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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)

**DISCLOSEABLE TRANSACTION
INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE
IN RESPECT OF
THE ACQUISITION OF
THE ENTIRE EQUITY INTERESTS IN
QUASICOM SYSTEMS LIMITED**

THE ACQUISITION

The Board is pleased to announce that on 2 May 2013 (after trading hours), 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\$8,000,000. The Sale Shares represents 100% of the issued share capital of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser.

* *for identification purposes only*

Pursuant to the Acquisition Agreement, the consideration of HK\$8,000,000 shall be settled by the Purchaser procuring the Company to allot and issue an aggregate of 20,000,000 Consideration Shares at the Issue Price and credited as fully paid upon Completion to the Vendor or his nominee(s). The Consideration Shares will be allotted and issued under the outstanding general mandate granted to the Directors to allot and issue up to 23,943,245 new Shares (adjusted pursuant to the share consolidation of 40 into 1 effective 26 March 2013) by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2012.

The Consideration Shares represent approximately 8.73% of the existing issued share capital of the Company and approximately 8.03% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that no conversion of the outstanding Share Options and conversion rights attached to the Convertible Bonds from the date of the Acquisition Agreement till the Completion Date).

The Acquisition is subject to fulfillment of the conditions precedent as detailed in the paragraph headed “Conditions precedent” in this announcement. Upon Completion, the Company will be interested in the entire equity interests in the Target Company and will be accounted for as indirect wholly-owned subsidiaries of the Company.

GEM LISTING RULES IMPLICATIONS

Since the percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and are subject to reporting and announcement requirements but exempt from shareholders’ approval requirement.

GENERAL

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.

The Board is pleased to announce that on 2 May 2013 (after trading hours), the Purchaser entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor have conditionally agreed to sell the Sale Shares at a total consideration of HK\$8,000,000.

THE ACQUISITION AGREEMENT

Date: 2 May 2013 (after trading hours)

Purchaser: End User Technology Limited

Vendor: Mr. Au Kai To, Karel

Target: The Target Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is a third party independent to the Company and its connected person(s) (as defined under the GEM Listing Rules). The Vendor was introduced to the Company by its director Mr. Lau Chi Yan, Pierre (“Mr. Lau”), who is acquainted to the Vendor during his past employment 6 years ago. The Vendor and Mr. Lau are independent from each other with no business relationship. The Vendor has introduced the prospect of the Target Company to Mr. Lau and invited him to visit the Target Company subsequently for further discussion and assessment. The Vendor and his associates had no prior business relationship with the Company and its connected persons.

The Company and the Vendor has no intention to change the Company’s board composition upon Completion. The Company has no intention nor 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.

Upon completion, Mr. Lau will sit on the board of director of the Target Company and, together with the Vendor, will be responsible for the date-to-date operations of the Target Company.

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

Assets to be acquired

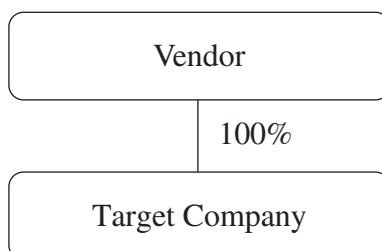
The asset to be acquired is the Sale Shares, representing 100% issued share capital of the Target Company.

The Target Company has no other interests in other businesses or companies.

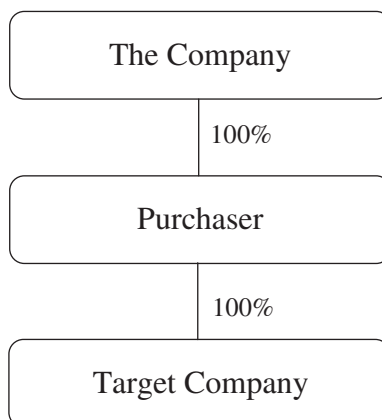
Shareholding structure of the Target Company before and after Completion

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

Shareholding structure of the Target Company before Completion



Shareholding structure of the Target Company after Completion



Consideration

The consideration of HK\$8,000,000 shall be settled by the Purchaser procuring the Company to allot and issue an aggregate of 20,000,000 Consideration Shares at the Issue Price and credited as fully paid upon Completion to the Vendor or his nominee(s). The Consideration Shares will be allotted and issued under the outstanding general mandate granted to the Directors to allot and issue up to 23,943,245 new Shares (adjusted pursuant to the share consolidation of 40 into 1 effective 26 March 2013) by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2012.

The Consideration Shares represent approximately 8.73% of the existing issued share capital of the Company and approximately 8.03% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that no conversion of the outstanding Share Options and conversion rights attached to the Convertible Bonds from the date of the Acquisition Agreement till the Completion Date).

The Consideration Shares will, upon issue and credited as fully paid, rank pari passu in all respect with all the existing Shares then in issue. The number of the Consideration Shares has been calculated by dividing HK\$8,000,000 by the Issue Price.

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 business development and prospects of the Target Company and its distributorship of renowned information technology products in the medium to long term.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole after considering (i) the business and growth prospects of the Group after the Acquisition; (ii) the Consideration will be satisfied by the issue and allotment of the Consideration Shares at Completion without initial deposit and the use of the financial resources of the Group and (iii) the reasons for the Acquisition as disclosed herein below. Please also refer the paragraph headed "Reasons for and Benefits of the Acquisition".

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) 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 the Target Company 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;
- (b) the Purchaser has not been aware of any material adverse changes or effect on the Target Company has occurred prior to the Completion Date or are likely to occur before the Completion Date;
- (c) all the representations and warranties contained in the Acquisition Agreement remain true, accurate and not misleading in all respects;

- (d) 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 Company; and
- (e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration 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.

Application for listing

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

Issue price

The Issue Price of the Consideration Shares at HK\$0.40 per Share was determined based on arm's length negotiation between the Company and the Vendor with reference to the prevailing market price and the par value of the Shares as the Company is not allowed to issue Share below par value, and

- (a) represents a premium of approximately 98.02% over the closing price of HK\$0.202 per Share as quoted on the Hong Kong Stock Exchange on 2 May 2013, being the closing price of the Shares as at the date of the Acquisition Agreement;
- (b) represents a premium of approximately 95.89% over the average closing price of approximately HK\$0.204 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 30 April 2013, being the last trading day of the Shares prior to the date of the Acquisition Agreement; and
- (c) equals the par value of the Shares.

The Directors are of the view that the Consideration including the Issue Price for the Consideration Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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 an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the accounts of the Group.

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 no conversion of the outstanding Share Options and conversion rights attached to the Convertible Bonds.

	As at the date of this announcement		Immediately upon Completion and assuming no conversion of the outstanding Share Options and conversion rights attached to the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Name of Director				
Cheung Wai Yin, Wilson (Note 1)	37,712,500	16.46	37,712,500	15.13
Lau Chi Yan, Pierre	2,125,000	0.93	2,125,000	0.85
Ma Hang Kong, Louis	245,000	0.76	245,000	0.70
Sub-total for directors	40,082,500	17.49	40,082,500	16.09
Name of substantial Shareholder				
Manistar and Mak Shiu Tong, Clement (Note 2)	33,294,101	14.53	33,294,101	13.36
Pang Tung Choi	11,834,000	5.16	11,834,000	4.75
Vendor	–	–	20,000,000	8.03
Sub-total for substantial Shareholders	45,128,101	19.69	65,128,101	26.14
Total non-public Shareholders				
	85,210,601	37.18	105,210,601	42.22
Total public Shareholders	143,968,124	62.82	143,968,124	57.78
Total	229,178,725	100.00	249,178,725	100.00

Note:

- The interest disclosed includes 37,500,000 Shares of the Company beneficially held by Ivana Investments Limited (“Ivana”), which is wholly owned by Mr. Cheung Wai Yin, Wilson. The remaining 212,500 Shares of the Company are beneficially held by Mr. Cheung Wai Yin in person. Ivana has financial arrangement with CLC Finance Limited (“CLC”) over these 37,500,000 Shares, in which CLC has security interest over the same block of 37,500,000 Shares. Ms. Au Suet Ming Clarea is deemed to be interested in such shares of the Company under the SFO as each of them is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CLC through her controlling interest in the shareholding of CLC as at the date of this announcement.

2. The interest disclosed represents 33,294,101 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.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in timber business including the upstream operations of harvesting timber and the downstream operations of production of timber and wood products, plantation business and trading business.

The Purchaser is an investment holding company incorporated in British Virgin Islands and is an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is principally engaged in the business of distributorship of renowned information technology products with value-added technical support services.

The Target Company was established in 2007 as Quasicom, a sole proprietorship entity and was incorporated as a body corporate in March 2009. It began as a group of experts in information technology infrastructures, specializes in “virtualization” solutions providing direct consulting services to enterprise customers. Lately, it evolves and becomes value-added distributor for various renowned backup and storage brands in Hong Kong, Macau and the Greater China with better products than those distributors on the market in Hong Kong, and at the same time it provides technical out-sourcing service to other systems integrators. Its scope of products covers: (i) cloud and managed services, (ii) identity and access management, (iii) desktop, server and device management, (iv) security and networking, (v) data protection and recovery and (vi) information technology process and policy.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the financial information of the Target Company as extracted from its unaudited management accounts for the year ended 31 March 2013 and its audited financial statements for the year ended 31 March 2012 and 31 March 2011 respectively as provided by the Vendor, which were prepared in accordance with the Hong Kong accounting standards:

	For the year ended 31 March 2013 (unaudited) HK\$'000	For the year ended 31 March 2012 (audited) HK\$'000	For the year ended 31 March 2011 (audited) HK\$'000
Turnover	1,835	2,700	1,732
Profit/(loss) before taxation	(98)	1	(51)
Taxation	–	–	–
Profit/(loss) after taxation	(98)	1	(51)
Net assets/(liabilities)	(144)	(46)	(46)

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the annual report for the year ended 31 December 2012, macro environment for the Group's forestry business and plantation business was unfavourable as the general demand for forestry and timber products was weakened, which in turn exerted a downward pressure on their market prices. The local political environment in the Papua also became quite uncertain and possessed great challenges to our production and operation there.

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 Directors with different business background and 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.

The Directors consider that such Acquisition represents a good opportunity for the Company to enter into information system industry as the Target Company has (i) proven track record; (ii) established its reputation in value-added distributorship of branded information technology products; and (iii) a team of high caliber technicians with strong technical expertise. Leveraging on the history and track record of the Target Company as well as its technical team, the Company may obtain various distributorship in renowned and branded information technology products.

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

IMPLICATION UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but all those applicable percentage ratios are less than 25%, the Purchase constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to reporting and announcement requirements but exempt from shareholders' approval requirements.

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 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 2 May 2013 made between the Purchaser and the Vendor in relation to the Acquisition
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or a public holiday and a day on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“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 third 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\$8,000,000 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 Acquisition pursuant to the payment terms as set out in the Acquisition Agreement
“Consideration Shares”	20,000,000 new Shares to be allotted and issued by the Company to the Vendor (or his nominee(s)) at the Issue Price to satisfy the Consideration for the Transaction
“Convertible Bonds”	The convertible bonds issued by the Company on 12 August 2008, originally due on 12 August 2011 and extended to 12 August 2014, are interest-free and convertible into the Shares at the conversion price of HK\$4.00 per Share (adjusted pursuant to the share consolidation of 40 into 1 effective 26 March 2013)
“Director(s)”	directors of the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Price”	HK\$0.40 per Consideration Share
“Listing Committee”	has the meaning ascribed to this term under the GEM Listing Rules
“Long Stop Date”	30 June 2013 or such other date as may be agreed by the Purchaser and the Vendor in writing
“Purchaser”	End User Technology Limited, a company incorporated in British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Sale Shares”	5,001 ordinary share in the issued share capital of the Target Company, representing 100% issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.40 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Options”	share options of the Company granted under its existing share option scheme adopted 3 May 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to this term under the GEM Listing Rules
“Target Company”	Quasicon Systems Limited, a company incorporated in Hong Kong with limited liability on 26 March 2009

“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”	Mr. Au Kai To, Karel
“%”	per cent.

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

Hong Kong, 2 May 2013

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

Executive Directors:

Mr. Cheung Wai Yin, Wilson (*Chairman and Chief Executive Officer*)

Mr. Lau Chi Yan, Pierre

Mr. Ma Hang Kon, Louis

Non-executive Director:

Mr. Wong Chi Man

Independent Non-executive Directors:

Mr. Lam Kin Kau, Mark

Ms. Yeung Mo Sheung, Ann

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 website of the Company at <http://www.merdeka.com.hk>.