as at the date of the report.

Amount due from a related company is unsecured, interest-free and recoverable on demand.

The maximum debt balance of amount due from a related company during the Relevant Period was HK$2,239,904.

13. AMOUNT DUE FROM A DIRECTOR

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Mr. Kong Lung Cheung	11,980,729	11,248,498	9,990,148	1,897,224

Amount due from a director is unsecured, interest-free and recoverable on demand.

The maximum debt balance of amount due from a director during the Relevant Period was HK$11,980,729.

14. SHARE CAPITAL

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Authorised:				
100 ordinary shares of US$1 each	780	780	780	780
Issued and fully paid:				
100 ordinary shares of US$1 each	780	780	780	780

15. ACCOUNT PAYABLES

An aging analysis of the account payables at the end of each Relevant Periods, based on invoice date, is as follows:

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
0-30 days	1,000,000	–	–	–

The directors of the Target Group consider that the fair value of the accounts payables were not materially different from their carrying amounts because these amounts had short maturity period on their inception.

16. ACCRUALS

	As at 31 August 2013 HK$	As at 31 March 2013 HK$	2012 HK$	2011 HK$
Auditors' remuneration and accounting fee	20,000	20,000	20,000	21,000
Staff costs	–	25,000	296,175	288,304
Others	–	–	–	7,872
	20,000	45,000	316,175	317,176

At the end of each reporting periods, accruals were mainly consisted of salaries payables, which are expected to be settled within one year or are repayable on demand.

17. OPERATING LEASE ARRANGEMENT

At the end of each reporting periods, the Target Group had contracted with landlord for the following future minimum lease payment:

	As at 31 August	As at 31 March		
	2013	2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
Within one year	–	–	432,000	576,000
Later than one year	–	–	–	432,000
	–	–	432,000	1,008,000

18. RELATED PARTIES TRANSACTIONS

(a) At the end of each reporting period, the Target Group had the following balances with related parties:

	As at 31 August	As at 31 March		
	2013	2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
Amount due from a director	11,980,729	11,248,498	9,990,148	1,897,224
Amount due from a related company	–	–	2,239,904	–

(b) During the relevant reporting period, the remuneration of directors and other members of key management are as follows:

	Five months ended 31 August		Year ended 31 March		
	2013	2012	2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
		(unaudited)			
Salaries and allowance	125,000	466,000	991,500	1,406,000	338,000
MPF contribution	6,250	18,550	25,800	58,250	16,900
	131,250	484,550	1,017,300	1,464,250	354,900

Note:

Including in the compensation of key management personnel, the emoluments paid to Mr. Kong Ho Cheung, the brother of Target Group's director, Mr. Kong Lung Cheung during the Relevant Period are stated as below:

	Five months ended 31 August		Year ended 31 March		
	2013	2012	2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
		(unaudited)			
Salaries and allowance	–	11,000	11,000	143,000	143,000
MPF contribution	–	550	550	7,150	7,150
	–	11,550	11,550	150,150	150,150

19. FINANCIAL INSTRUMENTS

The carrying amounts of the Target Group's financial assets and liabilities by category of financial instruments included in the statement of financial position are as follows:

	As at 31 August 2013 *HK$*	As at 31 March 2013 *HK$*	2012 *HK$*	2011 *HK$*
Financial assets by category				
– Loan and receivables (including cash and bank balances)	16,453,997	14,075,830	12,247,946	2,639,718
Financial liabilities by category				
– At amortised cost	1,020,000	45,000	316,175	317,176

20. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Target Group has no written risk management policies and guidelines. The directors are responsible to analyse and formulate strategies to manage and monitor the Target Group's exposure to variety of risks associated with financial instruments which arise from the Target Group's operating activities. Generally, the Target Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to these risks are mitigated are described as follow:

(a) Market risk

Interest rate risk

The Target Group has no significant interest-bearing assets and liabilities and therefore the interest rate risk is considered as minimal. The Target Group currently does not have an interest rate hedging policy. No sensitivity analysis on interest rate risk has been present accordingly.

Foreign exchange risk

The business transactions of the Target Group conducted during the Relevant Periods were mainly denominated and settled in Hong Kong dollars. Therefore, no exposure in exchange rate risks and therefore no sensitivity analysis has been presented. The Target Group currently does not have hedging policy in respect of the foreign currency risk.

(b) Credit risk

As at end of each reporting period, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to perform an obligation by the counterparties, is the carrying amount of the respective recognised financial assets as stated in the combined statement of financial position.

Credit risk on cash and bank balances are mitigated as counterparties are banks or financial institutions with high credit rating. Credit risk on account receivables, deposits and prepayments is minimal as the Target Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the aging of the receivables balances, follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at each date of the reporting year to ensure that adequate impairment losses are made for irrecoverable amounts.

(c) Liquidity risk

Liquidity risk is the risk that the Target Group is unable to meet its current obligations when they fall due. The Target Group closely monitors its liquidity through maintaining sufficient cash and the availability of funding from a fellow subsidiary and through an adequate amount of credit facility.

The relevant maturity groupings on the contractual undiscounted cash flows based on the remaining period at the balance sheet to the contractual maturity date of the Target Group's and the Target financial liabilities are analysed in the financial information.

The tables below analyse the Target Group's and the Target's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual fair value without applying discounted cash flow model based on the earliest date on which the Target group is required to pay.

	The Target Group			Target Company	
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flow	Within 1 year	Total undiscounted cash flow
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2011					
Accruals	317,176	–	317,176	–	–
Amount due to a director	–	–	–	12,620	12,620
	317,176	–	317,176	12,620	12,620

	The Target Group			Target Company	
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flow	Within 1 year	Total undiscounted cash flow
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2012					
Accruals	316,175	–	316,175	–	–
Amount due to a director	–	–	–	18,220	18,220
	316,175	–	316,175	18,220	18,220

	The Target Group			Target Company	
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flow	Within 1 year	Total undiscounted cash flow
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2013					
Accruals	45,000	–	45,000	–	–
Amount due to a director	–	–	–	23,820	23,820
	45,000	–	45,000	23,820	23,820

	The Target Group			Target Company	
	Within 1 year	Within 2 to 5 years	Total undiscounted cash flow	Within 1 year	Total undiscounted cash flow
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 August 2013					
Account payables	1,000,000	–	1,000,000	–	–
Accruals	20,000	–	20,000	–	–
Amount due to a director	–	–	–	23,820	23,820
	1,020,000	–	1,020,000	23,820	23,820

21. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Target Group's objectives when managing capital are:

- To safeguard the Target Group's ability to continue as a going concern, so that it continues to provide returns for shareholder and benefits for other stakeholders;
- To support the Target Group's stability and growth; and
- To provide capital for the purpose of strengthening the Target Group's risk management capability.

The Target Group actively and regularly reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the relevant reporting period.

The Target Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Target Group's total capital comprises all components of equity and net debt includes trade payables and accruals, less cash and bank balances.

	As at 31 August	As at 31 March		
	2013	2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
Accounts payables	1,000,000	–	–	–
Accruals	20,000	45,000	316,175	317,176
Less: Cash and bank balances	(10,518)	(495)	(17,894)	(742,494)
Net debts	1,009,482	44,505	298,281	N/A
Total capital	14,990,133	13,754,313	10,097,348	2,078,531
Total capital and net debt	15,999,615	13,798,818	10,395,629	N/A
Gearing ratios	6.3%	0.3%	2.9%	N/A

22. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Hong Kong Company is committed to pay for the RMB500,000 share capital within two years of the incorporation date of the PRC Subsidiary which is the date on 11 January 2012.

Except for the above disclosed, the Target Group did not have any significant capital commitment and contingent liabilities as at end of the Relevant Period.

23. SUBSEQUENT EVENTS

No significant events took place subsequent to 31 August 2013.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or its subsidiary in respect of any period subsequent to 31 August 2013 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 31 August 2013.

I. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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

29 January 2014

The Board of Directors
Merdeka Resources Holdings Limited
Room 1502
Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

We report on the unaudited pro forma financial information of Merdeka Resources Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Ever Hero Group Limited (the "Target Company") and Netgenii Technology Limited ("Hong Kong Company") (hereinafter referred to the "Target Group") (together with the Group hereinafter referred as the "Enlarged Group") comprising the unaudited pro forma consolidated statement of comprehensive income, the unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group (the "Unaudited Pro Forma Financial Information"), as set out in Appendix III of the circular dated 29 January 2014 (the "Circular") of the Company, in connection with the proposed acquisition of the 100% issued capital of the Target Company ("Acquisition").

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Acquisition might have affected the financial information of the Group, as if the Acquisition had taken place on 30 June 2013. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section IIA and IIB of Appendix III of the Circular.

Respective Responsibilities of the 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 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 for the Enlarged Group is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, 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 Enlarged Group as at 30 June 2013 or any future date; or

– the results and cash flows of the Enlarged Group for the year ended 31 December 2012 or for any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly complied 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.

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants
Hong Kong
Yip Kai Yin
Practising Certificate Number: P05131

II. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

A. Introduction

The accompanying is an illustrative unaudited pro forma consolidated financial information of the Enlarge Group which has been prepared in accordance with paragraph 31(1) of Chapter 7 of the GEM Listing Rules, for illustrative purposes only, to provide information about how the acquisition of the 100% equity interest of the Target Company (as defined in the Circular) (the "Acquisition") might have affected the financial position, results of operations and cash flows of the Group as if the Acquisition had been completed on (i) 30 June 2013 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group; and (ii) 31 December 2012 in respect of the unaudited pro forma consolidated statement of comprehensive income and cash flows of the Enlarged Group.

The unaudited pro forma financial information is prepared by the directors of the Company based on a number of assumption, estimates, uncertainties and currently available information, and is provided for illustrative purpose of the effect on (i) the financial position of the Enlarged Group as if the Acquisition had been completed on 30 June 2013; (ii) the results and cash flow position of the Enlarged Group as if the Acquisition had been completed on 31 December 2012, after making pro forma adjustments relating to the Acquisition that are directly attributable to the transaction and factually supportable.

The unaudited pro forma financial information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the actual financial position, results of operations or cash flow of the Enlarged Group had the Transaction been completed as at the respective dates to which it is made up to or at any future dates.

B. Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group

The following is the unaudited pro forma consolidated financial information of the Enlarged Group, assuming that as if the Acquisition had been completed on 30 June 2013.

The unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 30 June 2013 is prepared based on:

(i) the unaudited consolidated statement of financial position of the Group as at 30 June 2013 as set out in Appendix I to this Circular;

(ii) the audited combined statement of financial position of the Target Group as at 31 August 2013 as set out in Appendix II to this Circular.

The unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2012 is prepared based on:

(i) the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2012 as set out in Appendix I to this Circular;

(ii) the audited combined statement of comprehensive income and audited consolidated statement of cash flows of the Target Group for the year ended 31 March 2013 as set out in Appendix II to this Circular.

As the unaudited pro forma consolidated financial information of the Enlarged Group has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up to or at any future date.

Unaudited Pro Forma Consolidated Statements of Financial Position of the Enlarged Group

	The Group as at 30 June 2013	**The Target Group as at 31 August 2013**	**Pro forma adjustments**		**Pro forma Enlarged Group as at 30 June 2013**
	HK$'000 (unaudited)	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current assets					
Property, plant and equipment	10,063	–			10,063
Goodwill	–	–	34,973	2(a)	34,973
Forest concessions	269,811	–			269,811
Total non-current assets	279,874	–			314,847
Current assets					
Trade receivables	1,778	4,463			6,241
Prepayments, deposits and other receivables	26,935	168	(20,000)	2(b)	7,103
Amount due from a director	–	11,981			11,981
Bank and cash balances	2,455	11			2,466
Contingent consideration	–	–	6,867	2(a)	6,867
Total current assets	31,168	16,623			34,658
Total assets	311,042	16,623			349,505
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Issued capital	91,671	1	(1)	2(d)	91,671
Reserves	11,523	14,239	(14,239)	2(d)	11,523
	103,194	14,240			103,194

	The Group as at 30 June 2013	The Target Group as at 31 August 2013	Pro forma adjustments	Notes	Pro forma Enlarged Group as at 30 June 2013
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(unaudited)				
Non-controlling interests	4,056	751			4,807
Total equity	107,250	14,991			108,001
Non-current liabilities					
Convertible bonds	200,941	–			200,941
Promissory note	–	–	36,080	2(c)	36,080
Total non-current liabilities	200,941	–			237,021
Current liabilities					
Account payables	–	1,000			1,000
Other payables and accrued liabilities	2,851	20			2,871
Tax payable	–	612			612
Total current liabilities	2,851	1,632			4,483
Total liabilities	203,792	1,632			241,504
Total equity and liabilities	311,042	16,623			349,505
Net current assets	28,317	14,991			30,175
Total assets less current liabilities	308,191	14,991			345,022
Net assets	107,250	14,991			108,001

Unaudited Pro Forma Consolidated Income Statement of the Enlarged Group

	The Group for the year ended 31 December 2012	**The Target Group for the year ended 31 March 2013**	**Pro forma adjustments**		**Pro forma Enlarged Group for the year ended 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
REVENUE	7,909	8,759			16,668
Cost of sales	(7,742)	(2,404)			(10,146)
Gross profit	167	6,355			6,522
Other income and other net gain	440	–			440
Operating expenses	(19,282)	–			(19,282)
Administrative expenses	(11,973)	(1,974)			(13,947)
Impairment of forest concessions	(560,000)	–			(560,000)
Impairment of property, plant and equipment	(16,000)	–			(16,000)
Biological assets written off	(9,579)	–			(9,579)
Equity-settled share option expenses	(974)	–			(974)
(Loss)/Profit from operations	(617,201)	4,381			(612,820)
Finance costs	(26,872)	–	(5,206)	2(e)	(32,078)
(LOSS)/PROFIT BEFORE TAX	(644,073)	4,381			(644,898)
Income tax	–	(724)			(724)
(LOSS)/PROFIT FOR THE YEAR	(644,073)	3,657			(645,622)
Attributable to:					
Owners of the Company	(613,037)	3,474			(614,769)
Non-controlling interests	(31,036)	183			(30,853)
(LOSS)/PROFIT FOR THE YEAR	(644,073)	3,657			(645,622)

	The Group for the year ended 31 December 2012	The Target Group for the year ended 31 March 2013	Pro forma adjustments		Pro forma Enlarged Group for the year ended 31 December 2012
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
(LOSS)/PROFIT FOR THE YEAR	(644,073)	3,657			(645,622)
Other comprehensive loss	–	–			–
Exchange difference on translating of financial statements of overseas subsidiaries	(6)	–			(6)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR	(644,079)	3,657			(645,628)
Total comprehensive (loss)/profit attributable to:					
Owners of the Company	(613,043)	3,474			(614,775)
Non-controlling interests	(31,036)	183			(30,853)
	(644,079)	3,657			(645,628)

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	The Group for the year ended 31 December 2012	The Target Group for the year ended 31 March 2013	Pro forma adjustments		Pro forma Enlarged Group for the year ended 31 December 2012
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax	(644,073)	4,381	(5,206)	2(e)	(644,898)
Adjustments for:					
Finance costs	26,872	–	5,206	2(e)	32,078
Interest income	(145)	–			(145)
Depreciation	7,201	–			7,201
Loss on disposal of property, plant and equipment	1,089	–			1,089
Gain on disposal of property, plant and equipment	(127)	–			(127)
Impairment of forest concessions	560,000	–			560,000
Impairment of property, plant and equipment	16,000	–			16,000
Impairment of prepayments, deposits and other receivables	1,701	–			1,701
Biological assets written off	9,579	–			9,579
Inventories written off	1,914	–			1,914
Equity-settled share option expenses	974	–			974
	(19,015)	4,381			(14,634)
Decrease/(increase) in trade receivables	513	(2,827)			(2,314)
Increase in prepayments, deposits and other receivables	(19,885)	–	20,000	2(b)	115
Increase in amount due from a director	–	(1,258)			(1,258)
Decrease in amount due from a related company	–	2,240			2,240
Increase/(decrease) in other payables and accruals	3,026	(271)			2,755
Net cash (outflow)/inflow from operating activities	(35,361)	2,265			(13,096)
Tax paid	–	(2,282)			(2,282)
Net cash used in operating activities	(35,361)	(17)			(15,378)

	The Group for the year ended 31 December 2012	The Target Group for the year ended 31 March 2013	Pro forma adjustments		Pro forma Enlarged Group for the year ended 31 December 2012
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	145	–			145
Deposits paid for acquisition of subsidiary			(20,000)	2(b)	(20,000)
Proceeds from disposal of property, plant and equipment	2,155	–			2,155
Net cash generated from investing activities	2,300	–			(17,700)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares upon exercise of share options	–	–			–
Net cash flows from financing activities	–	–			–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,061)	(17)			(33,078)
Cash and cash equivalents at beginning of year	35,681	18			35,699
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,620	1			2,621

Notes:

1. On 6 September 2012, Merry Fortune Holdings Limited ("Purchaser"), a wholly owned subsidiary of the Company, entered into an acquisition agreement with Hero Win Development Limited ("Vendor") for the acquisition of 70% of equity interest in the Target Company ("Acquisition Agreement"). On 9 October 2013, the Purchaser entered into a supplemental agreement with the Vendor to revise certain terms of the Acquisition Agreement including but not exclusive to the acquisition of equity interest increased to 100% ("Supplemental Agreement") (together hereinafter "Acquisition").

   Total consideration for the acquisition of the Target Company amounted to HK$71,000,000, which shall be satisfied by the following:

   – As to HK$20,000,000 for deposits paid to the Vendor; and

– As to HK$51,000,000 by way of issuance of promissory note.

Under the Supplemental Agreement, the Vendor has guaranteed the Purchaser that the audited consolidated net profits before taxation and before extraordinary items of the Hong Kong Company in accordance with Hong Kong Financial Reporting Standards will not be less than HK$5,000,000 and HK$8,000,000 for years ending 31 December 2013 and 2014 respectively ("Profit Guarantee"). If the Profit Guarantee has not been met, the amount payable by the Purchaser on redemption of the Promissory Note shall be reduced on a dollar for dollar basis by the amount in which the net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK$5,000,000 and HK$8,000,000 for each of the financial years ending 31 December 2013 and 2014 respectively. In the event that the Hong Kong Company is loss making for each of the financial year ending 31 December 2013 and 2014, the maximum amount to be deducted from the Promissory Note will be HK$13,000,000. No limitation has been imposed on the audited net profit before taxation and before extraordinary items to be derived from the ordinary and usual course of business of the Hong Kong Company.

2. Under HKFRS 3 Business Combinations ("HKFRS 3"), the Company will apply the acquisition method to account for the Acquisition. In applying the acquisition method, the identifiable assets, liabilities and contingent liabilities of the Target Group will be recorded on the consolidated statement of financial position of the Group at their fair values at the date of completion. Any goodwill or discount arising on the Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests at the date of completion. Bargain purchase gain resulting from the business combinations should be recognised immediately in the consolidated statement of comprehensive income.

   The adjustments reflect:

   – The goodwill of approximately HK$34,973,000 from the Acquisition. The goodwill represents the excess of the consideration of the Acquisition over the Group's share of the fair value of the identifiable net assets of the Target Group;

   – the settlement of the cash consideration;

   – the non-controlling interests in the Target Group;

   – the fair value of the promissory note; and

   – the fair value of the Profit Guarantee.

(a) The goodwill arising on the acquisition of 100% equity interest in the Target Company is calculated as follows:

	HK$'000
Consideration for acquisition of 100% equity interest in Target Company *(Note i)*	56,080
Less:	
100% of net assets of the Target Group as at 31 August 2013 *(Note ii)*	14,240
Contingent consideration *(Note iii)*	6,867
Goodwill	34,973

Notes:

(i) An analysis of the total cost of the acquisition of 100% equity interest of Target Company is set out as follows:

	HK$'000
Fair value of the consideration for the Acquisition:	
Cash consideration *(note 2(b))*	20,000
Issuance of promissory note *(note 2(c))*	36,080
Total cost of acquisition	56,080

(ii) The net assets value of Target Group, based on following:

	HK$'000
Total net asset value attributable to the Target Group as at 31 August 2013	14,991
Less: Non-controlling interest	751
100% of net asset value attributable to the Target Group as at 31 August 2013	14,240

(iii) An independent firm of professionally qualified valuers, Castores Magi Asia Limited ("Valuer"), has been appointed by the Group to perform the valuation of the fair value of the contingent consideration, arising from the aforesaid Profit Guarantee in accordance with HKFRS 3 (Revised) "Business Combinations".

The fair value of such contingent consideration estimated by the Valuer amounted to approximately HK$6,867,000 based on the binomial model. Based on the valuation result, the Group's management opinion that such difference as represented by the contingent consideration of approximately HK$6,867,000 shall be recognised at the date of acquisition. On Completion, the fair value of the contingent consideration arising from Profit Guarantee will have to be reassessed based on upcoming conditions at the date of Completion.

The carrying amounts of its assets and liabilities as at 31 August 2013 as if the Acquisition had been completed on 30 June 2013 and will be adjusted upon completion of the Acquisition with reference to the fair value of its assets, liabilities and contingent liabilities at the that date.

Since the fair value of assets and liabilities of Target Group at the Completion date of the Acquisition might be different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets (including other intangible assets) and goodwill to be recognised in connection with the Acquisition could be different from the amounts stated herein.

Non-controlling interest is calculated based on the proportionate share of fair value of identifiable assets and liabilities of the Target Group attributable to non-controlling shareholders.

The directors have not taken the transaction cost of the Acquisition into account as they consider those amount is insignificant.

This adjustment will have a continuing effect on the Enlarged Group.

In order to assess whether there is any impairment on goodwill as at 30 June 2013, the directors of the Company and the reporting accountants have reviewed, in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36"), the cash flow forecasts prepared for the purpose of impairment assessment which required the assessment of value in use which must be measured based on the cash flow projections on reasonable and supportable assumptions. The directors of the Company have concluded, and the reporting accountants concurred that the assumptions used in the cash flow projection and calculating the recoverable amount of goodwill are fair and reasonable that no impairment is required for goodwill as stated in the unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 30 June 2013. The directors of the Company confirmed that they will apply consistent accounting policies and principal assumptions for impairment assessment of goodwill in subsequent reporting periods in accordance with the requirement of HKAS 36.

(b) This represents deposits amounted to HK$20,000,000 paid to Vendor for the acquisition of 100% equity interest in Target Company. Such payment has been satisfied from internal resources of the Group.

This adjustment will not have a continuing effect on the Enlarged Group.

(c) This represents the Promissory Note with principal amount of HK$51,000,000 which will be issued for the acquisition of 100% equity interest in Target Group. The fair value of the promissory notes of approximately HK$36,080,000 is estimated by using the discounted cash flow approach at prevailing market rate of approximately 14.429% per annum. The fair value assessment of the Promissory Note was performed by Castores Magi Asia Limited, an independent professional valuer. On Completion, the fair value of the promissory note will have to be reassessed as at the date of Completion.

This adjustment will have a continuing effect on the Enlarged Group.

(d) This represents elimination of the share capital and reserves of the Target Group.

(e) Imputed interest expense represents time value of money arising from the present value of the promissory note at an annual effective interest rate of 14.429%, as if the Acquisition has been completed a full year.

The following is the text of a letter prepared for the purpose of incorporation in this circular received from Castores Magi Asia Limited, an independent valuer, in connection with its valuation as at 31 July, 2013 on the Target Company.

嘉漫亞洲有限公司
CASTORES MAGI ASIA LIMITED
BUSINESS AND INTANGIBLE ASSET APPRAISAL
INVESTMENT PROJECT ADVISORY SERVICES

CASTORES MAGI

Suite 211
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

29 January, 2014

The Directors
Merdeka Resources Holdings Limited
Room 1502, Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions, we have made an appraisal of the Market Value of the 100% equity interest of Netgenii Technology Limited (hereinafter known as "the Company") to be acquired by Merdeka Resources Holdings Limited (hereinafter known as "your Company") and its subsidiaries (hereinafter altogether known as "the Group"), as at 31 July, 2013 (hereinafter known as "the Valuation Date"). We understand your Company will use this appraisal for possible acquisition purpose. There are no other purposes intended or should be inferred.

The purpose of this appraisal is to formulate and express an independent opinion on the Market Value of 100% equity interest of the Company as at the Valuation Date on the premise of a going concern. The term "Market Value" as used herein is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for associated taxes or potential taxes.

INTRODUCTION

The Company was incorporated in Hong Kong on 11 April, 2007 with limited liability and is owned as to 95% by Ever Hero Group Limited and 5% by an independent party known as Friedmann Pacific Asset Management Limited.

The Company was founded by a group of technical experts who have talent for networking, graphical processing and disturbing system engineering. The Company is principally engaged in providing information technology solution, online and offline game and content development and enterprise system maintenance services. The Company acts as a business agent of electronic academics and producers of global educational products, 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.

BUSINESS OF THE COMPANY

The Company co-operates with domestic publishers, institutional and corporate clients to develop:

(A) online game software including but not limited to educational, entertaining and advertising purposes;

(B) Enterprise Resource Planning System ("ERP System") targeting to integrate internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sale and service, customer relationship management, etc.; and

(C) Customer Relationship Management System ("CRM System") targeting to manage a company's interactions with customers and prospects.

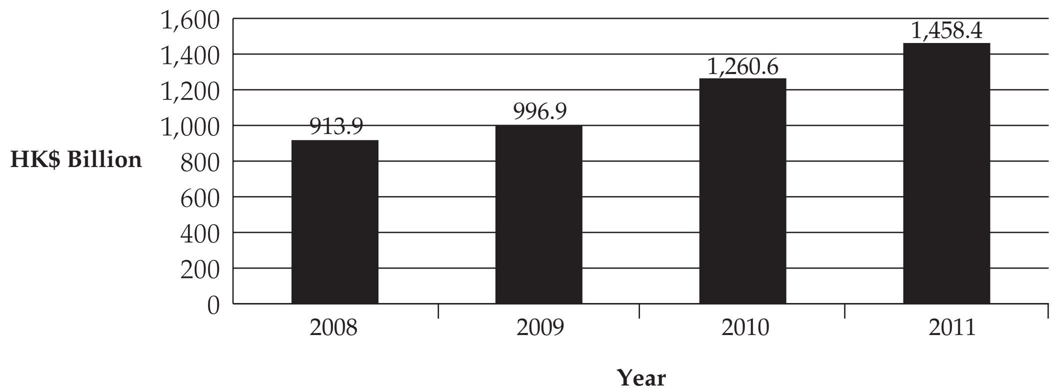
MARKET OVERVIEW

Hong Kong is a trading hub not only for consumer goods but also a range of high-tech products, dominated by electronics-related items. In 2008, Hong Kong's exports of high-tech merchandise amounted to US$174 billion. The majority are re-exports of high-tech products originating from mainland China and overseas countries. The mainland is the largest market for Hong Kong's high-tech exports, accounting for 60 percent of the total in 2008, followed by the US, Japan, Singapore and Taiwan. This reflects Hong Kong's role as a trading hub for high-tech products in the regions, particularly with China.

Hong Kong maintains an edge in the business of technology thanks to a number of its intrinsic advantages and the "China" factor. All these help the economy survive weaknesses such as higher operating costs and lack of front-end research and development activities, and overcome challenges from competitors in the region and around the globe.

From 2008 to 2011, the annual growth rate of business receipts and other income of information and communication technology industry was ranging from 9.1% to 26.4%, which characterized the expanding market of information technology in the past few years.

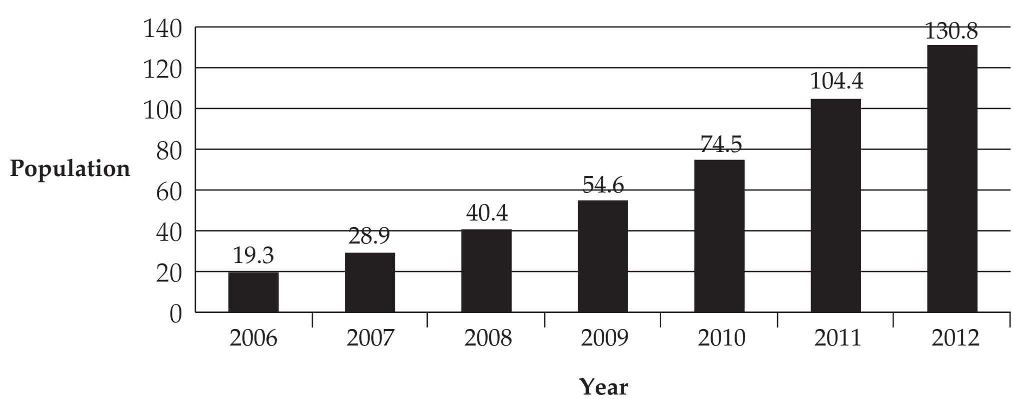
Business Receipts and Other Income of Information and Communication Technology Industry



Source: Science and Technology Statistics Section, Census and Statistics Department

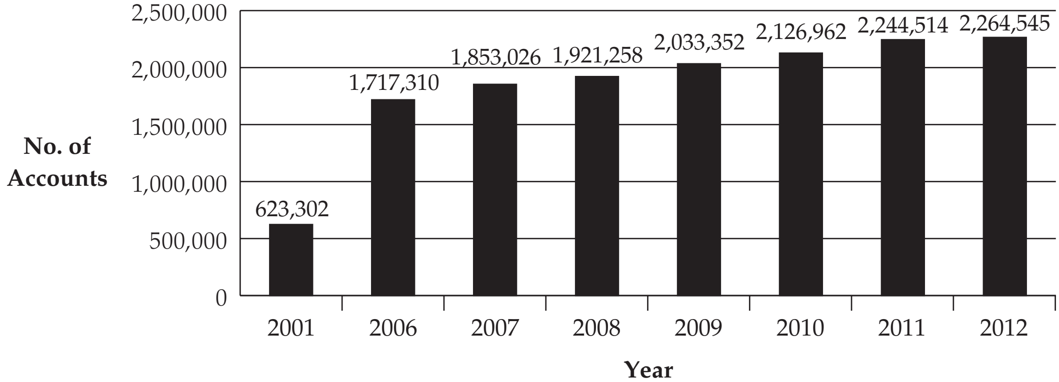
With the advance in technology, the use of Internet with broadband connection has become popular. In particular, the broadband subscribers per 100 population increased significantly from 19.3 in 2006 to 130.8 in 2012. The popularity of broadband connection undoubtedly would facilitate the promotion and development of the Company's products in the market.

No. of Mobile Broadband Subscribers (per 100 population)



Source: Office of the Communications Authority, Leisure and Cultural Services Department

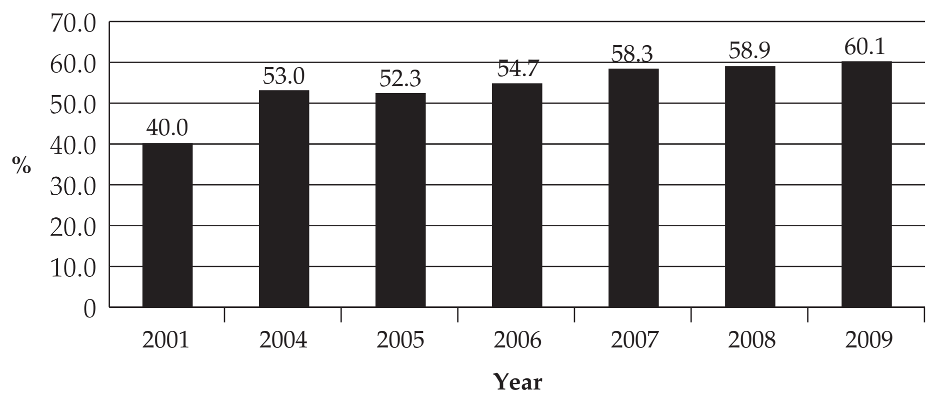
No. of Registered Broadband Internet Access Customers Accounts



Source: Office of the Communications Authority, Leisure and Cultural Services Department

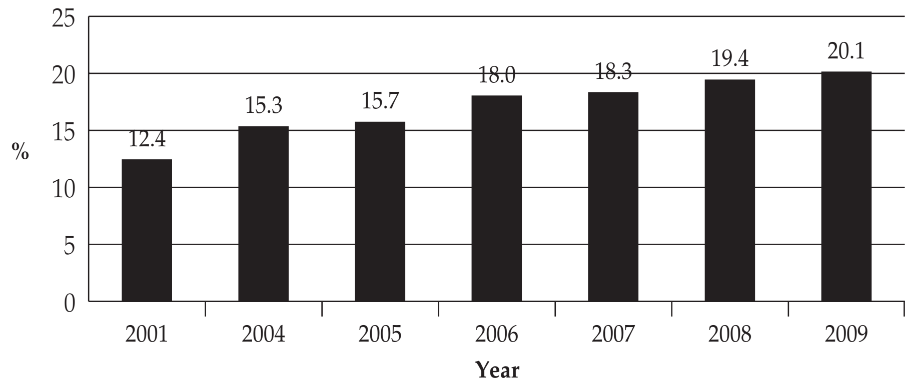
As the use of information and communication technology spreads, the proportion of business establishments making business transactions through electronic means has been rising. The increasing utilization rate would more or less generate considerable demand for information technology services in Hong Kong.

Percentage of Establishments Having Received Goods, Services or Information through Electronic Means



Source: Science and Technology Statistics Section, Census and Statistics Department

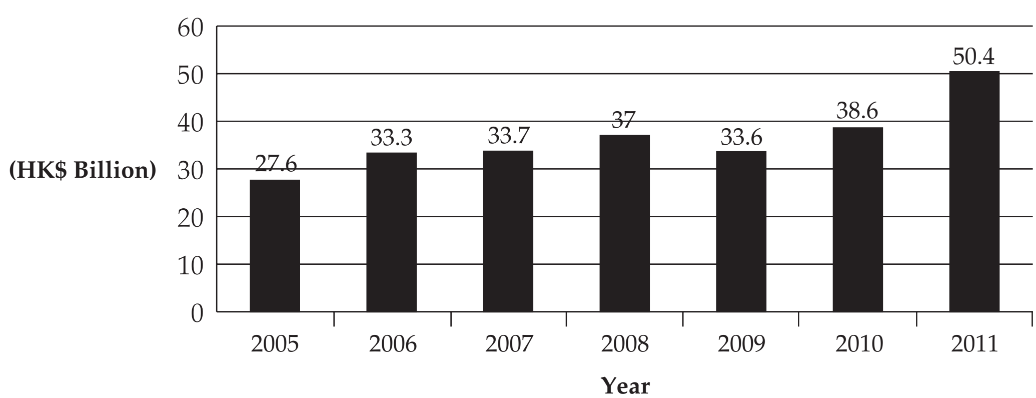
Percentage of Establishments Having Delivered Goods, Services or Information through Electronic Means



Source: Science and Technology Statistics Section, Census and Statistics Department

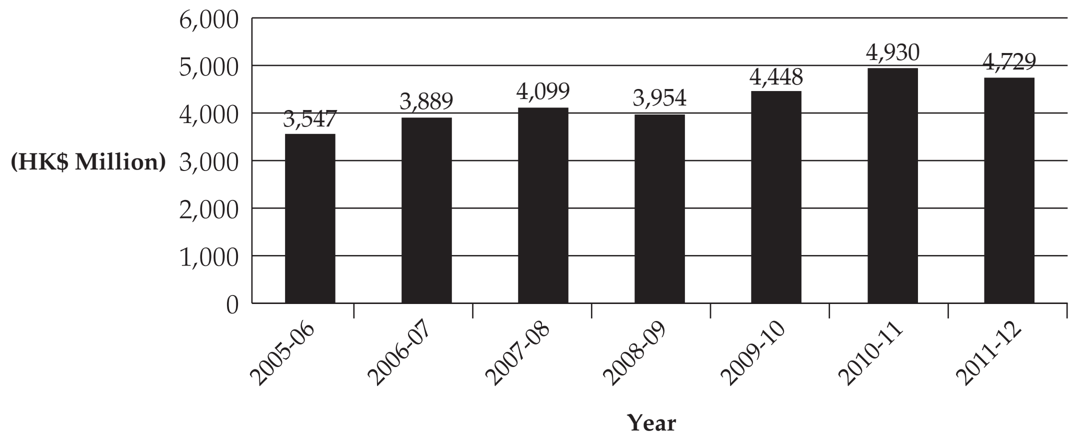
The total expenditure on information technology in the business sector increased from HK$27.6 billion in 2005 to 50.4 billion in 2011, up by 82.6%. On the other hand, the government spending on information technology has been increasing from HK$3.547 billion in 2005-06 to HK$4.729 billion in 2011-12. The expansion in expenditure on information technology mirrored the purchasing power in the market will increase continuously in foreseeable future.

Total Information Technology Expenditure in the Business Sector



Source: Science and Technology Statistics Section, Census and Statistics Department

Government Spending on Information Technology



Source: Office of Government Chief Information Officer

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised 100% equity interest of the Company as at the Valuation Date on the premise of a going concern. The going concern premise assumes that the Company is normally viewed as continuing in operation in the foreseeable future with neither the intention nor necessity of liquidation or of curtailing materially the scale of its operation. Implicit in this definition is the fact that the willing buyer would not pay more to acquire the Company appraised than he could reasonably expect to earn in the future from an investment in the Company.

The valuation of the Company requires consideration of all pertinent factors affecting the operations of the business and its ability to generate future investment returns. The factors considered in the appraisal including, but were not limited to, the following factors:

– the economic and industry outlooks affecting the business;

– the nature and the performance of the business operation;

– the risks facing by business operator; and

– the history of the Company.

In view of the ever-changing business environment in which the business is operating, we have made a number of reasonable assumptions in the course of our appraisal, which are set out as follows:

– the continuous operation of the Company;

– there will be no material changes from political, legal, economic or financial aspects in the jurisdictions in which the Company currently runs or intends to run which will materially affect its operation;

– there will be no substantial market fluctuation in the industry in the jurisdictions or states in which the Company currently runs or intends to run which will materially affect its operations and the revenues attributed to the investors;

– there will be no substantial fluctuation in current interest rates and foreign currency exchange rates in the jurisdictions or states in which the Company currently runs or intends to run its business which will materially affect its operations and the revenues attributed to shareholders;

– the Company has taken sufficient legal measures to protect its intellectual property rights;

– the management of business operator will not make any decision which is harmful to the revenue generation ability of the Company's business; and

– the Company will allocate sufficient resources to keep abreast of its future expansion.

In the process of valuing the Company, we considered various classical appraisal approaches to value, namely the Market Approach, Cost Approach and Income Approach. The Market Approach is basically a comparison method which estimates market value from analyzing sales and financial data and ratios of comparable public and, whenever possible, private companies.

The Cost Approach seeks to estimate the market value of the company by quantifying the amount of money that would be required to replace the manufacturing capabilities of the firm. In other words, this approach assumes that the company's value is indicated by the cost of reproducing or replacing its manufacturing assets less an allowance for physical deterioration and obsolescence. We considered this approach is not an appropriate valuation for valuing the Company given that it is not a manufacturing entity.

The Income Approach focuses on the income-producing capability of a company. This approach's underlying theory is that the value of the company can be measured by the present worth of the net economic benefit to be received. Since the Company is not able to make a relatively reliable financial projection, we reckon that income approach is not appropriate in our valuation.

Based on the valuation principle and the availability of guideline companies doing the similar businesses, we have adopted the Market Approach to estimate the market value of the Company.

VALUATION METHODOLOGY

In choosing the Market Approach as the most appropriate method, we have adopted the price-earnings ("PE") market multiples in the market in valuing the Company. The PE market multiple is defined as the ratio of the market price per share to the earnings per share. In the course of our valuation, we have selected various guideline companies on the basis of their similarity with the Company. Six guideline companies, including Guangdong Alpha Animation and Culture Co., Limited (002292, Shenzhen), Inspur International Limited (0596, Hong Kong), NetDragon Websoft Inc. (0777, Hong Kong), Computer & Technologies Holdings Limited (0046, Hong Kong), Sinocom Software Group Limited (0299, Hong Kong) and Kantone Holdings Limited (1059, Hong Kong) have been selected in our valuation. However, the first two guidelines companies, which are the outliers having the highest and lowest PE market multiples, have been disregarded in our valuation.

The details of the guideline companies are tabulated as follows:

Guideline Company	Stock Code	Currency	Stock Price (31/7/2013)	Last Fiscal Year Earnings per Share (domestic currency)	P/E Market Multiple	Weight	Weighted Average P/E Market Multiple
Guangdong Alpha Animation and Culture Co., Limited	002292	RMB	28.16	0.29	97.10		*(Outlier)*
Inspur International Limited	596	HKD	0.315	0.05	6.30		*(Outlier)*
NetDragon Websoft Inc.	777	HKD	18.00	0.41	43.90	45%	19.76
Computer & Technologies Holdings Limited	46	HKD	1.86	0.09	20.67	5%	1.03
Sinocom Software Group Limited	299	HKD	0.87	0.04	21.75	30%	6.53
Kantone Holdings Limited	1059	HKD	0.085	0.01	8.50	20%	1.70
					Weighted Average:		**29.01**
					LOM Discount:		30%
					Adj. P/E:		**20.31**

Note 1: Numbers may not add up due to rounding.

Note 2: The guideline companies tabulated above represent the reputable enterprises. Those are listed companies in Hong Kong and China with high transparency of financial disclosure and the market participants in the information technology industry. Being the publicly floated companies which could facilitate our research work in the course of valuation, these enterprises have similar business aspect with the Company and are online game software, ERP System and/or CRM System providers. We note that there are some other companies (many of them are non-listed companies) running similar business. However, in view of the information available to us is limited and cannot be verified, we are unable to consider these companies in our valuation. Some listed companies in the information technology industry such as Pacific Online Limited (0543) (an online advertising service provider), Finet Group Limited (8317) (a financial information service provider) and Prosten Technology Holdings Limited (8026) (a wireless value-added service provider) were not considered by us since these companies do not have similar business aspect with the Company. In these circumstances, the aforesaid guideline companies represent an exhaustive list from valuation point of view.

Note 3: The selection criteria of guideline companies are based on the similarity of their business nature with the Company, which is tabulated as follows:

Business of the Company:	**Online Game Software**	**ERP System**	**CRM System**
NetDragon Websoft Inc. (Stock Code: 0777)	Very High	Medium	Low
Computer & Technologies Holdings Limited (Stock Code: 0046)	No	Low	Low
Sinocom Software Group Limited (Stock Code: 0299)	No	High	Medium
Kantone Holdings Limited (Stock Code: 1059)	Medium	Low	Low

Note 4: In adopting Market Approach as our valuation approach, we have compared the existing business scope of the Company as at the valuation date, which comprises online game software, ERP System and CRM System, with the guideline companies.

In undertaking the valuation, we have determined the weighting of P/E market multiple by considering the similarity of the business between the guideline companies and the Company. The principal activities of NetDragon Websoft Inc. (0777, Hong Kong) are engaged in online game development, including game design, programming and graphics and online game operation as well as mobile Internet business. These business activities, which are similar to the Company, form the core business of the Company and thus the highest weighting is ascribed to this guideline company. Computer & Technologies Holdings Limited (0046, Hong Kong) is mainly engaged in sales of computer networks and system platforms; the provision of system and network integration; IT solutions development, implementation and related maintenance services; provision of enterprise software applications and related operation outsourcing; business process outsourcing and e-business and related maintenance services; and property and treasury investments. This guideline company has a relatively low relevance with the Company. The principle activities of Sinocom Software Group Limited (0299, Hong Kong) are the provision of outsourcing software development services to customers in the information technology sector in Japan. The business nature of this guideline company has a high relevance with the Company. The subsidiaries of Kantone Holdings Limited (1059, Hong Kong) are principally engaged in sales of systems and licensing (including sales of systems products, software licensing and customisation, provision of services and leasing of systems products, provision of e-lottery services and development and provision of IT solutions for e-gaming, leisure and entertainment), and holding strategic investments in advanced technology product development companies and e-commerce projects. The business nature of this guideline company has a high to medium relevance with the Company.

By definition, ownership interests in closely held companies are typically not readily marketable, and, by definition not as liquid and as easily converted to cash compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. Numerous studies have been made showing that the Lack of Marketability (hereinafter known as "LOM") discount for a closely held stocks compared with a publicly traded counterpart averages between 10% and 50%, and many different researchers have obtained these averages over a wide span of years. We have opted to apply a 30% LOM discount to the Company.

GENERAL COMMENTS

We understand that your Company will use our appraisal as part of the due diligence and we have not been engaged to make specific purchases or sales recommendations. We further understand that the use of our work product will not supplant other due diligence, which you should conduct in reaching business decisions regarding the subject asset.

For the purpose of this appraisal and in arriving at our opinion of value, we have relied to a very considerable extent on the information, statements, opinion and representations provided to us by your Company and the Company. We were furnished with the audited and unaudited accounts of the Company, business registration documents, the background information of the Company and relevant publicly available information. These data have been utilized without further verification.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis.

We are unable to accept any responsibilities for the operation and financial information that have not been supplied to us by the Company and the Group. We have had no reason to doubt the truthfulness and accuracy of the information provided or the reasonableness of the opinions expressed by the Company and the Group, which have been provided to us. We also sought and received confirmation from your Company that no material factors have been omitted from the information provided.

In arriving at our opinion, we have assumed that the Company has adopted necessary security measures and has considered several contingency plans against intellectual property rights infringement and commercial spying affecting its business.

We have assumed that the appraised equity interest of the Company is freely disposable and transferable for its existing or alternative uses in the open market without payment of any tax to the government upon disposal.

We have made no investigation of the legal title or any liabilities attached to the Company. All legal documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the Company. We have not verified the original documents furnished to us, any responsibility for our misinterpretation of the legal documents, therefore, cannot be accepted. Besides, we are not in a position to advise and comment on the title and encumbrances to the Company.

No allowance has been made in our valuation for any charges or amounts owing neither on the Company nor for any expenses or taxation, which may be incurred in effecting a sale. It is assumed that the equity interest of the Company will be rendered free from encumbrances, restrictions and outgoings of any onerous nature, which could affect its value.

Unless otherwise stated, the base currency of this report is Hong Kong Dollar.

OPINION OF VALUE

Based on the analysis, reasoning and data outlined as above, and on the appraisal method employed, it is our opinion that as at the Valuation Date, the Market Value of 100% equity interest of the Company is reasonably stated by the amount of **HK$74,273,000 (HONG KONG DOLLARS SEVENTY-FOUR MILLION TWO HUNDRED AND SEVENTY-THREE THOUSAND ONLY)**.

The details of our valuation are set out as follows:

	(HK$)	
Net Profit After Tax of the Company (March, 2013):	3,656,965	
P/E Market Multiple:		29.01
Market Value before LOM Discount:	106,104,758	
LOM:		30%
Market Value after LOM Discount:	74,273,331	
Say:	**74,273,000**	

Note: Totals may not foot due to rounding differences.

The conclusion of value is based on generally accepted appraisal procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the appraisal, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Company nor your Company or the value reported.

Yours faithfully,
For and on behalf of
Castores Magi Asia Limited
Deret Au Chi Chung
Member of China Institute of Real Estate Appraisers and Agents
Registered Business Valuer of Hong Kong Business Valuation Forum
B.Sc. MRICS MHKIS RPS MCIArb AHKIArb MCIM
Director

Note: Mr. Deret Au Chi Chung, who is a Registered Business Valuer of Hong Kong Business Valuation Forum, has over 12 years of business valuation experience (including the experience in the information technology industry) in Asia-Pacific region.

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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. 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	*(Note 1)*	52,797,500	13.68%
Lau Chi Yan, Pierre *(Note 2)*	Personal	2,125,000	0.55%

Notes:

1. 297,500 Shares are personal interest and 52,500,000 Shares are interest of a controlled corporation, Ivana Investments Limited, which is wholly owned by Mr. Cheung Wai Yin, Wilson.

2. Mr. Lau Chi Yan, Pierre is the Managing Director of the Company with effect from 26 July 2013.

Long positions in the underlying shares

Name	Nature of interest	Number of underlying shares	Approximate percentage of total issued share capital of the Company
Cheung Wai Yin, Wilson	Corporate *(Note)*	37,500,000	9.72%
Wong Chi Man	Personal	59,230	0.02%
Yeung Mo Sheung, Ann	Personal	69,103	0.02%

Note: The interest is held by a controlled corporation, Ivana Investments Limited, which is wholly owned by Mr. Cheung Wai Yin, Wilson.

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.

3. 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 Investments Limited *(note)*	Beneficial owner	52,500,000	37,500,000	23.33%
Manistar Enterprises Limited	Beneficial owner	33,294,102	–	8.63%
CCT Capital International Holdings Limited	Controlled corporation	33,294,102	–	8.63%
CCT Telecom Holdings Limited	Controlled corporation	33,294,102	–	8.63%
Mak Shiu Tong	Controlled corporation	33,294,102	–	8.63%
CLC Finance Limited	Security interest	37,500,000	37,500,000	19.44%
CL Group (Holdings) Limited	Controlled corporation	37,500,000	37,500,000	19.44%
Au Suet Ming, Clarea	Controlled corporation	37,500,000	37,500,000	19.44%
Au Kai To, Karel	Beneficial owner	20,000,000	–	5.18%

Note: Ivana Investments Limited ("Ivana") is wholly owned by Mr. Cheung Wai Yin, Wilson. 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.

4. 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).

5. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and based on information provided by the Vendor, the Enlarged 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 Enlarged Group.

6. 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 Listing Rules.

7. 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 Enlarged 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 2012, 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 Enlarged Group, or were proposed to be acquired or disposed of, or leased to any member of the Enlarged Group.

8. EXPERT AND CONSENT

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

Name	Qualification
Donvex Capital 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
Castores Magi Asia Ltd.	Independent professional valuer

As at the Latest Practicable Date, each of the experts above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its 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, none of the experts above was beneficially interested in the share capital of any member of the Enlarged Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, all 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 Enlarged Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2012 (the date to which the latest published audited consolidated financial statements of the Group were made up).

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Enlarged 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 Acquisition Agreement (as amended by the Supplemental Agreements);

(c) the supplemental agreement dated 31 December 2012 to extend the long stop date in the Acquisition Agreement;

(d) the second supplemental agreement dated 28 March 2013 to extend the long stop date in the Acquisition Agreement;

(e) 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;

(f) 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;

(g) the third supplemental agreement dated 28 June 2013 to extend the long stop date in the Acquisition Agreement;

(h) the fourth supplemental agreement dated 30 September 2013 to extend the long stop date in the Acquisition Agreement;

(i) the seventh supplemental agreement dated 30 December 2013 to extend the long stop date in the Acquisition Agreement; and

(j) the Supplemental Agreements.

10. 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 Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text.

(f) As at the Latest Practicable Date, the Audit Committee of the Board comprises three members, including Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, all are independent non-executive Directors. Mr. Ng Kay Kwok has the appropriate financial and accounting experience required by the GEM Listing Rules. The primary duties of the Audit Committee of the Board is to communicate with the management of the Group from time to time, including but not limited to review the accounting principles and practices adopted by the Company, the effectiveness of its internal control systems, the interim and annual results of the Company. The biographical details of the members of the Audit Committee of the Board are set out in paragraph (g) below.

(g) The brief biographical details of Directors and members of the senior management of the Company are set out below:

Executive Directors

Mr. Cheung Wai Yin, Wilson ("Mr. Cheung"), aged 42, 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 substantial 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 ("Mr. Lau"), aged 37, 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 ("Mr. Wong"), aged 31, 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 ("Ms. Yeung"), aged 47, has served as an independent non-executive director 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 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 each of Success Universe Group Limited (formerly known as Macau Success Limited) and Dejin Resources Group Company Limited, issued shares of both are listed on the Main Board of the Stock Exchange.

Mr. Ng Kay Kwok ("Mr. Ng"), aged 51, has served as an independent non-executive director of the Company since July 2013 and is a member of the 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 GEM, from 9 July 2010 to 31 May 2011 and from 29 May 2012 to 24 May 2013, he 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 listed on the Main Board of the Stock Exchange.

Mr. Yip Kat Kong, Kenneth ("Mr. Yip"), aged 50, has served as an independent non-executive director of the Company since July 2013 and is a member of the 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).

11. 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 and articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the published interim report of the Company for the six months ended 30 June 2013 and the published annual reports of the Company for the three financial years ended 31 December 2012, 2011 and 2010;

(d) the accountant's report of the Target Group as set out in Appendix II to this circular;

(e) the report on unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(f) the valuation report prepared by Castores Magi Asia Ltd. as set out in Appendix IV to this circular;

(g) the written consents from the experts referred to under the section headed "General Information – Expert and Consent" in this Appendix; and

(h) a copy of each 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 2012, being the date to which the latest audited consolidated financial statements of the Group were made up.

MERDEKA

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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Merdeka Resources Holdings Limited (the "Company") will be held on Monday, 17 February 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 resolutions with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional sale and purchase agreement dated 6 September 2012, as amended by the supplemental agreements dated 9 October 2013, 28 October 2013 and 3 January 2014 (collectively the "Acquisition Agreement", a copy of which has been produced to the meeting and marked "A" and initialled by the Chairman of this meeting for the purpose of identification) and entered into between Merry Fortune Holdings Limited, a wholly owned subsidiary of the Company, as purchaser, Hero Win Development Limited as vendor in relation to the acquisition of 100% issued share capital of Ever Hero Group Limited, details of which are set out in the circular of the Company dated 29 January 2014, at a consideration of HK$71 million, to be satisfied by cash, the issue of promissory note and the transactions contemplated thereunder, be and is hereby confirmed, approved and ratified;

(b) the issue by the Company of promissory note (the "Promissory Note") in the principal amount of HK$51 million to the Vendor in accordance with the Acquisition Agreement be and is hereby approved; and

(c) that any director of the Company be and is hereby authorized to do such acts and things, to sign and execute all such further documents and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement or any transactions contemplated under the Acquisition Agreement."

By the Order of the Board
Merdeka Resources Holdings Limited
Mr. Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 29 January 2014

* *For identification purposes only*

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 26th Floor, Tesbury Centre, 28 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.