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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)

**(1) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION OF
70% ISSUED SHARE CAPITAL OF
EVER HERO GROUP LIMITED
INVOLVING ISSUE OF PROMISSORY NOTE AND
CONVERTIBLE BONDS
AND
(2) RESUMPTION OF TRADING**

THE ACQUISITION

The Board is pleased to announce that on 6 September 2012, the Purchaser entered into the Acquisition Agreement with the Vendor for the Acquisition. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares for the consideration of HK\$100 million. The Sale Shares represents 70% of the issued share capital of the Target Company. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Purchaser.

Pursuant to the Acquisition Agreement, the consideration of HK\$100 million shall be settled in the following manner:

- (i) HK\$20 million shall be paid in cash by the Purchaser to the Vendor as deposit upon entering into the Acquisition Agreement;
- (ii) HK\$45 million shall be settled by way of Promissory Note to be issued by the Company on Completion; and

* For identification purposes only

(iii) the remaining HK\$35 million shall be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor 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.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE NEW SHARES

Under the Acquisition Agreement, the Company will issue to the Vendor the Convertible Bonds on Completion. It is expected that the Conversion Shares shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue thereof. The Company will seek a specific mandate from the Shareholders at the EGM for the allotment and issue of the Conversion Shares.

SHARE CONSOLIDATION

The Share price was HK\$0.01 at the close of trading on 6 September 2012, before the suspension of the Shares on 7 September 2012. In view of the Share price approaches the extremity of HK\$0.01, the Company agrees to proceed with the Share consolidation and has the intention to carry it out in October 2012. Further announcement will be made by the Company regarding the Share consolidation.

GEM 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.

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) the notice convening the EGM, will be despatched to the Shareholders on or before 27 November 2012 as more time is required to finalise the contents of the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 7 September 2012 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 September 2012.

As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing with the Shares.

THE ACQUISITION AGREEMENT

Date: 6 September 2012

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. One of the beneficial owners, 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 entered into any agreement, contracts or arrangement to dispose, realize and/or discontinue its existing businesses and/or major operating assets as at the date of the announcement.

As at the date of this announcement, the Target Company is legally and beneficially owned as to 100% by the Vendor.

Asset to be acquired

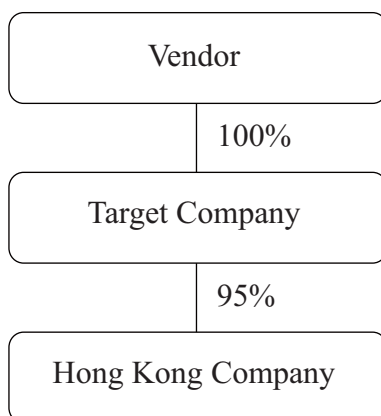
The asset to be acquired is the Sale Shares, representing 70% issued share capital of the Target Company, which is an investment holding company, holding 95% shareholding interest in the Hong Kong Company. The remaining 5% shareholding of the Hong Kong Company is held by Friedmann Pacific Asset Management 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.

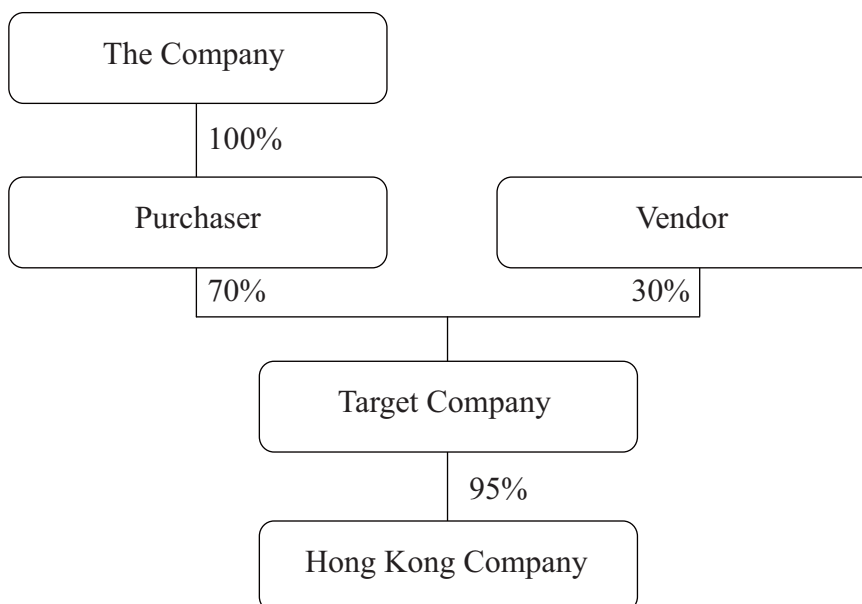
Shareholding structure of the Target Group before and after Completion

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, the Consideration was agreed at HK\$100 million. The Consideration shall be satisfied by the Purchaser in the following manner:

- (i) HK\$20 million shall be paid in cash by the Purchaser to the Vendor as deposit upon entering into the Acquisition Agreement;
- (ii) HK\$45 million shall be settled by way of Promissory Note to be issued by the Company on Completion; and
- (iii) the remaining HK\$35 million shall be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor 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\$10,000,000 of net profit for each of the two years ending 31 December 2012 and 2013 as stated in the Acquisition Agreement; and the Company has engaged Castores Magi Asia Limited, an independent valuer, to conduct a preliminary valuation on the Target Group. According to such preliminary valuation as at 31 August 2012 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 is not less than HK\$150,380,000, representing an estimated price/earnings ratio of approximately 15 times based on the profit guarantee of HK\$10 million. As the market capitalisation weighted average price/earnings ratio of similar companies in the market used in the preliminary valuation as at 31 August 2012 was approximately 17 times which is higher than 15 times, the valuation of the Target Group is deemed by the valuer as fair and reasonable when comparing to other similar companies in the market.

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\$10,000,000 of net profit for each of the two years ending 31 December 2012 and 2013.

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 with 90 Business Days after publication by the Group of its consolidated financial results for the full years ending 31 December 2012 and 2013.

In the event that the audited net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK\$10,000,000 for each of the financial year ending 31 December 2012 and 2013, 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\$10,000,000 for each of the financial year ending 31 December 2012 and 2013. In the event that the Hong Kong Company is loss making for each of the financial year ending 31 December 2012 and 2013, the maximum amount to be deducted from the Promissory Note will be HK\$20,000,000. 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.

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 and Convertible Bonds 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\$150,380,000 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 Stock Exchange granting the listing of and permission to deal in on the Stock Exchange of the Conversion Shares.

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 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. 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, Completion shall take place on the Completion Date or such other date as agreed by parties to the Acquisition Agreement in writing. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and their financial results will be consolidated into the accounts of the Group.

PROMISSORY NOTE

Upon Completion, HK\$45 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\$45 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 Company 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.

CONVERTIBLE BONDS

Upon Completion, HK\$35 million of the Consideration will be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion. The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are as follows:

Issuer	The Company
Bondholder	The Vendor
Principal amount	HK\$35 million
Interest	Zero coupon convertible bonds
Date of Issue	Completion Date
Maturity Date	Subject to the terms and conditions of the Convertible Bonds, the Maturity Date shall fall on the third anniversary from the date of issue of the Convertible Bonds.

Conversion Rights

Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder who exercises the Conversion Rights, whether or not such mandatory offer obligation is triggered by the fact that the number of Conversion Shares to be allotted and issued following the exercise of the Conversion Rights attaching to Convertible Bonds and, if applicable, together with any Shares already owned or agreed to be acquired by the Bondholder or parties acting in concert with it, represents 30% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) any conversion would not result in insufficient public float of the Shares as required under the GEM Listing Rules, the Bondholder shall have the right on any Business Day during the Conversion Period to convert the whole or part of such principal amount of the Convertible Bonds set out therein into Conversion Shares at the Conversion Price, other than the part of the Convertible Bonds which has been called for redemption before the Maturity Date of the Convertible Bonds.

Conversion Shares

3,500 million new Shares to be issued upon full conversion of the Convertible Bonds on the basis of the principal amount of HK\$35 million and initial Conversion Price of HK\$0.01 per Conversion Share subject to adjustment.

The Conversion Shares following the exercise of the Conversion Rights pursuant to the Convertible Bonds represent approximately 40.80% of the existing issued share capital of the Company and approximately 28.98% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds.

Conversion Price

The initial Conversion Price will be HK\$0.01 per Conversion Share subject to adjustment provisions customary for convertible securities of a similar type. The adjustment events will arise as a result of certain changes in the share capital of the Company including consolidation or subdivision of shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company at substantial discount to market value. The Company shall issue an announcement in the event that there are any changes in the initial Conversion Price (and any subsequent changes in the conversion price of the Convertible Bonds) in the future to comply with the relevant requirements under the GEM Listing Rules.

The initial Conversion Price represents (i) no premium or discount to the closing price of HK\$0.01 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) no premium or discount to the average of the closing prices of HK\$0.01 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) no premium or discount to the average of the closing prices of approximately HK\$0.01 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Board considered that the initial Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor, after taking into account stock market conditions and the prevailing market price of the Shares.

Redemption

The Company shall have the right of redemption based on the principal amount of the Convertible Bonds outstanding at any time and from time to time prior to the Maturity Date by notifying the Bondholder at the Company's own discretion.

Transferability

The Convertible Bonds may be assignable or transferable subject to the prior consent of the Company and compliance of all applicable laws and regulations. The Company will notify the Stock Exchange if the Convertible Bonds is dealt by the Company's connected persons.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares. There shall be no restriction for subsequent sale of the Conversion Shares.

Voting rights	The Bondholder will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the Bondholder.
Application for listing	No application will be made by the Company to the Listing Committee for the listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE NEW SHARES

Specific mandate

Under the Acquisition Agreement, the Purchaser will procure the Company to issue the Convertible Bonds to the Vendor as part payment of the Consideration on Completion. The Conversion Shares to be issued following the exercise of the Conversion Rights pursuant to the Convertible Bonds shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue thereof. The Company will seek the grant of a Specific Mandate from the Shareholders at the EGM for the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights pursuant to the Convertible Bonds.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND UPON COMPLETION

For illustration purpose only and without taking into account any other possible changes in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon Completion and assuming full conversion of the Convertible Bonds; and (iii) immediately upon Completion and assuming full conversion of the Convertible Bonds and the convertible bonds issued by the Company on 12 August 2008 (Note 5).

Name of Director	As at the date of this announcement		Immediately upon Completion and assuming full conversion of the Convertible Bonds		Immediately upon Completion and assuming full conversion of the Convertible Bonds and the convertible bonds issued by the Company on 12 August 2008 (Note 5)	
	Approximate		Approximate		Approximate	
	No. of Shares	percentage %	No. of Shares	percentage %	No. of Shares	percentage %
Cheung Wai Yin, Wilson (Note 1)	1,500,000,000	17.49	1,500,000,000	12.42	3,398,800,000 (Note 2)	23.72
Ma Hang Kong, Louis	9,800,000	0.11	9,800,000	0.08	9,800,000	0.07
Fung Hoi Wing, Henry	550,000	0.01	550,000	0.01	550,000	0.00
Sub-total for directors	1,510,350,000	17.61	1,510,350,000	12.50	3,409,150,000	23.79
Name of substantial Shareholder						
Manistar Enterprises Limited (“Manistar”) and Mak Shiu Tong, Clement (Note 3)	1,331,764,070	15.52	1,331,764,070	11.03	1,331,764,070	9.30
Vendor	–	–	3,500,000,000	28.98	3,500,000,000	24.43
Sub-total for substantial Shareholders	1,331,764,070	15.52	4,831,764,070	40.00	4,831,764,070	33.73
Total non-public Shareholders	2,842,114,070	33.13	6,342,114,070	52.51	8,240,914,070	57.52
Total public Shareholders	5,736,534,930	66.87	5,736,534,930	47.49	6,086,534,930 (Note 4)	42.48
Total	<u>8,578,649,000</u>	<u>100.00</u>	<u>12,078,649,000</u>	<u>100.00</u>	<u>14,327,449,000</u>	<u>100.00</u>

Note:

- The interest disclosed represents 1,500,000,000 Shares of the Company beneficially held by Ivana Investments Limited, which is wholly owned by Mr. Cheung Wai Yin, Wilson.
- The change of interest disclosed represents the convertible bonds with principal amount of HK\$189,880,000 held by Ivana Investments Limited, which is wholly owned by Mr. Cheung Wai Yin, Wilson. The convertible bonds are convertible into 1,898,800,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment according to the terms of the convertible bonds).

3. The interest disclosed represents 1,331,764,070 Shares of the Company beneficially held by Manistar, an indirect wholly-owned subsidiary of CCT Telecom Holdings Limited (“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 through his controlling interest in the shareholding of CCT Telecom as at the date of this announcement.
4. The change of interest disclosed represents the convertible bonds with principal amount of HK\$35,000,000 held by an independent third party. The convertible bonds are convertible into 350,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustment according to the terms of the convertible bonds).
5. For illustrative purpose only and any conversion of the convertible bonds will be restricted if it triggers a mandatory offer obligation under Rule 26 of the Takeovers Code.

INFORMATION OF THE TARGET GROUP

Principal business of the Target Group

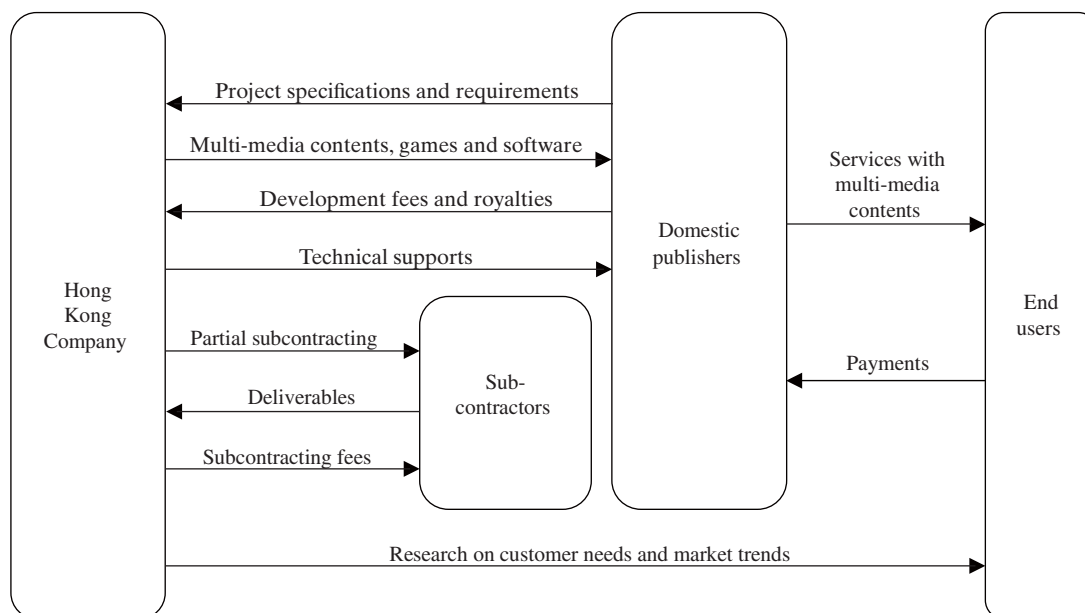
The principal activity of the Target Group is to provide information technology solution, online and offline game and content development, and enterprise system maintenance services. The Target Company holds 95% of the issued share capital of the Hong Kong Company.

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 15 years. 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. Its expertise includes online education, school education, home education, animation and network educational games.

Business model of the Hong Kong Company

The Hong Kong Company co-operates with domestic publishers to develop online game software. The Hong Kong Company handle planning and development based on the requirement of the domestic publishers, including the delivery of the completed software to the customers in return for development fees. Royalties for sale of software would also be charged by the Hong Kong Company. The Target Group has 12 full-time employees as at the date of the announcement.



Management experience of the Hong Kong Company

Mr. 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 fueled the substantial growth of Hong Kong Company in recent years.

Mr. Chan Man Hong – 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 5 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.

Both Mr. Kong and Mr. Chan will continue to manage business of the Hong Kong Company after completion.

FINANCIAL INFORMATION OF THE TARGET GROUP

No audited financial statements of the Target Company has been prepared since its incorporation on 26 April 2012, and no audited financial statements of the Hong Kong Company has been prepared since 31 March 2011.

The following is the financial information of the Hong Kong Company as extracted from its unaudited management accounts for the year ended 31 March 2012 and its audited financial statements for the year ended 31 March 2011 and 31 March 2010 respectively as provided by the Vendor, which were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants:

	For the year ended 31 March 2012 (unaudited) <i>HK\$'000</i>	For the year ended 31 March 2011 (audited) <i>HK\$'000</i>	For the year ended 31 March 2010 (audited) <i>HK\$'000</i>
Turnover	15,455	6,952	419
Profit/(loss) before taxation	13,116	4,434	(671)
Taxation	–	(415)	–
Profit/(loss) after taxation	13,116	4,019	(671)
Net assets/(liabilities)	15,208	2,091	(1,928)

As compared with Hong Kong Financial Reporting Standard, there is no material effect on the financial information of the Hong Kong Company prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standards.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the interim report for the six months ended 30 June 2012, the principal business of the Group was hit by the unresolved crisis of Eurozone sovereign debt and signs of slow down in China's economic growth. As such macro business environment was less favourable in the first half of 2012, it has exerted a downward pressure on the general demand for forestry products and market prices of timber and palm oil. The business of the Group was even dampened as political environment in Papua, Indonesia, where the Group carry out forestry and plantation businesses, also became less certain and possessed more challenges to its production and operation.

Having considered the downward pressure on the general demand for forestry products and market prices of timber and palm oil, the Group would improve its profitability by exploring other potential business opportunity. Additional new Directors with different expertise have been invited to join the Group in August 2012 and continued to seek for new business opportunity for the Group. Mr. Lau, being one of the Directors, joined the Group in August 2012 and has accumulated over 12 years in the field of information system and operational system. Leveraging on the experience of the Directors, the Group focuses on information system industry while exploring any potential business opportunity.

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) a proven track record of 15 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 2011; and (iv) achieved substantial growth in turnover and net profit after tax for the year ended 31 March 2012.

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.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the past 12 months prior to the date of this announcement.

SHARE CONSOLIDATION

The Share price was HK\$0.01 at the close of trading on 6 September 2012, before the suspension of the Shares on 7 September 2012. In view of the Share price approaches the extremity of HK\$0.01, the Company agrees to proceed with the Share consolidation and has the intention to carry it out in October 2012. Further announcement will be made by the Company regarding the Share consolidation.

GEM LISTING RULES IMPLICATIONS

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RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 7 September 2012 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 September 2012.

As completion of the Proposed Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing with the Shares.

DEFINITIONS

In this announcement, unless the context does not permit or otherwise requires, the following terms shall have the following meanings:

“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
“acting in concert”	has the meaning ascribed to this term under the Takeovers Code
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Bondholder”	holder of the Convertible Bonds
“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
“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\$100 million which was determined in the manner as described in the sub-paragraph headed “Consideration” of this announcement 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
“Conversion Period”	the period commencing from the issue date of the Convertible Bonds and ending at 4:00 p.m. on the Maturity Date (both dates inclusive)
“Conversion Price”	HK\$0.01 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds
“Conversion Shares”	new Shares which fall to be allotted and issued by the Company following the exercise of the Conversion Rights attached to the Convertible Bonds at the Conversion Price and “Conversion Share” shall be construed accordingly

“Convertible Bonds”	the zero coupon convertible bonds in the amount of HK\$35 million to be issued by the Company in favour of the Vendor with the Conversion Rights attached to satisfy part of the Consideration pursuant to the Acquisition Agreement with the benefit of and subject to the conditions of the Convertible Bonds or, as the context may require, any part of the principal amount thereof
“Convertible Bonds Certificate”	the certificate to be issued in respect of the Convertible Bonds together with the Convertible Bonds Conditions
“Convertible Bonds Conditions”	the terms and conditions of the Convertible Bonds to be attached to the Convertible Bonds Certificate with such attachments thereto
“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 and the transactions contemplated thereunder, the issue of the Convertible Bonds, the issue of the Conversion Shares following the exercise of the Conversion Rights and the granting of the Specific Mandate
“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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	6 September 2012, being the last trading day of the Shares on the Stock Exchange before the suspension of trading in the Shares pending the issue of this announcement
“Listing Committee”	has the meaning ascribed to this term under the GEM Listing Rules

“Long Stop Date”	31 December 2012 or such other date as may be agreed by the Purchaser and the Vendor in writing
“Maturity Date”	the day falling on the third anniversary from the date of issue of the Convertible Bonds
“Promissory Note”	the promissory note in the sum of HK\$45 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”	70 ordinary shares in the issued share capital of the Target Company, representing 70% 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
“Specific Mandate”	a specific mandate for the Directors to issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to this term under the GEM Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Target Company”	Ever Hero Group Limited, a company incorporated in BVI with limited liability on 26 April 2012
“Target Group”	the Target Company and the Hong Kong Company
“trading day”	a day on which the Stock Exchange is open throughout its usual trading hours for the business of dealing in securities that are listed thereon and “trading days” shall be construed accordingly

“Vendor” Hero Win Development Limited, a company incorporated in the BVI with limited liability

“%” per cent.

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

Hong Kong, 25 September 2012

As at the date of this announcement, the Directors are:

Executive Director:

Mr. Cheung Wai Yin, Wilson (*Chairman and Chief Executive Officer*)
Mr. Lau Chi Yan, Pierre
Mr. Ma Hang Kon, Louis
Professor Gong Yao Qian

Non-executive Director:

Mr. Wong Chi Man

Independent Non-executive Directors:

Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

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

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