

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Merdeka Resources Holdings Limited** (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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

MERDEKA

MERDEKA RESOURCES HOLDINGS LIMITED

(萬德資源集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LOAN AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the board of directors of the Company is set out on pages 4 to 11 of this circular.

A notice convening the EGM to be held on Friday, 28 March 2014 at 10:30 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong is set out on pages 30 to 31 of this circular.

A form of proxy for use at the EGM is enclosed with this Circular. Such form of proxy is also available at the websites of the Stock Exchange and the Company. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

This circular 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>.

* For identification purposes only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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.

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DEFINITIONS

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

“Acquisition Agreement”	the conditional sale and purchase agreement dated 6 September 2012 made between the Purchaser and the Vendor in relation to the acquisition of 100% issued share capital of Ever Hero Group Limited
“Announcement”	the announcement of the Company dated 7 February 2014 in respect of, among other things, the proposed Loan Agreement and all the transactions contemplated thereunder
“Annual Caps”	the maximum annual amount of the Continuing Connected Transactions to be transacted for each of the two financial years of the Company ending 31 December 2015
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Borrower”	Mr. Kong Leung Cheung, Jeff, director of the Lender and a connected person of the Company upon Completion of the Acquisition Agreement
“Company”	Merdeka Resources Holdings Limited (Stock Code: 8163), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions constituted by the transactions contemplated under the Loan Agreement
“Director(s)”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Loan Agreement and the transactions contemplated thereunder and the respective proposed Annual Caps

DEFINITIONS

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth established to advise the Independent shareholders in respect of the Continuing Connected Transactions
“Independent Financial Adviser”	F.E. Corporate Finance Advisory Limited, a registered institution under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee for the purpose of advising and recommending the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions
“Independent Shareholders”	has the meaning ascribed to it in the GEM Listing Rules
“Latest Practicable Date”	11 March 2014, being the latest practicable date for the purpose of ascertaining certain information included in this circular
“Lender”	Netgenii Technology Limited, a company incorporated in Hong Kong with limited liability
“Loan Agreement”	an interest-free loan agreement for a term of one calendar year commencing from the Completion Date in respect of the amount due from the Borrower to the Lender as at the date of the loan agreement
“PRC”	People’s Republic of China

DEFINITIONS

“Principal Sum”	HK\$12,488,407
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the supplemental agreements dated 9 October 2013, 28 October 2013 and 3 January 2014 entered into between the Purchaser and the Vendor in relation to the amendments of certain terms of the Acquisition Agreement
“VSA”	the very substantial acquisition of 100% issued share capital of Ever Hero Group Limited
“VSA Announcements”	the announcements of the Company dated 25 September 2012, 10 October 2012, 27 November 2012, 31 December 2012, 31 January 2013, 31 March 2013, 28 June 2013, 30 September 2013, 9 October 2013, 28 October 2013, 30 December 2013 and 3 January 2014 in relation to, inter alia, the acquisition of 100% issued share capital of Ever Hero Group Limited
“VSA Circular”	the circular of the Company dated 29 January 2014 in relation to, inter alia, the acquisition of 100% issued share capital of Ever Hero Group Limited
“%”	Per cent.

MERDEKA

MERDEKA RESOURCES HOLDINGS LIMITED

(萬德資源集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

Executive Directors:

Mr. Cheung Wai Yin, Wilson

(Chairman and Chief Executive Officer)

Mr. Lau Chi Yan, Pierre (Managing Director)

Non-executive Director:

Mr. Wong Chi Man

Independent non-executive Directors:

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Yip Kat Kong, Kenneth

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

British West Indies

Head Office and Principal Place of

Business in Hong Kong:

Room 1502

Chinachem Century Tower

178 Gloucester Road

Wanchai, Hong Kong

13 March 2014

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LOAN AGREEMENT

INTRODUCTION

Reference is made to the VSA Announcements and the VSA Circular in relation to, inter alia, the acquisition of 100% issued share capital of Ever Hero Group Limited. Terms used herein shall have the same meanings as those defined in the VSA Announcement, the VSA Circular and the Announcement unless the context herein requires otherwise.

The Company has made the Announcement relating to in respect of, among other things, the Loan Agreement and all the transactions contemplated thereunder.

It was disclosed in the Announcement that, in accordance with the Acquisition Agreement, on or before the Long Stop Date, the Lender and the Borrower will enter into

* For identification purposes only

LETTER FROM THE BOARD

the Loan Agreement pursuant to which the Borrower would have agreed to repay to the Lender the Principal Sum for a term of one calendar year commencing from the Completion Date.

The purpose of this circular is to provide you with information regarding the (i) 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 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 and the proposed Annual Caps to the independent committee of the Board and the Independent Shareholders; and (iv) notice of the EGM.

THE LOAN AGREEMENT

Pursuant to the Acquisition Agreement, on or before the Long Stop Date, the Lender and the Borrower will enter into the Loan Agreement pursuant to which the Borrower would have agreed to repay to the Lender the Principal Sum for a term of one calendar year commencing from the Completion Date.

Date:

21 February 2014

Parties:

- (1) Netgenii Technology Limited (as Lender)
- (2) Mr. Kong Lung Cheung, Jeff (as Borrower)

The Loan:

HK\$12,488,407

Interest:

The Loan shall be non-interest bearing.

Term and Repayment:

Subject to the provisions contained therein the Loan Agreement, the Borrower shall repay to the Lender the Principal Sum to a bank account designated by the Lender:

- (a) on the expiration of one calendar year from the Completion Date; or

LETTER FROM THE BOARD

- (b) upon demand from the Lender by way of not less than 3 months prior written notice served on the Borrower in accordance with the provisions of the Loan Agreement.

Prepayment:

Upon the Borrower giving seven (7) days prior written notice to the Lender specifying the date of prepayment, the Borrower shall be entitled to prepay all or any part of any outstanding balance of the Principal Sum at any time prior to the designated repayment date without penalty.

Conditions Precedent:

The Loan Agreement shall be subject to the satisfaction of the following conditions precedent:

- (a) the Loan Agreement and the transactions contemplated therein are being approved by the Independent Shareholders of the Company pursuant to the GEM Listing Rules; and
- (b) Completion of the Acquisition Agreement has taken place in accordance with its terms and conditions.

Immediate Repayment:

In case the resolution(s) in relation to the approval and ratification of the Loan Agreement and the transactions contemplated thereunder were not obtained from the Independent Shareholders of the Company in the EGM in due course, the Lender may by 24 hours written notice to the Borrower declare that all moneys owing under this Agreement (whether actually or contingently) to be immediately due and payable, upon which, the Borrower shall repay all moneys owing herein to the Lender within 3 months from such notice.

ANNUAL CAPS

The transaction amount under the Loan Agreement in each of the two financial years ending 31 December 2014 and 31 December 2015 shall not exceed the following proposed Annual Caps:

	Annual Cap for financial year ending 31 December 2014 HK\$	Annual Cap for financial year ending 31 December 2015 HK\$
Loan Agreement	<u>12,488,407</u>	<u>12,488,407</u>

LETTER FROM THE BOARD

The Continuing Connected Transactions are new arrangements and are single instances and there are no comparable historical transaction records between the Group and the Borrower. The actual aggregate amount incurred under the aforesaid Loan Agreement up to the Latest Practicable Date was HK\$12,488,407. The proposed Annual Caps are based on, determined on and equal to the Principal Sum.

As the Loan Agreement is for a term of one year and will be matured in 2015, the proposed Annual Caps will be only for two financial years ending 31 December 2015 instead of three financial years ending 31 December 2016.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions and the VSA are closely related and interdependent to each other as approval of the Continuing Connected Transactions by the Independent Shareholders at the EGM is one of the conditions precedent to the Completion of the Acquisition Agreement. The Loan Agreement was arrived at after arm's length negotiation between the parties thereto on normal commercial terms.

The Board has made general enquires on the financial position and the living standard of the Borrower and as the Borrower remains as the director of the Lender under a service agreement for 3 years and should be devoted to the success and profitability of the Lender in order to enjoy the full amount of the Promissory Note in the sum of HK\$51 million that is to be matured 36 months after the issue of which by the Company, the Board considers the recoverability of the Loan is high in term of the money to be paid by the Company to the Borrower under the Promissory Note.

As the Loan has been offered at nil interest rate prior to the entering into of the Acquisition Agreement, the Board considers that it is reasonable for the Loan to remain at the same interest rate while entering into the Loan Agreement. Furthermore, the Loan does not incur any financial expenses on the Company and the opportunity costs on the funds employed are minimal and thus interest rate would not be applicable.

The Group is engaged in forestry business, plantation business and trading business, including the trading of various brands of milk powder products to customers based in Hong Kong and distributorship of information technology products with technical support services.

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

LETTER FROM THE BOARD

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

Pursuant to the Company's announcement on 3 January 2014, approval of the Loan Agreement from the Company's shareholders is an additional condition precedent to the Acquisition. In case the resolution(s) in relation to the approval of the Loan agreement and the transactions contemplated thereunder were not obtained in EGM, the Acquisition Agreement shall be terminated and the Borrower shall repay all moneys owing to the Lender within 3 months from such notice.

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

GEM LISTING RULES IMPLICATIONS

As upon Completion, the Lender will become an indirect wholly-owned subsidiary of the Company, simultaneously the Borrower, who remains as the director of the Lender, will become a connected person of the Company. Based on the total amount of HK\$12,488,407, it is expected that each of the percentage ratios (other than the profits ratio), where applicable, calculated with reference to Rule 19.07 of the GEM Listing Rules, will exceed 5% and the consideration is more than HK\$10,000,000 on an annual basis. The entering into of the Loan Agreement and the transactions contemplated thereunder constitute a non-exempt continuing connected transactions of the Company under Rule 20.35 of the GEM Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements set out in Rule 20.45 to 20.48 of the GEM Listing Rules.

The EGM will be convened to obtain the Independent Shareholders' approval for the Loan Agreement, the transactions contemplated thereunder and the proposed Annual Caps.

Pursuant to Rule 20.18 of the GEM Listing Rules, the Company must ensure that the connected persons and their respective associates with a material interest in the Continuing Connected Transactions shall abstain from voting on the resolution to be proposed at the EGM. As to the best knowledge of the Directors, none of the Shareholders or Directors or connected person has material interest in the Continuing Connected Transactions except the Borrower, and as the Borrower does not hold any Share and is not a Shareholder, no Shareholder will abstain from voting on the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions will be required to comply with the following annual review requirements:

- (1) the independent non-executive Directors will review annually the Continuing Connected Transactions and confirm in the Company's corresponding annual report that the Continuing Connected Transactions have been conducted:
 - (i) on normal commercial terms and on terms no less favourable to the Group than those available from the independent third parties; and
 - (ii) in accordance the Loan Agreement; and on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (2) the independent auditors of the Company will review annually the Continuing Connected Transactions and confirm in a letter to the Board (a copy of which will be provided to the Stock Exchange) that such Continuing Connected Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the policies of the Group;
 - (iii) have been entered into in accordance with the Loan Agreement; and
 - (iv) have not exceeded the respective Annual Caps.

EGM

A notice convening the EGM to be held on Friday, 28 March 2014 at 10:30 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong is set out on pages 30 to 31 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The EGM will be held to consider, and if thought fit, pass the requisite resolution to approve and ratify the Loan Agreement and all the transactions contemplated thereunder and the Continuing Connected Transactions constituted under it and the proposed Annual Caps.

LETTER FROM THE BOARD

As disclosed above, as at the Latest Practicable Date, no Shareholder shall abstain from voting in favour of the relevant resolution regarding the Loan Agreement and all the transactions contemplated thereunder and the Continuing Connected Transactions constituted under it and the proposed Annual Caps pursuant to the GEM Listing Rules.

The resolution proposed to be approved at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company thereafter pursuant to the GEM Listing Rules.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders on the Continuing Connected Transactions and the relevant proposed Annual Caps and the is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in connection therewith.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 12 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolution to approve the Continuing Connected Transactions and the relevant proposed Annual Caps for the two financial years ending 31 December 2015 in respect of the Continuing Connected Transactions; (ii) the letter from the Independent Financial Adviser set out on pages 13 to 22 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Continuing Connected Transactions and the relevant proposed Annual Caps; and (iii) the notice of the EGM set out on pages 30 to 31 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Continuing Connected Transactions are on normal commercial terms and is in the interests of the Company and the Shareholders as a whole and that the terms thereof and the relevant proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Continuing Connected Transactions and the relevant proposed Annual Caps.

The Board has approved the Loan Agreement and all the transactions contemplated thereunder and the Continuing Connected Transactions constituted under it and the proposed Annual Caps and none of the Directors has any material interest in the transactions contemplated thereunder, therefore, no Director was abstained from voting at the relevant Board meeting.

LETTER FROM THE BOARD

Having considered the reasons set out above, the Board (including non-executive Directors and independent non-executive Directors) is of the view that the Continuing Connected Transactions are on normal commercial terms and the terms of the Loan Agreement, including its proposed Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Board recommends you to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Continuing Connected Transactions and the proposed Annual Caps.

GENERAL INFORMATION

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

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

Hong Kong, 13 March 2014

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Continuing Connected Transactions.

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)

13 March 2014

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LOAN AGREEMENT

We refer to the circular of the Company to the Shareholders dated 13 March 2014 (the “Circular”), in which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee and to advise the Independent Shareholders in respect of the Loan Agreement and the Continuing Connected Transactions constituted by the transactions contemplated thereunder and the relevant proposed Annual Caps, details of which are set out in the Circular.

We wish to draw your attention to (i) the letter from the Board set out on pages 4 to 11 of the Circular; (ii) the letter from the Independent Financial Adviser set out on pages 13 to 22 of the Circular containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the terms of the Continuing Connected Transactions and the relevant proposed Annual Caps; and (iii) the additional information set out in the appendix to the Circular.

Having taken into account the advice of the Independent Financial Adviser, we consider that the Continuing Connected Transactions are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole, and the terms thereof and the proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Continuing Connected Transactions and the relevant proposed Annual Caps.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Independent non-executive Directors
Ms. Yeung Mo Sheung, Ann Mr. Ng Kay Kwok Mr. Yip Kat Kong, Kenneth

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from F.E. Corporate Finance Advisory Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions of Merdeka Resources Holding Limited.

13 March 2014

To the Independent Board Committee and the Independent Shareholders of
Merdeka Resources Holding Limited

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LOAN AGREEMENT

Dear Sir/Madam,

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 13 March 2014 (the “**Circular**”) issued to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular and the appendix to the Circular, unless otherwise specified.

According to the Circular, on 21 February 2014, the Lender and the Borrower entered into the Loan Agreement pursuant to which the Borrower has agreed to repay to the Lender a loan in the Principal Sum of HK\$12,488,407 (the “**Loan**”) for a term of one calendar year commencing from the completion date of the Acquisition Agreement (“**Completion Date**”).

As upon completion of the VSA (“**Completion**”), the Lender will become an indirect wholly-owned subsidiary of the Company, simultaneously the Borrower, who remains as the director of the Lender, will become a connected person of the Company. Based on the Principal Sum of HK\$12,488,407, it is expected that each of the percentage ratios (other than the profits ratio), where applicable, calculated with reference to Rule 19.07 of the GEM Listing Rules, will exceed 5% and the consideration is more than HK\$10,000,000 on an annual basis. The entering into of the Loan Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company under Rule 20.35 of the GEM Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements set out in Rule 20.45 to 20.48 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As to the best knowledge, information and belief of the Directors, none of the Shareholders or Directors or connected persons of the Company has material interest in the Continuing Connected Transactions except the Borrower, and as the Borrower does not hold any Share and is not a Shareholder, no Shareholder will be required to abstain from voting on the resolution to be proposed at the EGM.

The Independent Board Committee, comprising Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, being all the independent non-executive Directors, has been established to (i) advise the Independent Shareholders as to whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the above.

BASIS OF OUR ADVICE

In formulating our opinion, our advice and recommendation, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided by the Directors and the managements of the Company, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and up to the date of this letter. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and considered that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification on the information supplied.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions in respect of the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

I. BACKGROUND OF THE ENTERING INTO OF THE LOAN AGREEMENT

References are made to the VSA Announcements and the VSA Circular in relation to, *inter alia*, the acquisition of 100% issued share capital of Ever Hero Group Limited (“VSA”).

On 6 September 2012, Merry Fortune Holdings Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement (as amended by the Supplemental Agreements) with Hero Win Development Limited (the “Vendor”) for the acquisition of 100% of the issued share capital of Ever Hero Group Limited (“Target Company”) (“Sale Shares”), pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares for the consideration of HK\$71 million. One of the conditions precedent of the Acquisition Agreement is the entering into of the Loan Agreement between the Lender and the Borrower and the approval of the Loan Agreement in an extraordinary general meeting of the Shareholders being obtained pursuant to the GEM Listing Rules on or before 30 June 2014 (or such other date as may be agreed by the Purchaser and Vendor in writing).

According to the Company and as disclosed in the VSA Circular, the Lender is indirectly owned as to 95% by the Borrower before the Completion. The Lender has been providing a loan to the Borrower since 2011, which was mainly for the Borrower’s personal use in relation to his own business investment. Upon our enquiry and according to the relevant written resolution provided by the Company regarding the loan provided by the Lender to the Borrower during the year ended 31 March 2012, we understand from the Company that the nature of the loan was a commercial arrangement agreed between the Lender and the Borrower prior to the Acquisition. The continuous provision of the loan by the Lender, as a subsidiary of the Company after Completion, to the Borrower, through the entering into of the Loan Agreement, was part of the business decision in relation to the Acquisition arrived at between the Vendor and the Company upon arms’ length negotiation.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser and the Lender, being owned as to 95% by the Target Company, will become an indirect subsidiary of the Company.

Simultaneously the Borrower, who remains as the director of the Lender, will become a connected person of the Company. Based on the Principal Sum of HK\$12,488,407, it is expected that each of the percentage ratios (other than the profits ratio), where applicable, calculated with reference to Rule 19.07 of the GEM Listing Rules, will exceed 5% and the consideration is more than HK\$10,000,000 on an annual basis. The entering into of the Loan Agreement and the transactions contemplated thereunder therefore constitute non-exempt continuing connected transactions of the Company under

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Rule 20.35 of the GEM Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in Rule 20.45 to 20.48 of the GEM Listing Rules.

II. REASONS FOR ENTERING INTO THE LOAN AGREEMENT

As disclosed in the Circular, the approval of the Continuing Connected Transactions by the Independent Shareholders at the EGM is one of the conditions precedent to the completion of the Acquisition Agreement. The Company also expresses that the Loan Agreement has been arrived at after arm's length negotiations between the parties thereto.

The Group is engaged in forestry business, plantation business and trading business, including the trading of various brands of milk powder products to customers based in Hong Kong and distributorship of information technology products with technical support services.

Having considered the pessimistic outlook on the forestry and plantation business, the Group would improve its profitability by exploring other potential business opportunity. On 6 September 2012, the Purchaser entered into the Acquisition Agreement with the Vendor in relation to, among other things, the VSA.

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

We concur with the Directors' view that the entering into of the Loan Agreement is fair and reasonable as (i) the entering into of the Loan Agreement is a condition precedent to the Completion, which allows the Company to enter the information technology industry with a profit guarantee for two financial years proposed by the Vendor to and for the benefit of the Purchaser; (ii) the entering into of the Loan Agreement outlines the repayment terms of the outstanding loan which had not been formally agreed on prior to the VSA until the entering into of the Loan Agreement; and (iii) for the principal terms of the Loan Agreement to be discussed and evaluated in the following section.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. PRINCIPAL TERMS OF THE LOAN AGREEMENT

Date: 21 February 2014

Parties: (1) Netgenii Technology Limited (as Lender)
(2) Mr. Kong Lung Cheung, Jeff (as Borrower)

Principal Sum: HK\$12,488,407

Interest: The Loan shall be non-interest bearing.

Term and Repayment:

Subject to the provisions contained in the Loan Agreement, the Borrower shall repay to the Lender the Principal Sum to a bank account designated by the Lender:

- (a) on the expiration of one calendar year from the Completion Date; or
- (b) upon demand from the Lender by way of not less than 3 months prior written notice served on the Borrower in accordance with the provisions of the Loan Agreement.

Prepayment:

Upon the Borrower giving seven (7) days prior written notice to the Lender specifying the date of prepayment, the Borrower shall be entitled to prepay all or any part of any outstanding balance of the Principal Sum at any time prior to the designated repayment date without penalty.

Immediate Repayment:

In case the resolution(s) in relation to the approval and ratification of the Loan Agreement and the transactions contemplated thereunder were not obtained from the Independent Shareholders of the Company in the EGM in due course, the Lender may by 24 hours written notice to the Borrower declare that all moneys owing under the Loan Agreement (whether actually or contingently) to be immediately due and payable, upon which, the Borrower shall repay all moneys owing herein to the Lender within 3 months from such notice.

In formulating our opinion, we have considered the Principal Sum, the interest, the term and repayment, the prepayment and immediate repayment term of the Loan Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principle Sum

As disclosed in the Circular, the Principle Sum shall be HK\$12,488,407, representing approximately 4.02% of the total asset of the Company as set out in the interim report of the Company for the six months ended 30 June 2013, being HK\$311,042,000. Assuming the VSA had been completed on 30 June 2013, the Principle Sum also represents approximately 3.57% of the total asset of the enlarged Group, being approximately HK\$349,510,000. Please refer to the appendix headed "Unaudited Pro Forma Financial Information of the Enlarged Group" of the VSA Circular for further details.

Upon our enquiry, the Company expressed that it has no current intention to provide any loan facilities and/or loan services to any other party nor does it have any further investment and/or development plan, save for the VSA and transactions contemplated thereunder. The Company also indicates that it is of the view that it currently has sufficient working capital and the Company does not have any specific plan for the use of the total outstanding amount of HK\$12,488,407 due from the Borrower if such Principle Sum has been received.

Upon our request, the Company has provided us an internal cash flow forecast of the Group for the period of 12 months from February 2014 to January 2015 which outlines (i) the current cash and cash equivalent balance, which is approximately HK\$9.3 million as at 31 January 2014; (ii) the average net cash inflow from operation of approximately HK\$495,400 per month in the coming 12 months; and (iii) the Company has expected no significant cash outflow other than from the operation of its ordinary and usual course of business. In light of the above, we are of the view that the Continuing Connected Transactions will have limited impact on the working capital sufficiency of the Group.

Interest

As disclosed in the Letter from the Board in the Circular, the Loan shall be non-interest bearing. We have reviewed the prime rate for Hong Kong dollars per annum from time to time as quoted by The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**") for the period from 5 February 2013 up to the Latest Practicable Date (the "**Relevant Period**"). We noted that the prime rate was at 5% per annum during the entire Relevant Period. We also noted that the Hong Kong dollar benchmark savings rate as quoted by HSBC for the Relevant Period was approximately 0.001%.

Since the Company does not have any immediate use of the Principle Sum for the provision of any loan facilities and/or loan services to any other party, we are of the view that the prime rate for Hong Kong dollars per annum of 5% is not applicable. Moreover, since the Hong Kong dollar benchmark savings rate as quoted by HSBC for the Relevant Period was approximately 0.001%, we are of the view that the opportunity cost of allowing the Principle Sum to be repaid by phases within one year is minimal.

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Reference is made to the VSA Circular. The Borrower, who is the director of the Lender, has been indebted to the Lender since 2011. As at 31 August 2013, the amount due from the Borrower to the Lender is HK\$11,980,729. We note that the loan from the Lender to the Borrower has been offered at nil interest rate prior to the entering into of the Loan Agreement. We are of the view that it is reasonable for the loan to remain at the same interest rate.

We have further considered the reasonableness of the nil interest terms of the Loan Agreement by assessing the overall benefits of entering into of the Continuing Connected Transactions with the Borrower. According to the VSA Circular, Mr. Kong Lung Cheung, Jeff, the Borrower, joined the Lender in 2009 and has taken on various management positions within the Lender since then. He has been involved in the development of operational as well as strategic business initiatives of the Lender. The Borrower's engagement in these initiatives has led to their successful implementation, establishing operations that are highly efficient and effective. The Borrower has been instrumental in the formulation and implementation of the restructuring of the company, the establishment of an organization that has redefined the go-to-market strategies that has fueled the substantial growth of the Lender in recent years.

As confirmed by the Company, the Borrower will continue to manage the business of the Lender after Completion until the director's service contract which is entered into between the Lender and Borrower for a term of three years commencing from 1 November 2013 being terminated by either party. The Borrower will receive HK\$1 per month for his engagement in the Lender as a director and will not receive any other consideration, in either monetary amount or in other kind, in return of his management role and directorship in the Lender, save for the Promissory Note in the principal amount of HK\$51 million that the Borrower is entitled to receive upon achievement of the profit guarantee by the Vendor under the Acquisition Agreement.

We compared the value of the Borrower's service to the remuneration packages offered in the market. We have made reference to analyses on salary data and information prepared by international and local human resources consulting firms. According to the analyses based on the expertise and professional knowledge of the human resources consulting firms, it was noted that the remuneration package provided in the local information technology industry for similar positions as the Borrower's ranges from approximately HK\$0.9 million to HK\$1.5 million per annum, which represents a range of approximately 7.33% to 12.22% of return on the amount of the Principal Sum. Such range of return rates represents approximately 1.47 to 2.44 times higher than the 5% of the prime rate as quoted by HSBC during the Relevant Period.

Given the minimal opportunity cost and the derived benefits as discussed above, we are of the view that the nil interest rate term under the Loan Agreement is overall beneficial to the Company. Thus, we consider that the nil interest rate term under the Loan Agreement is fair and reasonable and is in the best interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Term and Repayment

As disclosed in the Letter from the Board in the Circular, the Borrower shall repay to the Lender the Principal Sum to a bank account designated by the Lender:

- (a) on the expiration of one calendar year from the Completion Date; or
- (b) upon demand from the Lender by way of not less than 3 months prior written notice served on the Borrower in accordance with the provisions of the Loan Agreement.

Based on (b) as stated above, the Lender, being subsidiary of the Company upon Completion, is entitled to request for early repayment pursuant to the Loan Agreement.

Upon our enquiry, the Company expresses that the term of the Loan Agreement, which is one calendar year from the Completion Date, has been arrived at after arm's length negotiations between the Borrower and the Lender after taking into account of (i) the Company's financial needs as forecasted for the next 12 months; (ii) current development plan of the Company in relation to the loan; and (iii) the nil interest rate term of the Loan Agreement. The Directors are of the view that the term and repayment terms of the Loan Agreement are fair and reasonable.

We concur with the view of the Directors that the term and repayment terms of the Loan Agreement are fair and reasonable as (i) the opportunity cost for such longer repayment period is minimal as compared with the derived benefits as discussed above; (ii) the possible longer repayment period may help retain the Borrower in the Lender as a valuable personnel; (iii) the Loan Agreement provides flexibility for the Lender to choose to receive repayment from the Borrower with 3 months' notice; and (iv) the possible longer payment period reduces the possibility of default as the outstanding loan amount is not secured, and would allow the Borrower to repay the loan with less strain on his cash flow.

Upon our enquiry, if the Principal Sum is not repaid within the term of the Loan Agreement, the Company and/or the Lender will further negotiate with the Borrower regarding the settlement of the Principal Sum, including but not limited to requesting the Borrower to repay the outstanding Principal Sum out of the Promissory Note received from the Lender upon Completion pursuant to the Acquisition Agreement. If mutual agreement cannot be reached by the Company and the Lender and/or the Borrower regarding the settlement of the Loan, the Company will consider taking legal action against the Borrower to recover the outstanding Principal Sum due to the Lender and the relevant costs for loan recovery.

In light of the above, we consider that the term and repayment terms of the Loan Agreement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

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Prepayment

Upon the Borrower giving seven (7) days prior written notice to the Lender specifying the date of repayment in advance, the Borrower shall be entitled to repay all or any part of any outstanding balance of the Principal Sum at any time prior to the designated repayment date without penalty. We are of the view that this measure will provide flexibility for the Borrower to repay the loan at an earlier time, which we consider beneficial to the cash position of the Company.

Immediate Repayment

In case the resolution(s) in relation to the approval and ratification of the Loan Agreement and the transactions contemplated thereunder were not obtained from the independent shareholders of the Company in the EGM in due course, the Lender may by 24 hours written notice to the Borrower declare that all moneys owing under this Agreement (whether actually or contingently) to be immediately due and payable, upon which, the Borrower shall repay all moneys owing herein to the Lender within 3 months from such notice. In the event that the approval for the Loan Agreement is not obtained in the EGM, the Acquisition Agreement will lapse due to the non-fulfilment of the conditions precedent of the Acquisition Agreement. Subsequently, the Lender will not become a subsidiary of the Company, and the loan will not become a liability due to the Group by the Borrower. In light of this, we are of the view that the immediate repayment clauses as set out in the Loan Agreement in any event has no impact on the Group.

IV. ANNUAL CAPS

As disclosed in the Circular, the repayment amount under the Loan Agreement in each of the two financial years ending 31 December 2014 and 31 December 2015 respectively shall not exceed the following proposed Annual Caps:

	Annual Cap for the financial year ending 31 December 2014	Annual Cap for the financial year ending 31 December 2015
	<i>HK\$</i>	<i>HK\$</i>
Loan repayment	12,488,407	12,488,407

The Board considers that the Continuing Connected Transactions are arrangements and single instances between the Group and the Borrower as a result of the VSA. The Board also addresses in the Circular that the proposed Annual Caps are based on and determined on and equal to the Principal Sum.

Having considered the term of the Loan Agreement, which shall expire one calendar year from the Completion Date, and the fact that such calendar year will span over 2 financial years of the Company, we are of the view that it is fair and reasonable for the loan repayment amount to be capped for two financial years of the Company.

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We are also of the view that it is fair and reasonable to determine the Annual Caps based on the Principal Sum. In addition, we are of the view that the Annual Caps for the financial year ending 31 December 2014 and 31 December 2015, being HK\$12,488,407 each, enables the Borrower to repay the loan to the Lender at an earlier time, which is consistent with the term of the Loan Agreement headed "Prepayment" as discussed on page 17.

In light of the above, we consider that the Annual Caps are fair and reasonable, and are in the best interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the Continuing Connected Transactions are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution for the Continuing Connected Transactions at the EGM.

Yours faithfully,
For and on behalf of
F.E. Corporate Finance Advisory Limited
Ginny Ho
Responsible officer

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors

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

Long positions in the Shares

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

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

Long positions in the underlying shares

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

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

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

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

Long positions

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

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

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

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up.

5. SERVICE CONTRACT

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

6. LITIGATION

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

7. COMPETING INTERESTS

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

8. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors were materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions and advice which are contained or referred to in this circular:

Name	Qualification
F.E. Corporate Finance Advisory Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

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

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

As at the Latest Practicable Date, the expert above did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2012 (the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MATERIAL CONTRACTS

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

- (a) the sale and purchase contract dated 19 July 2012 entered into between Pt Goldenpapua Materials and Merdeka Resources International Limited relating to the acquisition of tailings at HK\$6 million;
- (b) the Acquisition Agreement (as amended by the Supplemental Agreements);
- (c) the supplemental agreement dated 31 December 2012 to extend the long stop date in the Acquisition Agreement;
- (d) the second supplemental agreement dated 28 March 2013 to extend the long stop date in the Acquisition Agreement;

- (e) the sale and purchase agreement dated 2 May 2013 made between End User Technology Limited and Au Kai To, Karel in relation to the acquisition of 100% issued share capital in Quasicom Systems Limited at HK\$8 million;
- (f) the underwriting agreement dated 11 June 2013 entered into between the Company, Cheong Lee Securities Limited as the underwriter and Mr. Cheung Wai Yin, Wilson in relation to the underwriting arrangement in respect of the rights issue on the basis of 2 rights shares for every 5 existing shares held by Shareholders;
- (g) the third supplemental agreement dated 28 June 2013 to extend the long stop date in the Acquisition Agreement;
- (h) the fourth supplemental agreement dated 30 September 2013 to extend the long stop date in the Acquisition Agreement;
- (i) the placing agreement dated 6 December 2013 entered into between the Company and CNI Securities Group Limited as the placing agent in relation to the placing of 45,000,000 shares under general mandate at the price of HK\$0.156 per Share;
- (j) the placing agreement dated 6 December 2013 entered into between the Company and CNI Securities Group Limited as the placing agent in relation to the placing of 150,000,000 shares under specific mandate at the price of HK\$0.156 per Share;
- (k) the seventh supplemental agreement dated 30 December 2013 to extend the long stop date in the Acquisition Agreement;
- (l) the placing agreement dated 21 February 2014 entered into between the Company and Orient Securities Limited as the placing agent in relation to the placing of 77,000,000 shares under general mandate at the price of HK\$0.171 per Share;
- (m) the Supplemental Agreements; and
- (n) the Loan Agreement.

11. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and the head office and principal place of business in Hong Kong is in Room 1502, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

- (b) The company secretary of the Company is Mr. Lai Yau Hong, Thomson. He has over 20 years of experience in company secretarial duties as well as corporate governance and management fields and has taken up senior management positions in a number of multinational conglomerates and companies listed on the Stock Exchange. He is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The company compliance officer is Mr. Cheung Wai Yin, Wilson. He has over 17 years of experience in the field of audit, business development, corporate finance and financial management. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and Hong Kong Securities Institute. He holds a Master of Science degree in Financial Engineering from City University of Hong Kong and Bachelor degrees in Arts and Administrative Studies from York University, Canada.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Loan Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 13 to 22 in this circular;
- (d) the written consent from the Independent Financial Adviser referred to in the section headed "General Information – Expert and Consent" in this appendix; and
- (e) a copy of each circular (including this circular) issued pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2012, being the date to which the latest audited consolidated financial statements of the Group were made up.

MERDEKA

MERDEKA RESOURCES HOLDINGS LIMITED

(萬德資源集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Merdeka Resources Holdings Limited (the “**Company**”) will be held on Friday, 28 March 2014 at 10:30 a.m. at Jasmine Room, 3/F., Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the Loan Agreement (as defined in the circular of the Company dated 13 March 2014 (the “**Circular**”)) and the terms and the transactions contemplated thereunder (a copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification) together with the relevant proposed annual caps in relation to such transactions for each of the two financial years ending 31 December 2015 set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any steps and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Loan Agreement or the transactions contemplated thereunder.”

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

Hong Kong, 13 March 2014

* *For identification purposes only*

NOTICE OF EGM

*Head Office and Principal Place of
Business in Hong Kong:*
Room 1502
Chinachem Century Tower
178 Gloucester Road
Wanchai, Hong Kong

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

Notes:

1. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the share register of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the Articles of Association of the Company be deemed joint holders thereof.
2. Any member entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. The form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. All voting by the members at the Meeting shall be conducted by way of poll.