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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK 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 Stock 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.

This announcement, for which the directors of Merdeka Resources Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Merdeka Resources Holdings Limited. The directors of Merdeka Resources Holdings Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of Merdeka Resources Holdings Limited (the "Company"), I am pleased to present the 2013 annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013. During the year, the Group's principal businesses continued to be forestry, plantation and trading business, including the trading of agricultural-related products and various brands of milk powder products to customers based in Hong Kong and distributorship of information technology products with technical support services.

BUSINESS AND OPERATION REVIEW

The Group's forestry business and plantation business are related to our forest concessions in the Papua Province of Indonesia. During the year 2013, there was no meaningful turnaround in the unfavourable worldwide economy towards the Group's business. There were some new variables in the business environment introduced. The Group had kept its operation scale related to the forestry project downsized to preserve its financial resources before the resumption of the forestry project while liaising and negotiating with the government departments in Papua, Indonesia on the land use right registration. According to the updated legal opinion and legal confirmation letter from Indonesian lawyers, the Company is legally permitted to carry out land clearing activities and to develop oil palm plantation business within the Mimika Concessions Areas. The application for land use right registration is merely a procedural matter and it is expected that there will not be any legal impediment.

During 2013, the management continued working with the supply side and potential buyers on the trading project of tailings in the Papua Province of Indonesia. The contract stipulates that all deliveries be taken by August 2014.

The growing trading business still provides a stable source of revenue to the Group; however, the Group strives to increase the variety of products for trading business during the period under review. After the completion of the acquisition of 100% interest of Quasicom Systems Limited by the Company on 18 July 2013, it contributes to the Group by deriving incomes from distributorship of information technology products with technical support services.

Unlike 2012, revenue of the Group for the year ended 31 December 2013 was not only generated from the trading business in Hong Kong, but also from distributing information technology products and the provision of relevant technical support services. The revenue increased to approximately HK$40,762,000 from approximately HK$7,909,000 for last year. The increase was mainly due to revenue of approximately HK$38,038,000 contributed by the trading of dairy products and approximately HK$2,724,000 contributed by the aforesaid newly acquired information technology business. In addition, as these businesses had a relatively higher gross profit margin, the Group's overall gross profit margin improved from about 2.1% in 2012 to about 5.1% in 2013.

The Group recorded a loss of approximately HK$115,153,000 for the year 2013. The loss was reduced by approximately HK$528,920,000 compared to that of 2012, mainly due to the increase in the gross profit and its margin and the decrease in the impairments in relation to the forest concessions and property, plant and equipment.

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.

CAPITAL REDUCTION AND SUB-DIVISION

During the extraordinary general meeting of the Company held on 16 August 2013, the special resolution in relation to the capital reduction and the subdivision proposed at that meeting was duly passed by the shareholders of the Company and thus the events as scheduled were carried out accordingly. The order confirming the capital reduction and the sub-division was granted by the Grand Court of the Cayman Islands on 13 November 2013 (Cayman Islands time), and copies of order of the Court and other relevant documents was filed and duly registered with the Registrar of Companies in the Cayman Islands on 15 November 2013 (Cayman Islands time). The capital reduction was effective on 25 November 2013 (Hong Kong time).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As all the special resolutions in relation to the amendments to the articles of association of the Company was not passed by the shareholders of the Company during the extraordinary general meeting of the Company held on 16 August 2013, the amendment of articles of association of the Company was thus not be carried out accordingly. The Company will review again the Articles of Association and will seek to put forth other resolution(s) to be voted by its shareholders in other general meeting to adopt an amended and restated Articles of Association that is in line with current amendments of the GEM Listing Rules and will make announcement(s) and circular(s) when and where appropriate in due course.

EARLY REDEMPTION OF CONVERTIBLE BONDS

On 9 August 2013, the Company agreed with the holders of the convertible bonds to exercise its redemption right to early redeem partially the existing outstanding convertible bonds of the Company and served a redemption notice pursuant to the supplemental deed dated 30 May 2011 for redeeming an outstanding principal amount of HK$27,000,000 of the convertible bonds, which was settled in cash of HK$25,647,000, representing a discount of approximately 5% of the principal sum of the early redeemed convertible bonds. Following and as a result of the redemption in the aforesaid amount of HK$27,000,000 convertible bonds, the outstanding amount due by the Company to the holders of the convertible bonds under the convertible bonds is HK$197,880,000 as at 31 December 2013.

FUND RAISING ACTIVITIES OF THE COMPANY

During the year 2013 and up to the date of this announcement, the Company has carried out the following fund raising activities:

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

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2013	(i) Placing of new Shares under general mandate	HK$6.58 million	Approximately HK$3 million for the expansions of 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; approximately HK$1.58 million has been used for the redemption of the Company's existing convertible bonds and the remaining is deposited in bank
	(ii) Placing of new Shares under specific mandate	HK$22.55 million	Approximately HK$2.25 million for the expansions of the trading business; approximately HK$6.77 million for the information technology business and approximately HK$13.53 million for general working capital	Approximately HK$13.50 million has been used for the redemption of the Company's existing convertible bonds and the remaining is deposited in bank
21 February 2014	Placing of new Shares under general mandate	HK$12.56 million	For general working capital to finance its business development and/or to finance any future investment opportunities	Approximately HK$12.56 million is deposited in bank

CHANGE OF AUDITORS AND CHANGE OF THE BOARD

Elite Partners CPA Limited was duly appointed to replace the resigned Crowe Horwath (HK) CPA Limited as auditors of the Company by the shareholders of the Company during the extraordinary general meeting of the Company held on 6 February 2013.

Mr. Lau Ho Wai, Lucas resigned as an independent non-executive director of the Company on 19 June 2013 and his appointment as a member of the nomination committee, a member of the remuneration committee and as a member of the audit committee of the Company has been revoked with effect from 19 June 2013. Mr. Lam Kin Kau, Mark retired at the annual general meeting of the Company held 28 June 2013 and not offering himself for re-election, and thus, accordingly ceased to be an independent non-executive director of the Company with effect from 28 June 2013 and his appointment as a member of the nomination committee, a member of the remuneration committee and as a member of the audit committee of the Company has been revoked with effect from 28 June 2013. Mr. Ma Hang Kon, Louis resigned as an executive director of the Company on 16 October 2013.

To fill the vacancies caused by the resignation of Mr. Lau Ho Wai, Lucas and the cessation of Mr. Lam Kin Kau, Mark as independent non-executive directors of the Company, Mr. Ng Kay Kwok and Mr. Kip Kat Kong, Kenneth were appointed independent non-executive directors of the Company on 26 July 2013 and they were also appointed as members of the nomination committee, members of the remuneration committee and as members of the audit committee of the Company with effect from 26 July 2013.

Furthermore, Mr. Lau Chi Yan, Pierre was appointed as the managing director of the Company with effect from 26 July 2013.

OUTLOOK

As the forestry and plantation business did not progress as scheduled, the Company will continue to liaise with the Indonesian governmental departments and will continue to monitor the situation. Having said so, the Company does not exclude the possibility to make further impairment losses in relation to the forest concession if the situation does not showing any improvement at or before the end of the forth coming financial year. The Company will make relevant announcement(s) when and where appropriate in due course.

In order to increase the variety of products for trading business, the Group is actively expanding into the trading of dispensary-related products and other products.

The acquisition of Quasicom Systems Limited provided the Group with an opportunity to diversify into information technology business and to generate income from such business. In order to enjoy complimentary benefits, the Group strives to complete the proposed acquisition of Ever Hero Group and leveraging on its reputation and experiences in online games as a new business opportunity. On 9 and 28 October 2013, the Group has entered into two supplemental agreements with the vendor of the sales shares of Ever Hero Group Limited to revise certain terms of the acquisition agreement dated 6 September 2012, pursuant to which and among other terms and conditions, the sale shares of issued share capital of Ever Hero Group Limited was increased from 70% to 100%, and thus, after the completion of this transaction, Ever Hero Group Limited will become an indirect wholly owned subsidiary of the Company. The total consideration payable was reduced from HK$80 million to HK$71 million which shall be settled by way of a promissory note for the amount of HK$51 million to be issued by the Company on completion and the remaining consideration of HK$20 million was satisfied in cash as deposit to the vendor upon entering into the acquisition agreement dated 6 September 2012.

The acquisition agreement dated 6 September 2012 relating to the proposed acquisition of Ever Hero Group and the transactions contemplated thereunder were confirmed, approved and ratified by the shareholders of the Company during the extraordinary general meeting of the Company held on 17 February 2014.

Pursuant to the supplemental agreement dated 3 January 2014, an additional condition precedent was added to the acquisition agreement dated 6 September 2012 so that the approval of an interest free loan agreement entering into between Netgenii Technology Limited and Mr. Kong Lung Cheung, the director of Netgenii Technology Limited, in respect of the amount owed by Mr. Kong to it be obtained in an extraordinary general meeting of the Company pursuant to the GEM Listing Rules.

A circular, containing the information regarding (i) the above-said loan agreement and all the transactions contemplated thereunder; (ii) a letter from the independent committee of the Board setting out its recommendations in connection with the continuing connected transactions constituted by the transactions contemplated under the loan agreement and the proposed annual caps to the independent shareholders; (iii) a letter from an independent financial adviser containing its advice in connection with the continuing connected transactions constituted by the transactions contemplated under the loan agreement and the proposed annual caps to the independent committee of the Board and the independent shareholders; and (iv) notice of the extraordinary general meeting of the Company to be held on 28 March 2014, was despatched to the shareholders of the Company on 13 March 2014.

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

On 17 February 2014, the Company through its indirect wholly-owned subsidiary entered into a non-binding memorandum of understanding with Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司), a company incorporated in the PRC, pursuant to which the Company intended to subscript for the 60% of the enlarged share capital of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司). As Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司) is developing its mobile games and the cloud based city Wi-Fi application software, such possible investment in it is in line with the Group's business development plans. As at the date of this announcement, no legally binding agreement or contract relating to the possible investment has been agreed or entered into by the Company. The Company will make relevant announcement(s) when and where appropriate in due course.

In light of the expansions of the trading business and the information technology business as well as to strengthen the general working capital base of itself for meeting its obligation under the forthcoming business opportunities, the Company is considering carrying out further fund raising activities when and where appropriate and will make relevant announcement accordingly.

PROPOSED CHANGE OF COMPANY NAME

As the Group's activities now include information technology business and in order to better reflect the future expansion and diversifications of the Company's business into the information technology based mobile games and application software business and provide the Company with a fresh corporate identity and image, the Company proposed to change the English name of the Company from "Merdeka Resources Holdings Limited" to "Merdeka Mobile Group Limited" and upon the English name change becoming effective, to adopt the Chinese name "萬德移動集團有限公司" to replace "萬德資源集團有限公司" for identification purposes only.

The circular containing information regarding the special resolution to be proposed at the extraordinary general meeting of the Company to be held 21 March 2014 for the proposed change of company name was despatched to the shareholders of the Company on 26 February 2014.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to the valuable contribution from our departing directors, Mr. Lau Ho Wai, Lucas, Mr. Lam Kin Kan, Mark and Mr. Ma Hang Kon, Louis. I extend my warm welcome to Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, both of whom were appointed INEDs of the Company on 26 July 2013. I would also like to express my gratitude to our management team and all staff for their hard work in the execution of the Group's strategies and operations during the past year. As approved by the shareholders in the annual general meeting held on 3 May 2012, the Company adopted a share option scheme, which could provide incentives and rewards to eligible participants for their contribution to the Group. Last but not the least, I wish to thank all shareholders, customers, suppliers, business partners, bankers, government authorities for their continuous support and confidence in the Group.

Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong
14 March 2014

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce that the consolidated annual results of the Group for the year ended 31 December 2013, together with the comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
REVENUE	*5*	**40,762**	7,909
Cost of sales		**(38,677)**	(7,742)
Gross profit		**2,085**	167
Other income	*5*	**2,316**	440
Operating expenses		**(5,923)**	(19,282)
Administrative expenses		**(10,730)**	(11,973)
Impairment of forest concessions		**(70,000)**	(560,000)
Impairment of property, plant and equipment		**–**	(16,000)
Written off of construction in progress		**(5,000)**	–
Written off of property, plant and equipment		**(2,347)**	–
Written off of biological assets		**–**	(9,579)
Equity-settled share option expenses		**(3,275)**	(974)
Loss from operations		**(92,874)**	(617,201)
Finance costs	*7*	**(22,279)**	(26,872)
LOSS BEFORE TAX	*6*	**(115,153)**	(644,073)
Income tax	*8*	**–**	–
LOSS FOR THE YEAR		**(115,153)**	(644,073)
Attributable to:			
Owners of the Company		**(109,167)**	(613,037)
Non-controlling interests		**(5,986)**	(31,036)
LOSS FOR THE YEAR		**(115,153)**	(644,073)
			(Represented)
LOSS PER SHARE			
Basic and diluted	*10*	**(HK$0.33)**	(HK$2.28)
DIVIDEND	*9*	**–**	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(115,153)**	(644,073)
Other comprehensive loss:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translating of financial statements of overseas subsidiaries	**(76)**	(6)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(115,229)**	(644,079)
Total comprehensive loss attributable to:		
Owners of the Company	**(109,243)**	(613,043)
Non-controlling interests	**(5,986)**	(31,036)
	(115,229)	(644,079)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,245**	13,106
Forest concessions	*11*	**199,811**	269,811
Goodwill		**6,341**	–
Total non-current assets		**207,397**	282,917
Current assets			
Trade receivables	*12*	**2,300**	2,365
Prepayments, deposits and other receivables		**29,168**	26,498
Cash and cash equivalents		**7,895**	2,620
Total current assets		**39,363**	31,483
Total assets		**246,760**	314,400
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Issued capital	*13*	**3,859**	85,786
Reserves		**54,504**	30,016
		58,363	115,802
Non-controlling interests		**(1,650)**	4,336
Total equity		**56,713**	120,138
Non-current liabilities			
Convertible bonds		**–**	189,705
Current liabilities			
Bank borrowings		**366**	–
Trade payables	*14*	**917**	–
Other payables and accruals		**1,293**	4,557
Convertible bonds		**187,471**	–
Total current liabilities		**190,047**	4,557
Total liabilities		**190,047**	194,262
Total equity and liabilities		**246,760**	314,400
Net current (liabilities)/assets		**(150,684)**	26,926
Total assets less current liabilities		**56,713**	309,843

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company										
	Issued capital	Share premium account	Contributed surplus	Equity component of convertible bonds	Share option reserve	Capital Reduction Reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		*	*	*	*	*	*	*			
1 January 2012	63,786	555,588	66,710	51,732	14,491	–	28	(171,741)	580,594	35,372	615,966
Changes in equity for 2012:											
Loss for the year	–	–	–	–	–	–	–	(613,037)	(613,037)	(31,036)	(644,073)
Other comprehensive loss	–	–	–	–	–	–	(6)	–	(6)	–	(6)
Total comprehensive loss	–	–	–	–	–	–	(6)	(613,037)	(613,043)	(31,036)	(644,079)
Issue of new shares upon conversion of convertible bonds	18,000	146,276	–	(22,999)	–	–	–	–	141,277	–	141,277
Equity-settled share option arrangements	–	–	–	–	974	–	–	–	974	–	974
Issue of new shares (share-based payments)	4,000	2,000	–	–	–	–	–	–	6,000	–	6,000
Forfeiture of share options	–	–	–	–	(14,491)	–	–	14,491	–	–	–
At 31 December 2012 and 1 January 2013	85,786	703,864	66,710	28,733	974	–	22	(770,287)	115,802	4,336	120,138
Changes in equity for 2013:											
Loss for the year	–	–	–	–	–	–	–	(109,167)	(109,167)	(5,986)	(115,153)
Other comprehensive loss	–	–	–	–	–	–	(76)	–	(76)	–	76
Total comprehensive loss	–	–	–	–	–	–	(76)	(109,167)	(109,243)	(5,986)	(115,229)
Issue of rights shares	36,669	–	–	–	–	–	–	–	36,669	–	36,669
Expenses incurred in connection with issue of rights shares	–	(1,979)	–	–	–	–	–	–	(1,979)	–	(1,979)
Equity-settled share option arrangements	–	–	–	–	3,322	–	–	–	3,322	–	3,322
Issue of new shares upon exercise of share options	5,885	3,286	–	–	(3,286)	–	–	–	5,885	–	5,885
Forfeiture of share options	–	–	–	–	(47)	–	–	–	(47)	–	(47)
Issue of consideration shares	8,000	(3,400)	–	–	–	–	–	–	4,600	–	4,600
Partial redemption of convertible bonds	–	–	–	(3,450)	–	–	–	–	(3,450)	–	(3,450)
Capital reduction of issued shares	(132,931)	–	–	–	–	132,931	–	–	–	–	–
Issue of new shares upon placing	450	6,354	–	–	–	–	–	–	6,804	–	6,804
At 31 December 2013	3,859	708,125	66,710	25,283	963	132,931	(54)	(879,454)	58,363	(1,650)	56,713

* These reserve accounts comprise the consolidated reserves of approximately HK$54,504,000 (2012: HK$30,016,000) in the consolidated statement of financial position.

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the following:

(i) The Group incurred a net loss of approximately HK$115,153,000 for the year ended 31 December 2013 and the Group's current liabilities exceeded its current assets by approximately HK$150,684,000 as at 31 December 2013; and

(ii) The outstanding principal amount of convertible bonds of approximately HK$197,880,000 will be matured on 12 August 2014.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The validity of which is dependent on whether the convertible bonds holder agree to extend the settlement of the convertible bonds amounting to approximately HK$197,880,000. As of the date of this announcement, the Company obtained written confirmation from the majority of convertible bonds holder that they will not call for repayment within twelve month. Under this circumstance, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2013 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly to the Group. The Group elects to measure the non-controlling interests at their proportionate share of the subsidiary's net identifiable assets.

2. NEW AND REVISED HKFRSs APPLIED

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual Improvements to HKFRSs (2009–2010)	Amendments to HKFRS 1, HKAS 1, HKAS 16, HKAS 32 and HKAS 34

The initial application of these financial reporting standards does not necessitate material changes in the company's accounting policies except the following:

(i) HKFRS 10 "Consolidated Financial Statements" modifies the concept of "control" substantially. The Company's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities;

(ii) HKFRS 11 "Joint Arrangements" introduces the concepts of "joint venture" and "joint operations". The Company's adoption of these new concepts does not result in a change in the classification and measurement of investments in joint ventures and other entities; and

(iii) HKFRS 13 "Fair Value Measurement" introduces a number of new concepts and principles regarding fair value measurement. The Company's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The initial application of these financial reporting standards does not necessitate retrospective adjustments of the comparatives presented in the condensed financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) – Int 21	Levies[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRS 10	Investment Entities[1]
Annual Improvements to HKFRSs (2011–2013)	Amendments to HKFRS 1, HKFRS 3, HKFRS 13, and HKAS 40[2]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 January 2016

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs upon initial application. So far the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products and services and has four reportable operating segments as follows:

(a) the trading business segment engaged in the trading of goods, components and accessories;

(b) the forestry business segment engaged in logging of trees, the operations of wood-processing factories and the sale of sawn timber, other timber and wood products;

(c) the plantation business segment engaged in plantation of oil palm trees and sale of palm oil; and

(d) the information technology business segment engaged in distributorship of information technology products and the provision of relevant technical support services.

Executive directors, who are the chief operating decision makers, monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, equity-settled share option expenses, as well as head office and corporate expenses are excluded from such measurement.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arose from the depreciation or amortisation of assets attributable to those segments.

Segment assets include non-current assets and current assets with the exception of certain assets unallocated to an individual reportable segment.

Segment liabilities include non-current liabilities and current liabilities with the exception of tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2013

HK$'000	**Trading business**	**Forestry business**	**Plantation business**	**Information Technology business**	**Total**	**Reconciliations**	**Group Total**
Segment revenue:							
Revenue from external customers	**38,038**	**–**	**–**	**2,724**	**40,762**	**–**	**40,762**
Operating profit/(loss)	**982**	**(78,768)**	**–**	**(846)**	**(78,632)**	**10,034**	**(68,598)**
Interest income	**–**	**1**	**–**	**–**	**1**	**–**	**1**
Finance costs	**–**	**(22,200)**	**–**	**(79)**	**(22,279)**	**–**	**(22,279)**
Reconciled items:							
Unallocated expenses	**–**	**–**	**–**	**–**	**–**	**(21,002)**	**(21,002)**
Equity-settled share option expenses	**–**	**–**	**–**	**–**	**–**	**(3,275)**	**(3,275)**
Profit/(loss) before tax	**982**	**(100,967)**	**–**	**(925)**	**(100,910)**	**(14,243)**	**(115,153)**
Impairment loss on forest concessions	**–**	**(70,000)**	**–**	**–**	**(70,000)**	**–**	**(70,000)**
Depreciation	**–**	**(4,720)**	**–**	**(6)**	**(4,726)**	**(372)**	**(5,098)**

For the year ended 31 December 2012

HK$'000	Trading business	Forestry business	Plantation business	Total	Reconciliations	Group Total
Segment revenue:						
Revenue from external customers	7,909	–	–	7,909	–	7,909
Operating profit/(loss)	167	(600,815)	(550)	(601,198)	–	(601,198)
Interest income	–	25	–	25	120	145
Finance costs	–	(26,872)	–	(26,872)	–	(26,872)
Biological assets written off	–	–	(9,579)	(9,579)	–	(9,579)
Reconciled items:						
Unallocated expenses	–	–	–	–	(5,595)	(5,595)
Equity-settled share option expenses	–	–	–	–	(974)	(974)
Profit/(loss) before tax	167	(627,662)	(10,129)	(637,624)	(6,449)	(644,073)
Impairment loss on forest concessions	–	(560,000)	–	(560,000)	–	(560,000)
Impairment loss on property, plant and equipment	–	(16,000)	–	(16,000)	–	(16,000)
Depreciation	–	(7,078)	(123)	(7,201)	–	(7,201)

As at 31 December 2013

HK$'000	Trading business	Forestry business	Plantation business	Information Technology business	Total	Reconciliations	Group Total
Segment assets	4,458	199,811	64	7,337	211,670	1,245	212,915
Reconciled items:							
Cash and cash equivalents	–	–	–	–	–	7,098	7,098
Unallocated assets	–	–	–	–	–	26,747	26,747
Total assets	4,458	199,811	64	7,337	211,670	35,090	246,760
Segment liabilities	–	227	–	1,544	1,771	634	2,405
Convertible bonds	–	187,471	–	–	187,471	–	187,471
Reconciled items:							
Unallocated liabilities	–	–	–	–	–	171	171
Total liabilities	–	187,698	–	1,544	189,242	805	190,047

As at 31 December 2012

HK$'000	Trading business	Forestry business	Plantation business	Total	Reconciliations	Group Total
Segment assets	2,365	280,960	–	283,325	–	283,325
Reconciled items:						
Cash and cash equivalents	–	–	–	–	48	48
Unallocated assets	–	–	–	–	31,027	31,027
Total assets	2,365	280,960	–	283,325	31,075	314,400
Segment liabilities	–	1,047	–	1,047	–	1,047
Convertible bonds	–	189,705	–	189,705	–	189,705
Reconciled items:						
Unallocated liabilities	–	–	–	–	3,510	3,510
Total liabilities	–	190,752	–	190,752	3,510	194,262

Geographical information

(a) Revenue from external customers

	Note	**Year ended 31 December** **2013** ***HK$'000***	2012 *HK$'000*
Hong Kong (place of domicile)	*5*	**40,762**	7,909

The revenue information is based on the location of the customers.

(b) Non-current assets

	As at 31 December **2013** ***HK$'000***	2012 *HK$'000*
Indonesia	**199,811**	282,731
Hong Kong (place of domicile)	**7,586**	186
	207,397	282,917

The non-current asset information above is based on the location of assets.

Information about major customers

Revenues from customers contributing 10% or more of the total sales of the Group are as follows:

	Year ended 31 December **2013** ***HK$'000***	2012 *HK$'000*
Customer A – revenue from trading business – Hong Kong	**–**	7,909
Customer B – revenue from trading business – Hong Kong	**15,253**	–
Customer C – revenue from trading business – Hong Kong	**6,902**	–
Customer D – revenue from trading business – Hong Kong	**5,368**	–
	27,523	7,909

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year. An analysis of revenue and other income is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue:		
Revenue from trading business	**38,038**	7,909
Revenue from information technology business	**2,724**	–
	40,762	7,909
Other income:		
Interest income on bank deposit	**1**	145
Gain on early redemption of convertible bonds	**2,237**	–
Other	**78**	295
	2,316	440

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**6,920**	9,886
Termination expenses	**303**	1,104
Equity-settled share-option expenses	**3,275**	974
Pension scheme contributions	**115**	97
	10,613	12,061
(b) Other items:		
Auditors' remuneration		
– Audit services	**593**	741
Depreciation	**5,098**	7,201
Minimum lease payments under operating leases:		
Land and buildings	**586**	1,071
Loss on disposal of property, plant and equipment	**87**	1,089
Impairment of prepayments, deposits and other receivables	**–**	1,701
Written off of inventories	**–**	1,914
Foreign exchange loss, net	**78**	346

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Imputed interest charge on convertible bonds *(Note)*	**22,200**	26,872
Interest charge on bank borrowings	**79**	–
	22,279	26,872

Note: The charge represents the imputed interest on the liability component of the convertible bonds for the year.

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the year.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2012: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation	**(109,168)**	(613,037)
	Number of shares (thousands)	
		(Represented)
Shares		
Weighted average number of ordinary shares in issue during the year	**330,158**	268,483

No adjustment has been made to the basic loss per share presented for the year ended 31 December 2013 and 2012 in respect of a dilution as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share.

11. FOREST CONCESSIONS

	2013	2012
	HK$'000	*HK$'000*
Cost:		
At 1 January and 31 December	**833,801**	833,801
Accumulated amortisation:		
At 1 January and at 31 December	**(3,990)**	(3,990)
Accumulated impairment:		
At 1 January	**(560,000)**	–
Impairment for the year	**(70,000)**	(560,000)
At 31 December	**(630,000)**	(560,000)
Carrying amount:		
At 31 December	**199,811**	269,811

Amortisation is charged on a unit of production basis over the estimated useful lives of forest concessions.

The Group acquired certain forest concessions in the Papua Province of Indonesia through acquisitions of subsidiaries. The forest concession rights cover the entire forest area of 313,500 hectares. This is a long term licence which allows logging, land clearing and plantation of oil palm trees.

In February 2014, the Company obtained an updated legal opinion and legal confirmation letter from Adi Prasetyo & Partners Law Firm, which confirmed that the location permit has been legally granted by the Head of Mimika Regency to the Company for allocation of forest areas in aggregate of 313,500 hectares, located in the Mimika Areas. The plantation business licence has been legally granted to the Company by the Governor of Papua, Indonesia. As such, the Company is legally permitted to carry out land clearing activities and to develop oil palm plantation business, including but not limited to carrying out felling, logging and harvesting of trees, and plantation activities within the Mimika Concessions Areas.

The Company commenced the process to apply to the National Land Agency for land use right to establish the right to use of land area for oil palm plantation activities according to plantation business licence or Governor Decree 35/2009. The legal opinion mentioned that as the Company has obtained all the licences and permits to carry out logging, harvesting and plantation activities, the application for land use right registration is merely a procedural matter. The land use right registration is relevant only to the plantation activities and is not required for the logging and forest clearing operations. It is expected that there will not be any legal impediment.

In 2012 and 2013, as the result of the unexpected delay of production, the Group carried out a review of the recoverable amount of those concessions and related equipments. These assets are used in the Group's forestry business reportable segments. The recoverable amount of the relevant assets has been determined on the basis of their value in use. In addition, the Group engaged Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group, to value the fair value of the forest concessions. The fair value of the forest concessions as at 31 December 2013 was approximately HK$205,000,000 (2012: HK$278,000,000) based on the income based approach. The discount rate adopted was 20.42% as at 31 December 2013 (2012: 20.47%).

The review led to recognition of an impairment loss on forest concessions approximately HK$70,000,000 which has been recognised in the statement of profit or loss (2012: impairment loss on Forest Concessions and Property, Plant and Equipment of approximately HK$560,000,000 and HK$16,000,000 respectively).

12. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**2,300**	2,365

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has credit control procedures established to monitor credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**299**	443
31 to 60 days	**–**	1,026
61 to 120 days	**325**	896
Over 120 days	**1,676**	–
	2,300	2,365

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
Not impaired	**2,300**	2,365

Receivables that were not impaired relate to customers for whom there were no recent history of default. The Group does not hold any collateral over these balances.

13. SHARE CAPITAL

	Notes	Company Number of shares '000	Nominal values HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
As at 1 January 2012, 31 December 2012 and 1 January 2013		20,000,000	200,000
Share consolidation	*c*	(19,500,000)	–
Ordinary shares of HK$0.4 each		500,000	200,000
Share sub-division	*d(i)*	19,500,000	–
As at 31 December 2013, ordinary shares of HK$0.01 each		20,000,000	200,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
As at 1 January 2012		6,378,649	63,786
Issue of new shares under share-based payments	*a*	400,000	4,000
Issue of new shares upon conversion of convertible bonds	*b*	1,800,000	18,000
At 31 December 2012		8,578,649	85,786
Issue of shares upon exercise of share option	*e*	588,500	5,885
Ordinary shares of HK$0.01 each		9,167,149	91,671
Share consolidation	*c*	(8,937,970)	–
Ordinary shares of HK$0.4 each		229,179	91,671
Issue of rights shares	*f*	91,671	36,669
Issue of consideration shares	*g*	20,000	8,000
Ordinary shares of HK$0.4 each		340,850	136,340
Capital reduction	*d(ii)*	–	(132,931)
Ordinary shares of HK$0.01 each		340,850	3,409
Issue of shares under general mandate	*h*	45,000	450
As at 31 December 2013, ordinary shares of HK$0.01 each		385,850	3,859

(a) On 19 July 2012, Merdeka Resources International Limited, an indirect wholly owned subsidiary of the Company, entered into an agreement with a supplier for the purchase of 800,000 metric tons tailings at a consideration of HK$6,000,000, which should be satisfied by the allotment and issuance of 400,000,000 ordinary shares of the Company under the general mandate granted at the annual general meeting of the Company on 3 May 2012. The issue price of the shares, HK$0.015 per share, was determined with reference to the prevailing market price of the shares. The shares were allotted and issued in August 2012.

(b) During the year ended 31 December 2012, the convertible bonds with a nominal value of HK$180,000,000 were converted into 1,800,000,000 ordinary shares of the Company of HK$0.01 each.

(c) On 20 February 2013, the Company proposed to effect the share consolidation which became effective on 25 March 2013 being approved by the shareholders that every forty existing shares of HK$0.01 each in both the issued and unissued share capital of the Company were consolidated into one consolidated share of H$0.4 each ("Share Consolidation").

(d) On 11 July 2013, the Company proposed to effect the capital reorganisation which became effective on 25 November 2013 being approved by the shareholders ("Capital Reorganisation"). The Capital Reorganisation involved the following:

    (i) each authorised but unissued share of the Company was sub-divided into forty shares so that the nominal value of each unissued share was reduced from HK$0.4 to HK$0.01 each ("Share Sub-division"); and

    (ii) the paid up capital of each issued share was reduced from HK$0.4 to HK$0.01 by cancelling the paid up capital to the extent of HK$0.39 so as to form a new share with nominal value of HK$0.01 each ("Capital Reduction").

(e) For the year ended 31 December 2013, 588,500,000 shares were issued upon exercise of share options. Total proceeds were HK$5,885,000. The weighted average share price at the time of exercise was HK$0.01 per share.

(f) On 17 July 2013, the Company issued rights shares on the basis of two right shares for every five existing share held on 21 June 2013, at the subscription price of HK$0.4 per rights shares with nominal value of HK$0.4 each, resulting in net proceeds of approximately HK$35 million, which would be used for general working capital, including but not limited to development of the information technologies business and the expansion of the Company's existing trading business.

(g) On 2 May 2013, End User Technology Limited, an indirect wholly owned subsidiary of the Company, entered into an agreement with the vendor for the purchase of 100% of the issued share capital of Quasicom Systems Limited at a consideration of HK$8,000,000, which should be satisfied by the allotment and issuance of 20,000,000 ordinary shares of the Company under the general mandate granted at the annual general meeting of the Company on 3 May 2012. The fair value of the issue price of the shares, HK$0.23 per share, was determined with reference to the prevailing market price of the shares. The shares were allotted and issued in July 2013.

(h) On 6 December 2013, the Company entered into a General Mandate ("GM") placing agreement with a placing agent whereby the Company conditionally agreed to place through the placing agent, on a fully underwritten basis, a total of 45,000,000 placing shares to not less than six placees at a price of HK$0.156 per GM placing share. The aggregate nominal value of the placing shares under the GM placing agreement was approximately HK$450,000. The net proceeds from GM Placing Shares would be used for expansions of the trading business and the information technology business, including but not limited to the exploration of the opportunities in investing in and/or developing online games, mobile games and financial services related software, as well as for strengthening the general working capital base of the Company.

14. TRADE PAYABLES

An aged analysis of trade payables as at the end of reporting period based on the invoice date, are as follows:

	2013	2012
	HK'000	*HK'000*
Within 30 days	**277**	–
31 to 60 days	**43**	–
61 to 120 days	**365**	–
Over 120 days	**232**	–
	917	–

FINANCIAL REVIEW

Highlights on financial results

(HK$'000, except percentage figures)	**Year ended 31 December** **2013**	2012
Revenue	**40,762**	7,909
Gross profit	**2,085**	167
Gross profit margin	**5.1%**	2.1%
Operating expenses	**(5,923)**	(19,282)
Administrative expenses	**(10,730)**	(11,973)
Non-cash items:		
Depreciation*	**(5,098)**	(7,201)
Written off of inventories	**–**	(1,914)
Written off of biological assets	**–**	(9,579)
Written off of property, plant and equipment	**(2,347)**	–
Written off of construction in progress	**(5,000)**	–
Impairment of prepayments, deposits and other receivables	**–**	(1,701)
Impairment of forest concessions	**(70,000)**	(560,000)
Impairment of property, plant and equipment	**–**	(16,000)
Equity-settled share option expenses	**(3,275)**	(974)
Finance costs	**(22,279)**	(26,872)
Loss for the year	**(115,153)**	(644,073)
Loss excluding non-cash items**	**(7,154)**	(19,832)

* *In 2013 and 2012, all of the depreciation were included in the operating and administrative expenses.*

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

Discussion on financial results

The revenue of the Group in 2013, which was generated from trading business and information technology business, increased by 415.39% to approximately HK$40,762,000 from approximately HK$7,909,000 in 2012, which was solely generated from the trading business. The gross profit margin of the Group increased to approximately 5.1% or HK$2,085,000 in 2013 from approximately 2.1% or HK$167,000 in 2012 was contributed by the increase in sales of trading business and the information technology business.

The operating expenses of the Group in 2013 was approximately HK$5,923,000 which was decreased from approximately HK$19,282,000 in 2012, mainly contributed by the downsizing operation in Indonesia.

During the year ended 31 December 2013, depreciation decreased to approximately HK$5,098,000 in 2013 from approximately HK$7,201,000 in 2012 as some property, plant and equipment were written off in 2013.

The postponement of the Group's forestry project and lower market prices for timber products led to the impairment of approximately HK$70,000,000 to the forest concessions in 2013, whereas in 2012 impairment of approximately HK$560,000,000 and HK$16,000,000 to the forest concessions and property, plant and equipment respectively.

Share option expenses, non-cash in nature of approximately HK$3,275,000 were recorded in 2013 due to 595,000,000 share options of fair value approximately HK$3,322,000 were granted and 4,000,000 share options approximately HK$47,000 were lapsed, whereas 83,500,000 share options of fair value approximately HK$974,000 were granted in 2012.

Finance cost of the Group represented the non-cash imputed interest charge in the liability component of the Group's zero coupon convertible bonds and the interest charged on bank borrowings. The cost decreased by 17.09% to approximately HK$22,279,000 in 2013 from approximately HK$26,872,000 in 2012, which was mainly due to the decrease in average balance of the liability component when certain convertible bonds were redeemed during 2013.

Loss for the year decreased by 82.12% to approximately HK$115,153,000 in 2013 from approximately HK$644,073,000 in 2012. The significant decrease in loss was mainly due to the increase in the gross profit and its margin and the decrease in 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, impairment of forest concessions and the written off of property, plant and equipment and construction in progress, the Group recorded a lower loss before tax at HK$7,154,000 in 2013 compared to HK$19,832,000 in 2012.

Analysis by business segment

	Revenue		**Profit/(loss) before tax**	
	Year ended 31 December			
(HK$'000)	**2013**	2012	**2013**	2012
Trading business	**38,038**	7,909	**982**	167
Information technology business	**2,724**	–	**(925)**	–
Forestry business	**–**	–	**(100,967)**	(627,662)
Plantation business	**–**	–	**–**	(10,129)
Total	**40,762**	7,909	**(100,910)**	(637,624)

Revenue from our trading business increased by 380.95% from approximately HK$7,909,000 in 2012 to approximately HK$38,038,000 in 2013, as the Group strived to grow the trading business which provided a stable source of revenue.

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

Same as 2012, no revenue was recorded from the Group's forestry business and plantation business in 2013.

Compared to 2012, loss before tax from the forestry business in 2013 decreased significantly, which was mainly due to the lesser impairments related to the forest concessions and property, plant and equipment related to the forestry business.

Analysis by geographical segment

(HK$'000, except percentage figures)	**Year ended 31 December**			
	2013		2012	
	Revenue	**Proportion**	Revenue	Proportion
Hong Kong	**40,762**	**100%**	7,909	100%

All the Group's revenue was derived from Hong Kong in 2013 and 2012.

Highlights on financial position

(HK$'000, except percentage figures)	**As at 31 December**	
	2013	2012
Property, plant and equipment	**1,245**	13,106
Forest concessions	**199,811**	269,811
Trade receivables	**2,300**	2,365
Cash and cash equivalents	**7,895**	2,620
Convertible bonds – liability component	**187,471**	189,705
Non-controlling interests	**(1,650)**	4,336
Shareholders' funds	**58,363**	115,802

Discussion on financial position

Property, plant and equipment decreased to approximately HK$1,245,000 as at 31 December 2013 from approximately HK$13,106,000 as at 31 December 2012. The decrease was mainly due to disposals of items with net book value of approximately HK$8,200,000, the addition of HK$1,437,000 and the depreciation of approximately HK$5,098,000 in 2013.

Forest concessions decreased to approximately HK$199,811,000 as at 31 December 2013 from approximately HK$269,811,000 as at 31 December 2012. The decrease was due to the impairment made in 2013.

Trade receivables remained almost at the same level of 2012 to approximately HK$2,300,000 (2012: HK$2,365,000) as at 31 December 2013.

Cash and cash equivalents increased significantly by 201.34% to approximately HK$7,895,000 as at 31 December 2013 from approximately HK$2,620,000 as at 31 December 2012. The increase was partly caused by the fund raising activities of the Group and partly caused by the net cash inflow from operation.

The liability component of the convertible bonds slightly decreased by 1.18% to approximately HK$187,471,000 as at 31 December 2013 from approximately HK$189,705,000 as at 31 December 2012 which was contributed by partial redemption during 2013.

Non-controlling interests decreased to approximately HK$(1,650,000) as at 31 December 2013 from approximately HK$4,336,000 as at 31 December 2012. The decrease was mainly due to the sharing of loss, including the impairment related to the forest concessions in our non-wholly owned Indonesian subsidiaries by their non-controlling shareholders for 2013.

The Group's shareholders' funds decreased to approximately HK$58,363,000 as at 31 December 2013 from approximately HK$115,802,000 as at 31 December 2012. The decrease was mainly due to the loss attributable to the owners of the Company of approximately HK$109,243,000, partially offset by the increase of approximately HK$51,804,000 which were contributed by the Group's fund raising activities.

Capital structure and gearing ratio

	As at 31 December			
	2013		2012	
	HK$'000	**Proportion**	*HK$'000*	Proportion
Total borrowings				
– Bank borrowings	**366**	–	–	–
– Convertible bonds (liability component)	**187,471**	–	189,705	–
	187,837	**76.29%**	189,705	62.1%
Equity	**58,363**	**23.71%**	115,802	37.9%
Total capital employed	**246,200**	**100%**	305,507	100.0%

The Group's gearing ratio was approximately 76.29% as at 31 December 2013 (2012: 62.1%). The increase was mainly due to the decrease in shareholders' funds largely contributed by the loss attributable to the owners of the Company.

The outstanding principal of the convertible bonds amounted to approximately HK$197,880,000 as at 31 December 2013 (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%.

As at 31 December 2013, the Group's bank borrowing amount was HK$366,000 (2012: Nil) because of the expansion into the information technology business.

Liquidity and financial resources

	As at 31 December	
(HK$'000)	**2013**	2012
Current assets	**39,363**	31,483
Current liabilities	**190,047**	4,557
Current ratio	**20.71%**	690.9%

The current ratio of the Group as at 31 December 2013 was 20.71% (2012: 690.9%), reflecting the classification of the convertible bonds under current liabilities in this year from non-current liabilities in 2012.

The decrease in current ratio was due to the maturity of the convertible bonds on 12 August 2014. All the bondholders has agreed to continue their financial supports to the Company by not call for repayment of such outstanding principal amounts from the Company within 12 months.

As at 31 December 2013, the Group's cash and cash equivalents amounted to approximately HK$7,895,000 (2012: HK$2,620,000). No cash and cash equivalents of the Group were pledged for general banking facilities as at 31 December 2013 and 2012. As at 31 December 2013, about 93% (2012: 22.0%) of the Group's cash and cash equivalents were deposits placed with licensed banks in Hong Kong, among which about 91% (2012: 100%) were denominated in Hong Kong dollars.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the year ended 31 December 2013 and 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 31 December 2013, 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 2013 are disclosed in the notes to the financial statements of the annual report of the Company. Except the acquisition of the 100% shareholdings in Quasicom Systems Limited, the Group did not acquire or dispose of any material subsidiaries and associates during the year ended 31 December 2013.

Significant investments

The Group did not acquire or hold any significant investment during the year ended 31 December 2013 and 2012.

Pledge of assets

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

Capital commitments

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

Employees and remuneration policy

As at 31 December 2013, the Group employed 30 staff (2012: 27). 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 2013, after adjustment made because of share consolidation effective 26 March 2013 and the right issue on 17 July 2013, there were outstanding share options of 1,697,948 (2012: 83,500,000).

Event after the reporting period

On 29 January 2014, an aggregate of 150,000,000 shares of the Company, representing approximately 28.00% of the issued share capital of the Company as at that date taking into account the issue of such shares, were successfully placed, under specific mandate granted during an extraordinary general meeting of the Company held 29 January 2014, to not less than six placees who and whose ultimated beneficial owners are independent third parties (as defined in the GEM Listing Rules). The Company received net proceeds of approximately HK$22.55 million from such placing.

On 10 February 2014, the Company agreed with the bondholders to exercise its redemption right to early redeem the convertible bonds and served a redemption notice pursuant to the supplemental deed dated 30 May 2011 for redeeming an outstanding principal amount of HK$20,000,000 of the convertible bonds, which were settled in cash of HK$19,000,000, representing a discount of approximately 5% of the principal sum of the early redeemed convertible bonds, by the Company. Following and as a result of the redemption in the aforesaid amount of HK$20,000,000 convertible bonds, the outstanding amount due by the Company to the convertible bondholders under the convertible bonds is HK$177,880,000.

On 17 February 2014, the Company through its indirect wholly-owned subsidiary entered into a non-binding memorandum of understanding with Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司), a company incorporated in the PRC, pursuant to which the Company intended to subscript for the 60% of the enlarged share capital of Mian Yang Heng Da Information Technology Limited (綿陽恒達信息科技有限公司). As at the date of this announcement, no legally binding agreement or contract relating to the possible investment has been agreed or entered into by the Company. The Company will keep the Shareholders and public investors informed of any material development in connection with the possible investment by way of further announcement(s) as and when appropriate.

Pursuant to the announcement dated 17 February 2014, the directors proposed to change the English name of the Company from "Merdeka Resources Holdings Limited" to "Merdeka Mobile Group Limited" and upon the name becoming effective, to adopt the Chinese name "萬德移動集團有限公司" to replace "萬德資源集團有限公司" for identification purposes only.

On 27 February 2014, an aggregate of 77,000,000 shares of the Company, 12.56% of the issued share capital of the Company as at that date were successfully placed, under general mandate refreshed and granted during an extraordinary general meeting of the Company held 29 January 2014, to not less than six placees who and whose ultimate beneficial owners are independent third parties (as defined in the GEM Listing Rules). The Company received net proceeds of approximately HK$12.56 million from such placing.

Pursuant to the announcement dated 7 March 2014, the address of the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, will be change to Level 22, Hopewell Centre, 183 queen's Road East, Hong Kong with effect from 31 March 2014.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The auditor of the Company included a section of "Emphasis of matter" in their independent auditor's report, the detail of which are set out as follows:

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements which indicates that as of 31 December 2013, the Group's current liabilities exceed its current assets by approximately HK$150,684,000. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on whether the convertible bonds holder agrees to extend the settlement of the principal amount of convertible bonds of approximately HK$197,880,000. This condition indicates the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2013.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

Interests and short positions in the shares and the underlying shares of the share options and the convertible bonds of the Company as at 31 December 2013

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

Name of directors	Number of the shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of the Company
	Personal	Corporate		(%)
Cheung Wai Yin, Wilson	297,500	52,500,000 *(note 1)*	52,797,500	13.68
Lau Chi Yan, Pierre *(note 2)*	2,125,000	–	2,125,000	0.55

Notes:

1. These shares are interest of a controlled corporation, Ivana Investments Limited ("Ivana"), 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.

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

Name of directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share HK$	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (%)
Wong Chi Man	17/1/2013	17/1/2013 – 16/1/2023	0.51	59,230	59,230	0.02
Yeung Mo Sheung, Ann	17/1/2013	17/1/2013 – 16/1/2023	0.51	69,103	69,103	0.02

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

Name of the holder of the convertible bonds	Principal amount of the convertible bonds *HK$*	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(%)*
Cheung Wai Yin, Wilson	150,000,000	37,500,000	9.72

Note: These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2014) were issued by the Company on 12 August 2008 as part of the consideration to acquire the forestry business. They are unlisted, interest-free and convertible into the shares of the Company at the adjusted conversion price of HK$4.00 per share of the Company (subject to adjustment according to the terms of the convertible bonds). The interest is held by a controlled corporation, Ivana, which is wholly owned by Mr. Cheung.

Save as disclosed above, as at 31 December 2013, none of the directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' Interests in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the year ended 31 December 2013 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

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

As at 31 December 2013, the following persons (not being the directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

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

Name of shareholders	Capacity and nature of interest	Notes	Number of the shares interested	Approximate percentage of the total issued share capital of the Company *(%)*
Ivana	Directly beneficially owned	*1*	52,500,000	13.61
CLC Finance Limited ("CLC")	Security interest	*1 and 2*	37,500,000	9.72
CL Group (Holdings) Limited ("CLGH")	Through a controlled corporation	*2 and 3*	37,500,000	9.72
Au Suet Ming, Clarea	Through a controlled corporation	*3*	37,500,000	9.72
Au Kai To, Karel	Personal interest		20,000,000	5.18
Manistar Enterprises Limited ("Manistar")	Directly beneficially owned	*4*	33,294,102	8.63
CCT Capital International Holdings Limited	Through a controlled corporation	*4*	33,294,102	8.63
CCT Fortis Holdings Limited ("CCT Fortis")	Through a controlled corporation	*4*	33,294,102	8.63
Mak Shiu Tong, Clement	Through a controlled corporation	*4*	33,294,102	8.63

Notes:

1. Ivana has financial arrangement with CLC in which CLC has security interest over these shares.

2. CLC is wholly-owned by CLGH, which is thus interested in the respective shares.

3. Ms. Au Suet Ming, Clarea is deemed to be interested in such shares of the Company under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of CLGH.

4. Manistar is wholly-owned by CCT Capital International Holdings Limited which in turn is a wholly-owned subsidiary of CCT Telecom. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of the Company under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom.

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

Name of the holder of the convertible bonds	Principal amount of the convertible bonds *HK$*	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(%)*
Ivana	150,000,000	37,500,000	9.72

Note: These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2014) were issued by the Company on 12 August 2008 as part of the consideration to acquire the forestry business. They are unlisted, interest-free and convertible into the shares of the Company at the adjusted conversion price of HK$4.00 per share of the Company (subject to adjustment according to the terms of the convertible bonds). Ivana has financial arrangement with CLC in which CLC has security interest over these convertible bonds. CLC is wholly-owned by CLGH, which is thus interested in such convertible bonds. Ms. Au Suet Ming, Clarea is deemed to be interested in such convertible bonds under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power of general meetings of CLGH.

Save as disclosed above, the directors and chief executive of the Company are not aware that there is any party who, as at 31 December 2013, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the shareholders of the Company and was effective on 3 May 2012, when the annual general meeting was held. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

As at 31 December 2013, there were 1,697,948 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of shares available for issue is 1,697,948, which represents approximately 0.44% and 0.27% of the total issued share capital of the Company as at 31 December 2013 and the date of this announcement respectively.

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

	Number of share options										
Name or category of the participants	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Adjusted during the period upon effective of share consolidation and rights issue *(Note 1)*	Outstanding as at 31 December 2013	Date of grant of the share options	Exercise period of the share options	Price of the shares before the date of grant *(Note 2)* per share	Original exercise price of the share options *(Note 1)* per share	Adjusted exercise price of the share options after share consolidation and rights issue *(Note 1)* per share
Executive directors											
Cheung Wai Yin, Wilson	–	8,500,000	(8,500,000)	–	–	–	17/1/2013	17/1/2013–16/1/2023	HK$0.01	HK$0.01	not applicable
Lau Chi Yan, Pierre	–	85,000,000	(85,000,000)	–	–	–	17/1/2013	17/1/2013–16/1/2023	HK$0.01	HK$0.01	not applicable
Non-executive director											
Wong Chi Man	–	3,000,000	–	–	(2,940,770)	59,230	17/1/2013	17/1/2013–16/1/2023	HK$0.01	HK$0.01	HK$0.51
Independent non-executive director											
Yeung Mo Sheung, Ann	–	3,500,000	–	–	(3,430,897)	69,103	17/1/2013	17/1/2013–16/1/2023	HK$0.01	HK$0.01	HK$0.51
Employees and other eligible participants											
Employees	13,000,000	–	–	(4,000,000)	(8,822,308)	177,692	30/5/2012	30/5/2012–29/5/2022	HK$0.017	HK$0.017	HK$0.86
Other eligible participants	70,500,000	–	–	–	(69,108,077)	1,391,923	30/5/2012	30/5/2012–29/5/2022	HK$0.017	HK$0.017	HK$0.86
	–	495,000,000	(495,000,000)	–	–	–	17/1/2013	17/1/2013–16/1/2023	HK$0.01	HK$0.01	not applicable
	83,500,000	595,000,000	(588,500,000)	(4,000,000)	(84,302,052)	1,697,948					

Notes:

1. The exercise price of the share options is subject to adjustment in the case of capitalisation issue, rights issue, subdivision or consolidation of the shares of the Company, or other similar changes in the Company's share capital. As a result of the share consolidation of 40 into 1 effective on 26 March 2013 and the rights issue completed on 17 July 2013, pursuant to the terms and conditions of the Share Option Scheme, the number and the exercise price of share options have been adjusted accordingly.

2. The price of the shares of the Company before the date of the grant of the share options is the closing price of the shares of the Company as quoted on the Stock Exchange on the trading day immediately before the date on which the share options were granted.

Save as disclosed above, at the date of this announcement, no other share options were exercised subsequent to the balance sheet date.

During the year ended 31 December 2013, a total of 595,000,000 share options# were granted by the Company on 17 January 2013 under the Share Option Scheme, among which 100,000,000 share options# were granted to four directors of the Company. The directors of the Company have estimated the following theoretical valuations of the said 595,000,000 share options# granted under the Share Option Scheme during the period, calculated using the Black-Scholes option pricing model which is a generally accepted method of valuing share options as at the date of grant of the share options:

Name of grantees	**Number of share options granted during the period#**	**Theoretical value of the share options** *HK$*
Cheung Wai Yin, Wilson	8,500,000	47,457
Lau Chi Yan, Pierre	85,000,000	474,571
Wong Chi Man	3,000,000	16,750
Yeung Mo Sheung, Ann	3,500,000	19,541
Others	495,000,000	2,763,681
	595,000,000	3,322,000

The fair value of the share options granted during the year ended 31 December 2013 was approximately HK$3,322,000 (2012: HK$974,000) of which the Group recognised a share option expense of approximately HK$3,322,000 (2012: HK$974,000) during the year.

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

The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Dividend yield *(%)*	–
Expected volatility *(%)*	74.19
Historical volatility *(%)*	74.19
Risk-free interest rate *(%)*	0.39
Expected life of share options *(year)*	5
Closing share price at grant date *(HK$)*	0.01

The expected life of the share options is based on management expectation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has always recognised the importance of the transparency and accountability to shareholders of the Company (the "Shareholders"). It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders. Throughout the year ended 31 December 2013, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions under the Corporate Governance Code (the "Code") set out in Appendix 15 to the GEM Listing Rules, except for the following deviations from the code provisions of the Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive as set out in the Code Provision A.2.1.

Mr. Cheung Wai Yin, Wilson currently assumes the roles of both the chairman and chief executive officer of the Company. Traditionally, the chief executive officer of the Company also assumes the role of the chairman of the Company because it is believed that the structure of the Board ensures the balance of power and authority therefore no need to segregate the roles of the chairman and chief executive officer of the Company. Mr. Cheung has substantial experience that is essential to fulfilling the role of the chairman of the Company at the same time, Mr. Cheung has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the chief executive officer of the Company in the day-to-day management of the Group.

The Board is currently composed of six directors including three independent non-executive directors (the “INED(s)”) with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the management of the Company’s major operating subsidiaries are performed by other individuals. The balance of power and authority is therefore ensured by the current structure of the Board. Whilst it does not believe that such role separation will improve the corporate performance, the Board, as well as the Company, intends to comply with this Code Provision by seeking and appointing suitable candidate with appropriate background, acknowledge, experience and calibre to assume the role as the chairman of the Company.

Code Provision A.4.2

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following AGM and shall then be eligible for re-election.

The Board considers that the Company is in compliance with paragraph 4(2) of Appendix 3 under the GEM Listing Rules and such a deviation is not material as casual vacancy is expected seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM is less than one year and is considered to be short.

Pursuant to the articles of association of the Company, the Chairman and the managing director of the Company shall not be subject to retirement by rotation or also not be taken into account in determining the number of directors to retire in each year. The Board considers that the continuity of the Chairman and the managing director and their leaderships will be essential for the stability of the key management of the Board. On the other hand, the Board will ensure that the directors of the Company other than the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

Model Code for Securities Transactions by the Directors

The Company has not adopted a code of conduct nor established written guidelines regarding the securities transactions by the directors and relevant employees of the Company but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all directors of the Company and the Company is not aware of any non-compliance with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 December 2013.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with specific written terms of reference in line with the code provisions under the Code. The Nomination Committee consists of five members comprising three INEDs, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, and two executive directors, namely Mr. Cheung Wai Yin, Wilson and Mr. Lau Chi Yan, Pierre. The chairman of the Nomination Committee is elected by the members who are present at the meeting.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in line with the code provisions under the Code. The Remuneration Committee consists of five members comprising three INEDs, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, and two executive directors, namely Mr. Cheung Wai Yin, Wilson and Mr. Lau Chi Yan, Pierre. The chairman of the Remuneration Committee is elected by the members who are present at the meeting.

Audit Committee

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

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

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2013, and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

Each of the INEDs of the Company has filed a written confirmation to the Company confirming his independence pursuant to Rule 5.09 of the GEM Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this announcement, the INEDs of the Company are still considered to be independent. All of the INEDs of the Company are appointed for a term of one year and they are subject to retirement by rotation and re-election at the AGM in accordance with the articles of association of the Company.

THE COMPANY SECRETARY

The Company has appointed and employed, on a full time basis, Mr. Lai Yau Hong, Thomson, as company secretary. He is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and is an individual who, by virtue of his professional qualifications and relevant experience, is, in the opinion of the Board, capable of discharging the functions of company secretary. During the year ended 31 December 2013, the company secretary has taken over 15 hours of relevant professional training.

The company secretary of the Company is responsible not just for taking minutes of the Board's meetings but also for supporting the board by ensuring good information flow within the Board and that board policy and procedures are followed and for advising the Board through the Chairman and the Chief Executive Officer on governance matters and also for facilitating induction and professional development of directors.

The company secretary reports to the Chairman of the Board and the Chief Executive Officer while all directors have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

A physical board meeting is required to be held to discuss and approve any change in the company secretary.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2013.

PUBLICATION OF THE ANNUAL RESULTS, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 December 2013 will be published and remains on the website of the Company at http://www.merdeka.com.hk and will remain on the GEM website at http://www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the day of its publication. The Company's annual report and corporate governance report will be despatched to the Shareholders and made available on the websites of the Company and the Stock Exchange on or before 31 March 2014.

ANNUAL GENERAL MEETING

The notice of the 2014 AGM of the Shareholders will be published and despatched to the Shareholders in the manner as required by the GEM Listing Rules in due course.

By Order of the Board of
MERDEKA RESOURCES HOLDINGS LIMITED
Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 14 March 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Cheung Wai Yin, Wilson *(Chairman and Chief Executive Officer)*
Mr. Lau Chi Yan, Pierre

Non-executive Director:
Mr. Wong Chi Man

Independent Non-executive Directors:
Ms. Yeung Mo Sheung, Ann
Mr. Ng Kay Kwok
Mr. Yip Kat Kong, Kenneth

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at http://www.merdeka.com.hk.